

2017 ANNUAL CSR REPORT

corporate
social
responsibility



Report Information

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 seven consecutive years and also began publishing an 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 2017 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 2017 (January 1 to December 31, 2017). To better illustrate our latest advances and demonstrate changes in growth, some of the information contained in this Report goes back to 2014 to 2016.



Scope And Boundary

The contents of this Report encompass First Financial Holding Company and its seven subsidiaries: First Bank, First Securities, First Securities Investment Trust, First Life Insurance, First Financial Asset Management (hereinafter referred to as "First Financial AMC"), First Consulting, and First Venture.

The scope of the environmental performance ISO 14064-1 Greenhouse Gas Checking includes the 235 operations offices under the seven subsidiaries (First Bank, First Securities, First Securities Investment Trust, First Life Insurance, First Financial AMC, First Consulting, and First Venture), and the 33 overseas operations offices under First Bank (excluding the branch in the U.S. and the offices in Yangon and Bangkok). All related statistics are calculated based on the general international standard indicators, and all financial numbers are denominated in the New Taiwan Dollar.



Reporting Principles

This basis and framework of the Report is based on the Global Reporting Initiative (GRI) GRI Standards core option. The content includes reference tables for the GRI/Financial Service Sector, 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, 2017. 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 Of 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 Standards in terms of materiality, inclusiveness, and responsiveness. The content disclosed in this Report matches the core requirements of the GRI Standards. The independent assurance statement from BSI is included in the Appendix.



Contact Method

Administrative Management Division, First Financial Holding Co., Ltd. Corporate Governance Section

Tel: +886-2-2348-5366

Fax: +886-2-2311-9691

Address: No. 30, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City

E-mail: i15906@fhc.com.tw

Website: http://www.firstholding.com.tw/tw/csr/csr_b01.htm

Corporate Social Responsibility Reports from past years



2011

2012

2013

2014

2015

2016

CONTENT

About This Report	02
Letter to Stakeholders	06
Awards and Acknowledgments	08
Performance Highlights in 2017	10
CSR Operation	12
Stakeholder Engagement	15
Sustainable Development Goals	28

Independent assurance statement	192
Various Certificates	194
Global Reporting Initiative Standards Content Index	196
GRI Financial Sector Supplement Content Index	200
United Nations Global Compact Content Index	201
ISO 26000 Index Content Index	202

1 Sustainable Governance

Business performance and profitability	43
Corporate governance	54
Ethical management	63
Risk management	66
Information security protection	75
Prevention of money laundering, financial fraud and terrorism financing	77

2 Green Finance

Climate change risks and opportunities	83
Reduction in GHC emissions and energy consumption	94
Responsible investment, due diligence and supplier management	110
Digital finance technologies and development	118
Ecological and environmental sustainability	124

3 Happy Workplace

Professional Development and Management Reform	133
Occupational Safety and Health	151
Human Rights Protection and Gender Equality	159

4 Social Harmony

Protection of customer rights and interests	165
Customer satisfaction improvement	169
Implementation of inclusive finance	174
Social welfare	178

Letter to Stakeholders

First Financial Holding Co., Ltd. (FFHC) was first established in Taiwan nearly 120 years ago. In 2017, all of the core businesses operated under the Group enjoyed continued growth, in accordance with the "innovative transformation, sustainable competition" strategy. The scale of group assets reached NT\$2.63 trillion, and the consolidated net income, which increased by 12.72% compared to that in 2016, was NT\$50.827 billion. Due to the significant allowance for doubtful accounts assessed by the subsidiary First Bank, the net income after taxes for the Group in 2017 was NT\$15.432 billion, a decrease of 11% compared to that in 2016. However, the amount has stayed above NT\$15 billion for three consecutive years, and the 2017 EPS was NT\$1.27. First Bank also reviews its procedures regarding project financing credit checking, drawdown, and the subsequent management after loans. Thorough improvements have been made to the organization, internal guidelines, employee training, and internal control, and credit risk management has been enhanced to ensure the quality of loans.

Apart from pursuing good financial performance, the company is also continuing to enhance its corporate management and improve information transparency. The 2017 board performance review was commissioned to an external expert team and the results have been disclosed on the company's website. The company's electronic voting for shareholder meetings accounts for 57.24% of all voting rights for outstanding shares, the company has been ranked in the top 5% for three consecutive years in the TWSE Corporate Governance Evaluation for listed companies, and the company's stock has been included in the TWSE Corporate Governance 100 Index.

We also address environmental and social issues through our core businesses. We have set up a green finance committee to innovate green products and services in the areas of green financing, green investment, green review, and green consumer finance. The company has received 2 financial technology invention patents and 31 utility model patents, has been ranked in the top 25% of banks regarding the comprehensive performance of innovative development for two consecutive years, and has been included in the Bank Innovation Index. The company has also been recognized as the Best Bank in Taiwan (2017) by The Banker and received the Excellent Green Environment Protection Product award from the international organization Visa. We aim to implement inclusive finance, promote finance-friendly services, and provide full financial services for different social hierarchies and groups. FFHC's market share in small and medium enterprises loans has outpaced other domestic banks for eight consecutive years. The Group also received SME Credit Guarantee Funds Awards, the Young Entrepreneur Assistance Award, and first prize in the Asset Trust

Evaluation of Trust Businesses for the Senior and the Disabled. First Life Insurance has also been approved by the competent authorities as an insurance company with excellent performance in the National Insurance Coverage Improvement Plan for 19 consecutive times, and the Long-Term Care Life Insurance it launched was also recognized as a premium insurance plan and recommended to consumers by Smart Monthly.

In 2017, we continued promoting our paperless policy, building a digital financial environment while providing safe and convenient financial services. We also renovated 17 old buildings and obtained the MOI green building diamond label. The total carbon reduction, including the results of the paperless policy in 2017, is 15,822 tonnes of CO₂e, and our 268 operation offices around the globe have all been included in ISO14064-1 greenhouse checking to ensure the Group achieved its short-term, mid-term, and long-term carbon reduction goals. We received both the Enterprise Environmental Protection Award from the Executive Yuan and the Benchmark Private Businesses and Groups in Green Purchasing from the Taipei City Government for three consecutive years. In addition, all our 235 domestic operation offices received CO₂ concentration checking. Among these offices, 35 are equipped with indoor air quality timely monitoring systems, and 188 offices have obtained the indoor air quality autonomous management label, providing friendly working environments and protecting employees' safety and health. In response to the low birth rate and aging trends in our society, we have adjusted the plans for employee health management and welfare. To implement our policies in digital finance transformation and establishing overseas markets, we improved the pay system, talent recruiting, and training plans. Our stock has been included in the Taiwan High Compensation 100 Index for four consecutive years and in the Taiwan Employment Creation 99 Index for eight consecutive years. Furthermore, we have been awarded the Talent Development Award by TCSA Taiwan Corporate Sustainability Awards and the Enterprises with an Excellent Disabled-Friendly Working Environment Award by Taipei City for two consecutive years.

Other than maximizing shareholders' long-term benefits and taking care of employees and their families, enterprises today should also give back to society and be devoted to environmental protection. FFHC set up its volunteering team in 2011, and in 2017 it held 155 volunteering activities for environmental education, environmental protection, and caring for the disadvantaged; it also held 124 charitable year-end activities, collaborated with National Taiwan University Hospital to hold charitable concerts for seven consecutive years, provided the First Art Space for free domestic art exhibitions, engaged in long-term sponsorships of domestic

elementary school and junior high school table tennis teams, held national table tennis and tennis tournaments, and supported domestic athletic development. A total of 279 charitable activities were held in 2017, and the social participation monetary amount was more than NT\$64.17 million.

We adopt comprehensive strategies to implement corporate social responsibility, and the effectiveness of these strategies is widely recognized around the globe. Other than being included in the DJSI Emerging Markets Index for two consecutive years, our stock was also included in the FTSE4Good Emerging Index and Nikkei Asia300 Investable Index for the first time. We also received the Excellence in Corporate Social Responsibility Award (3rd Rank in Large Enterprises) from CommonWealth Magazine, the BSI Sustainability Excellence Award, placed 10th at the TCSA Taiwan Corporate Sustainability Awards in the TOP 50 Corporate Sustainability Awards, the Gold Award in the Finance and Insurance Group, and the Top 50 Large Asia-Pacific Banks in S&P Ratings. In addition, rating companies such as Taiwan Ratings, S&P, and Moody's all issued rating reports in 2017 approving the Group's strong market competitive advantages, stable corporate governance, and business value in the financial industry, stating that the Group has distributed client bases, sound financial structures, good risk management, and premium asset quality, and recognizing the Group is a benchmark enterprise outstanding both in quality and quantity.

Looking towards 2018, we will adopt the deepening synergy strategy, combing the applications of big data and artificial intelligence to implement precision marketing, continue improving the security mechanisms for information and Internet systems, integrate the information security planning within the Group, enhance the information security competence, and provide our clients with safer smart financial services. We aim to focus on the cross-selling penetration of each business unit's core businesses and products, develop niche products, improve channel efficiency, effectively promote the shared value of existing customer groups among all business entities, and thoroughly monitor the operating KPIs to truly improve management effectiveness. In addition, in response to the stricter and stricter international regulations, the Group has dedicated itself to improving internal control and risk management beyond closely monitoring law compliance. Moreover, the Group has also strengthened its anti-money laundering and anti-terrorism financing mechanisms, improved employees' risk awareness and capabilities while it combines energy efficiency and carbon reduction, green purchasing, green partnership, green products, and green service—five major policies with corporate social responsibility and core functions—to thoroughly implement the concept of operating green finance, seize the opportunities for sustainable growth, give back to society by caring for diversity, and create a win-win-win economical, environment, and societal situation. These actions achieve the Group's goal of creating shared value and embracing a sustainable and shared new era.

Chairman, First Financial



Awards and Acknowledgments



2018

- 03 • First Bank was presented with the "Credit Guarantee Partnership Award" for the 10th time and ranked as the number one bank in Taiwan in terms of SME lending market share for 8 years in a row. Three First Bank managers were presented with the distinguishing "Superior Performance Award for Managers"
- First Bank received a Certificate of Appreciation from the Chiayi County Government for sponsoring the 2018 Lantern Festival in Chiayi
- First Life Insurance was recognized for excellent performance in the "Increasing National Insurance Coverage Program" of the Financial Supervisory Commission for the 20th consecutive time



- 02 • First Bank Culture & Education Foundation received a Certificate of Appreciation from the National Taiwan University Hospital for its voluntary performance at the arts event hosted by the hospital



- 01 • First Bank was rated as the Best Co-brand Card of the year 2017
- First Bank received a Certificate of Appreciation from Andrew Charity Association for donating Chinese New Year dishes to children from economically disadvantaged families

- 12 • FFHC was included as constituent stock in the Nikkei Asia300 Investable Index
- First Bank received the Excellent Green Environment Protection Product - First Bank Living Green Card award from VISA
- First Bank was rated as the Best Learning Organization by the Common Wealth magazine
- First Bank received the "e-Tax Payment Handling Platform Service - e-Money Service - Best Service Innovation Award," "Taiwan Pay: QR Code Payment Service - e-Money Service - Best Service Innovation Award," "Taiwan Pay: Banking Card Service - e-Money Service - Best Service Innovation Award," "Taiwan Pay: QR Code Card Issuing Service - e-Money Service - Best Service Innovation Award" and "Cross-Border Service - e-Money Service - Best Promotion Excellence Award" from Financial Information Systems
- First Securities was awarded the 2017 Go Incubation Board Award of Excellence by the Taipei Exchange
- First Securities Investment Trust received the award for participation in the Buying Power Social Innovative Products and Services Procurement Incentive Mechanism, which was organized by the Small and Medium Enterprise Administration under the Ministry of Economics Affairs
- 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"



- 11 • FFHC was presented with the "Top 50 Corporate Sustainability Report Awards - Banking and Insurance Award" and "Talent Development Award" at the 10th Taiwan Corporate Sustainability Awards by the Taiwan Institute for Sustainable Energy
- First Bank received the Banker magazine's 2017 Bank of the Year in Taiwan
- First Bank received the Enterprises with an Excellent Disabled-Friendly Working Environment Award by the Taipei City Foreign and Disabled Labor Office
- FFHC was presented with the 2017 "Corporate Social Responsibility Award" by the British Standards Institution (BSI)



- 10 • FFHC completed the Carbon Disclosure Project (CDP) questionnaires and water questionnaires and received B rating
- First Bank was ranked in the top 25% in the Bank Innovation Index by Taiwan Academy of Banking and Finance for two consecutive years
- First Bank was recognized as Benchmark Private Businesses and Groups in Green Purchasing by the Taipei City Government for the 3rd consecutive year



10

- First Bank received the 2017 National Electricity Saving Movement - Small and Medium Enterprise Electricity Saving Competition - Award of Excellence in Non-Manufacturing Category by the Taiwan Power Company
- First Bank received the Gold award in the ROC Enterprise Environmental Protection Award for the 3rd consecutive year and the Honored Environmental Protection Enterprise award for the 3rd consecutive year



09

- FFHC was selected for inclusion as a constituent in the Dow Jones Sustainability™ Emerging Markets Index for 2 years in a row
- First Bank received the Energy Saving Benchmark Award - Nominee Award by the Ministry of Economic Affairs Bureau of Energy Affairs
- First Bank received the Best Data Analysis in Taiwan Award from the Asian Banker



08

- FFHC was ranked 3rd place in the large enterprises category of the "Commonwealth Magazine CSR Corporate Citizenship Awards"
- FFHC was included as constituent stock in the FTSE4Good Emerging Index
- First Life Insurance was recognized for excellent performance in the "Increasing National Insurance Coverage Program" of the Financial Supervisory Commission for the 19th time in the row



07

- First Bank was presented with the "Credit Guarantee Partnership Award" and the "Young Entrepreneur Assistance Award" and three of its First Bank managers were presented with the distinguishing "Superior Performance Award for Managers"
- First Bank was ranked among the top-performing banks in the "Performance Evaluation for Trust of Senior Citizens and Persons with Disabilities"
- FFHC was chosen for inclusion in the "Taiwan Employment Creation Index 99" for the eighth consecutive year
- FFHC was selected for inclusion as a constituent in the "Taiwan High Compensation 100 Index" for the third year in a row



06

- First Bank was placed in the Top 50 Large Asia-Pacific Banks in S&P Ratings
- First Bank Culture & Education Foundation received a Certificate of Appreciation from the Mennonite Christian Hospital for providing medical support
- FFHC was chosen for inclusion in the "Taiwan High Compensation 100 Index" for the 4th consecutive year



05

- FFHC won the 13th "CSR Annual Award - Financial Industry Model" from First Global Views
- FFHC sponsored the "Work-Study Program for Youths from Economically Disadvantaged Families" for the 6th consecutive year and obtained a certificate of appreciation from 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
- First Bank Guangfu Branch received a Certificate of Appreciation from the Chung Yi Social Welfare Foundation for donating daily necessities
- First Securities received a Certificate of Appreciation from the Taipei Autism Children Social Welfare Foundation for its active participation in community care
- 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

- FFHC was rated as a top 5% listed company in the TWSE Corporate Governance Evaluation for the 3rd consecutive year

03

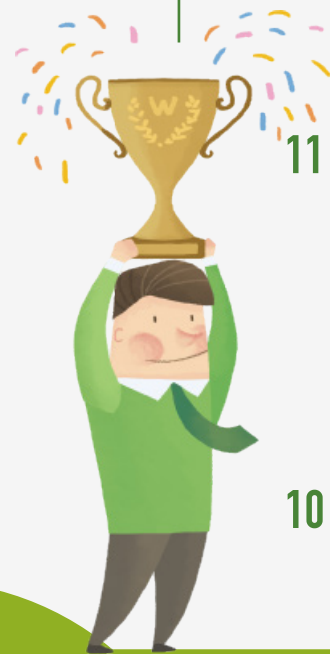
- First Bank was awarded first place in the 11th phase of the "Enhanced SME Lending by Domestic Banks - Group A" and the "Participation Award for School and Community Financial Education"
- First Life Insurance was recognized for excellent performance in the "Increasing National Insurance Coverage Program" of the Financial Supervisory Commission for the 18th consecutive time

01

- First Bank Zhongxiao Road Branch received a Certificate of Appreciation from the Andrew Charity Foundation for its active participation in public welfare
- First Bank Madou Branch received a Certificate of Appreciation from the Institution of Tainan Home of Philanthropy for donating walking rehabilitation equipment



2017



PERFORMANCE HIGHLIGHTS IN 2017



Society

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

80%



Environment

4 year

Provided competitive compensation scheme and included in the "Taiwan High year Compensation 100 Index" for four consecutive years.



Certification

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 180 Da'an Forest Parks.

180 parks



Economic

The first financial institution to initiate the establishment of "Counter Service Carbon Footprint Calculation" product category rules (PCR) and obtained the EPA Product Carbon Footprint Label Certificate.

1st

16,245 people

Online environmental training was used 16,245 times by employees, or an average of 4.75 hours per person.

For the first time, FFHC commissioned an external agency to carry out the Company's board performance evaluation tasks for 2017. Evaluations of eight dimensions revealed that the Company demonstrated advanced performance in all dimensions, including board structure, board composition, board process, and information processing.

1st Time

Four employees obtained "Environmental Educator Qualifications" certification.

4 employees

Launched a new lending service aimed at supporting the MOEA's "5 Plus 2" key development projects, resulting in a total of NT\$428.8 billion in new loans being made.

NT\$ 428.8 billion

3

bronze medals

Supported the development of domestic sports for the 23rd consecutive year and cultivated competitive athletes at the national level. The men's table tennis team won 3 bronze medals in the 2017 Summer Universiade in Taipei.

33 patents

The Company has received 2 financial technology invention patents and 31 utility model patents.

268 locations

Adopted the "ISO 14064-1 Greenhouse Gas Inventory" certification for 235 domestic branches and 33 of First Bank's overseas business locations (excluding branches in the United States and the Yangon and Bangkok Offices).

NT\$ 15.4 billion

Consolidated net profit of NT\$15.432 billion after tax, remaining at NT\$15 billion or higher for the third consecutive year.

31.74 tons

FFHC assisted Taoyuan Kind Garden and Hung-Chia Sanctuary Center to install LED lights and 757 sets of energy-saving products, helping them save roughly 60,000 kWh of electricity per year (roughly NT\$200,000) and simultaneously reduce 31.74 metric tons of CO₂e.

1st

Undertook 3,560 cases of retirement trusts for the elderly and disability trusts for customers with physical or mental disabilities (NT\$2.43518 billion) and received first prize in the Asset Trust Evaluation of Trust Businesses for the Senior and the Disabled.

1st

First Bank was the first financial institution to receive the Gold award in the ROC Enterprise Environmental Protection Award for the 3rd consecutive year and the Honored Environmental Protection Enterprise award for the 3rd consecutive year.

17 buildings

Obtained the "Diamond-class" Green Building Mark for 17 of the company's existing commercial buildings.

DOUBLE certification

Implemented renewed "ISO 27001" and "ISO 20000" certification and strengthened information security and information service management capability.

8 years

First Bank has remained the number one bank in Taiwan in terms of SME lending market share for 8 years in a row.



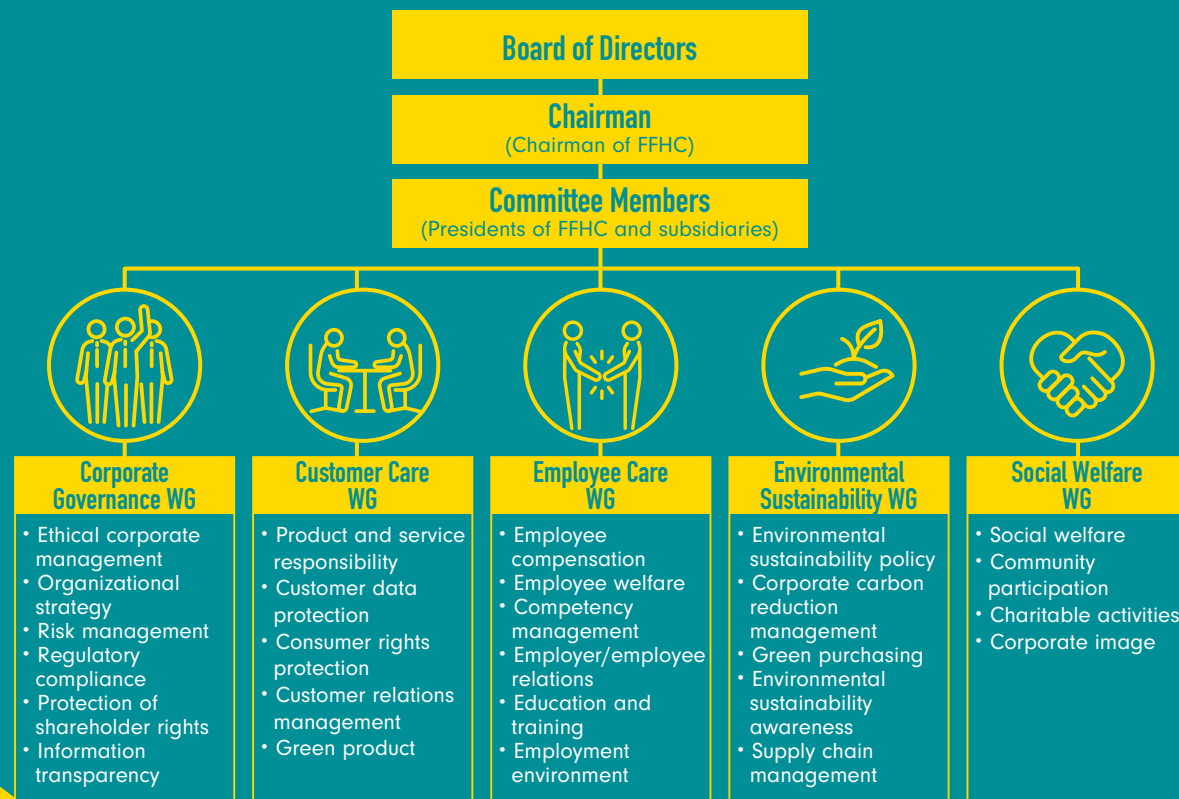
CSR Operation

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 are 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 80 people (1 chairman, 9 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 5 designated people are 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 developed 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>). The "CSR Policy" defines our commitment to the fulfillment of our CSR towards 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 of economic, environmental and social advancement. 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. The revisions 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 establishment 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



First Financial Holding CSR Milestones

2011

- Establish CSR Committee
- Defined FFHC CSR Code of Conduct, Policy and CSR Committee Organic Regulations

2012

- Published first CSR Report (2011)
- Revised FFHC CSR Code of Conduct
- Set "No. 1 Brand in Green Finance" as the sustainable development target
- Presented with "Newcomer Award" in the Taiwan Corporate Sustainability Report Awards
- Received Commonwealth CSR Corporate Citizenship Award

2013

- Revised FFHC CSR Code of Conduct, Policy and Committee Organic Regulations.
- Received "Gold Award" and "Climate Leadership Award" from the Taiwan Corporate Sustainability Report Awards
- 14th Place in the Large Enterprises category of the Commonwealth Magazine CSR Corporate Citizenship Awards

- 2012 CSR Report certified by an independent certification body for the first time
- Received "Financial Excellence Award" from the Taiwan Corporate Sustainability Report Awards and the "Creative Communications Role-Model Award"

2014

- Published first English version of CSR Report (2014)
- Revised FFHC CSR Committee Organic Regulations
- Received "Gold Award", "Transparency and Integrity Award" and "Climate Leadership Award" from the Taiwan Corporate Sustainability Report Awards
- 9th Place in the large enterprises category of the Commonwealth Magazine Corporate Citizenship Awards
- Received Excellence Award in the Environmental Friendliness Category of the "Global Views Corporate Social Responsibility Awards"

2015

2016

- Revised FFHC CSR Code of Conduct, Policy and Committee Organic Regulations
- Named a constituent stock in the "Emerging Market Index" of the Dow Jones Sustainability Indices (DJSI) upon participating for the first time
- Received "Taiwan Top 50 Corporate Sustainability Report Awards - Finance and Insurance Industry Gold Award" and "Talent Development Award"
- Received the "Best CSR Award" in the Banking and Finance Best Practice Awards from the Taiwan Academy of Banking and Finance
- Received the "Financial Industry Model" and "Happy Enterprise Role-Model" awards at the Global Views CSR Awards

2017

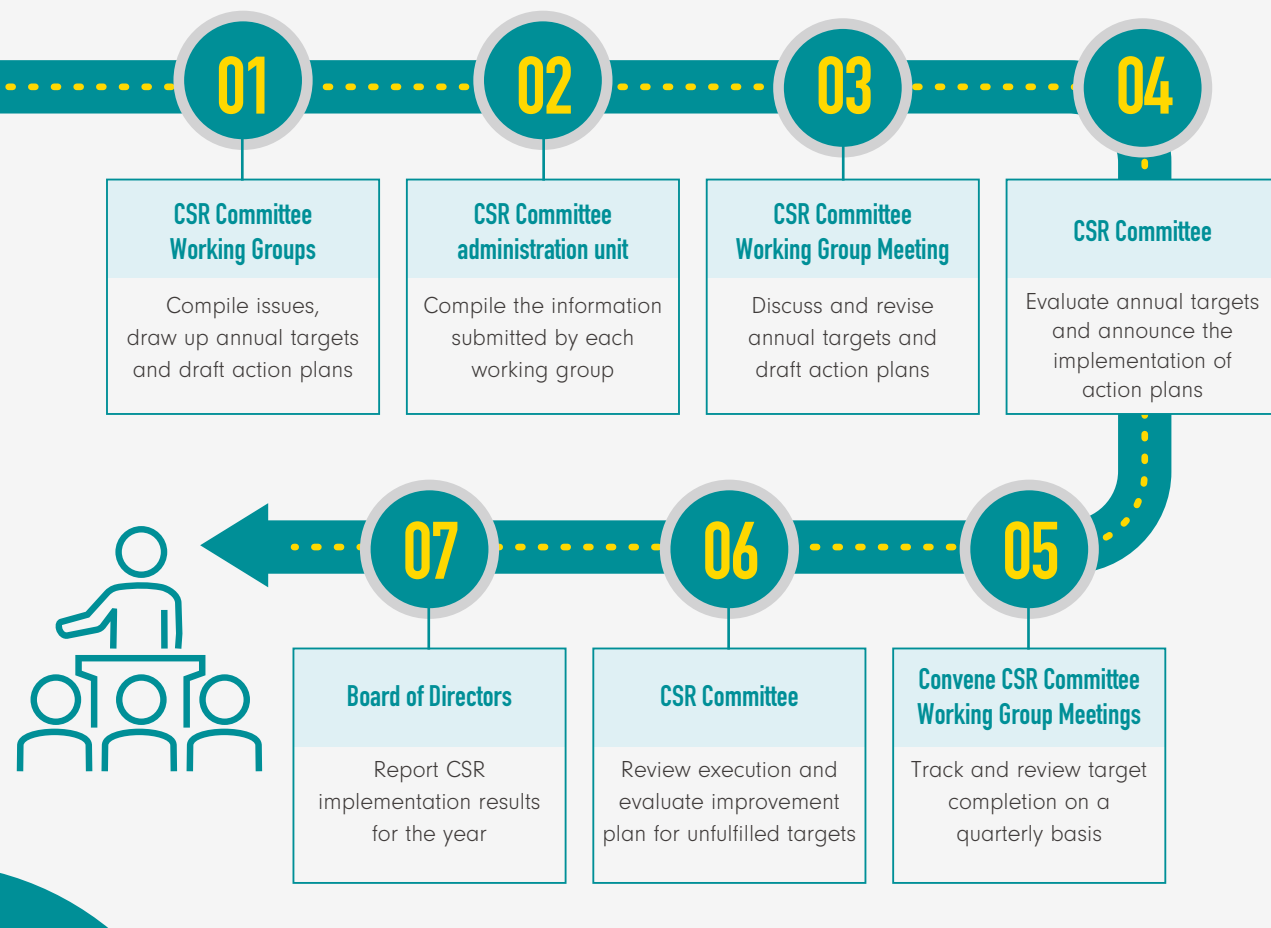
- Revised FFHC CSR Committee Organic Regulations
- Selected for inclusion as a constituent in the Dow Jones Sustainability™ Emerging Markets Index for two years in a row
- Received "Taiwan Top 50 Corporate Sustainability Report Awards - Finance and Insurance Industry Gold Award" and "Talent Development Award"
- 3rd Place in the large enterprises category of the Commonwealth Magazine Corporate Citizenship Awards
- Received the "Financial Industry Model" award at the Global Views CSR Awards
- Included as constituent stock in the FTSE4Good Emerging Index





II Operation of the CSR team

Every year, each CSR 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 2017 CSR performance report was submitted to the Board of Directors in March 2018, for their reference.



Stakeholder Engagement

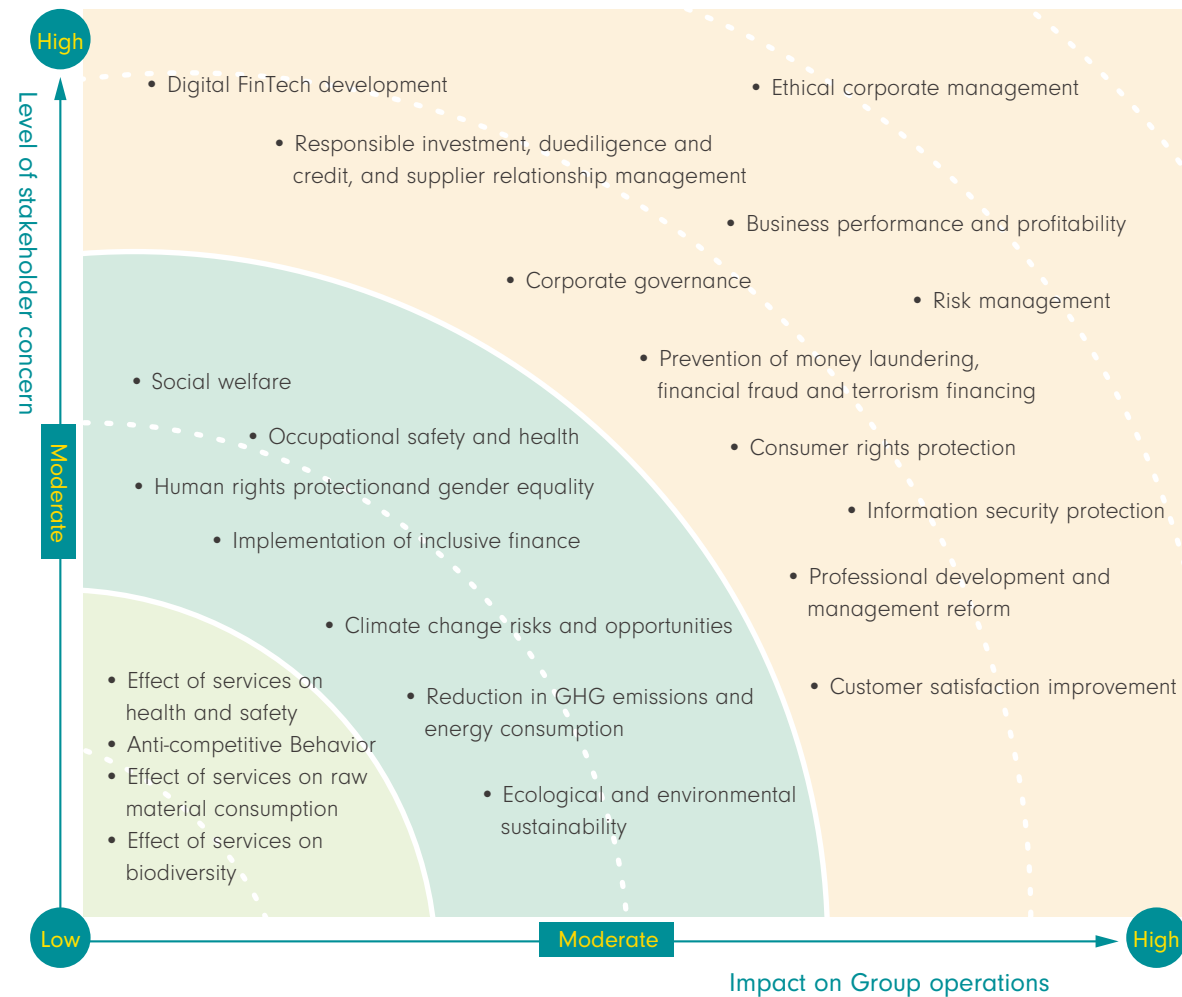
I Stakeholder identification and communication

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.



1 Materiality analysis matrix for issues of concern

The selected 22 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 four issues "Effect of services on health and safety", "Anti-competitive behavior", "Effect of services on raw material consumption" and "Effect of services on biodiversity" were eliminated due to their low level of stakeholder concern and low effect on group operations. The 18 issues listed as medium-high level of concern/effect were chosen for response on related management direction and execution and implementation outcomes.



2 Explanation of Differences and Adjustments in Material Issues Compared to 2016

2017 Analysis of Material Issues	Explanation of Differences	Reason for Adjustment
Professional development and management reform	Integration of issues	In response to digital transformation, talent cultivation and management, and operational strategies becoming increasingly connected, enterprises are integrating training, development, remuneration, and benefits into the topics of talent cultivation and management reform.
Human rights protection and gender equality	Integration of issues	Gender equality is an important aspect of human rights protection. Therefore, these two topics will be combined into one.
Digital FinTech development	Name change	"Digital Services and Innovations" shall be renamed to "Digital Finance Technological Development". This is because the development of digital finance includes innovative services, as well as integrating new technologies such as data analysis, innovative marketing, and social media.

3 List of stakeholder communication channels and issues of concern



Employees / Union / Retired employees

Materiality

Employees are the company's most important asset, and are crucial to the company's competitiveness. The support of employees is critical to our sustainable development and the most important component in our CSR fulfillment.

Issue of concern

- Professional development and management reform
- Occupational safety and health
- Human rights protection and gender equality
- Digital FinTech development
- Ethical corporate management

Communication channel and frequency

- Employee complaint hotline, fax, e-mail / Permanent
- Employee forum on internal website / Permanent
- First e-Academy digital learning system / Ad hoc
- Morning/evening business unit meetings / Ad hoc
- "Whistleblower section", "Supervisor mailbox", "President's mailbox" "General Auditor mailbox" and "Ideas mailbox" / Permanent
- Sexual harassment complaint hotline, fax, e-mail / Permanent
- 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
- Employee Commitment Survey / Annually

Communication highlights and accomplishment

- Provision of competitive compensation scheme / Included in the "Taiwan High Compensation 100 Index" for four consecutive years
- Employee Commitment Surveys are held to provide a channel for all employees to express their views. The first Employee Commitment Survey was held, with a result of 79.77%.
- Persuade outstanding talent to remain in Taiwan through tangible action / Chosen for inclusion in the "Taiwan Employment Creation Index 99" for the eighth consecutive year
- Provide outstanding employee training programs / Received the TCSA Taiwan Corporate Sustainability Awards - Talent Development Award for two consecutive years



Shareholder / Investor / Analyst

Materiality

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.

Issue of concern

- Business performance and profitability
- Corporate governance
- Risk management
- Ethical corporate management

Communication channel and frequency

- 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 / Permanent and retained for one year
- Publication of corporate governance, investor seminar presentations, financial information, annual reports, CSR reports, 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

Communication highlights and accomplishment

- Stable earnings / consolidated net profit of NT\$15.4 billion after tax, remaining at NT\$15 billion or higher for the third consecutive year
- Established mechanism for shareholder interaction / To assist all directors, executives and independent directors with understanding the opinions of shareholders, institutional investors' opinions and issues of concern are reported to the Board regularly.
- Improve the operational efficiency of the Board of Directors / External professional institutions were commissioned to implement the 2017 Board of Directors performance evaluation, the results of which were reported to the Board in February 2018 for reference, and disclosed on the company's website
- Implementation of shareholder activism / Electronic voting accounted for 54.38% of all votes at the 2017 Shareholder's Meeting, and accounted for 95% of all shares in attendance.



Customers

Materiality

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.

Issue of concern

- Consumer rights protection
- Information security protection
- Customer satisfaction improvement
- Climate change risks and opportunities
- Implementation of inclusive finance

Communication channel and frequency

- All of our Group subsidiaries have customer complaint channels such as business units, customer service hotlines and e-mail / Permanent
- Conduct customer satisfaction surveys through telephone surveys, e-mail surveys, customer service hotlines or outside survey firm / Ad hoc
- Accounts, latest financial information, event information etc. / Permanent
- Statement on Protection of Customers' Data and Customer Service Commitment / Permanent
- 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

Communication highlights and accomplishment

- Provision of diverse, innovative financial services /First Bank was ranked in the top 25% in the Bank Innovation Index by Taiwan Academy of Banking and Finance for two consecutive years
- Support for SME development / The number one bank in Taiwan in terms of SME lending market share for 8 years in a row.
- Emphasis on the property safety of elderly adults and people with physical and mental disabilities / First Bank was the first financial institution in Taiwan to receive approval to assist elderly adults in managing their real estate, and received first prize in the Asset Trust Evaluation of Trust Businesses for the Senior and the Disabled.
- Promotion of protection-type insurance products / First Life Insurance was recognized for excellent performance in the "Increasing National Insurance Coverage Program" of the Financial Supervisory Commission for the 20th consecutive time



Government and competent authorities

Materiality

Government policies influence the direction of business operations. FFHC actively cooperates with government policies, complies with regulatory laws, and develops a sound business environment

Issue of concern

- Prevention of money laundering, financial fraud and terrorism financing
- Ethical corporate management
- Corporate governance
- Risk management
- Reduction in GHG emissions and energy consumption
- Occupational safety and health
- Climate change risks and opportunities
- Consumer rights protection
- Information security protection
- Implementation of inclusive finance

Communication channel and frequency

- Participate in seminars, symposiums, public hearings, competitions and evaluations hosted by the competent authorities / Ad hoc
- Compliance 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 / Permanent

Communication highlights and accomplishment

- Corporate governance evaluation for listed companies / Proactive action on corporate governance evaluation indicators led to inclusion in the Top 5% for three consecutive years
- Quarterly reporting of business overview / Reported business overview to the competent authorities every quarter to help the government keep track of the overall financial environment
- Participation in government competitions / Actively took part in competitions organized by government agencies winning many awards including the ROC Enterprise Environmental Award - Gold Award for the third consecutive year and the Honored Environmental Protection Enterprise award for the third consecutive year



Community Non-profit organization Non-government organization Academics and experts

Materiality

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

Issue of concern

- Ecological and environmental sustainability
- Social welfare
- Reduction in GHG emissions and energy consumption
- Climate change risks and opportunities

Communication channel and frequency

- 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 climate change questionnaire and water questionnaire / Once a year
- Participation in CSR-related non-government organizations / Ad hoc
- Hosting of energy-conservation symposiums and participation in green finance seminars / Ad hoc

Communication highlights and accomplishment

- Completion of the Carbon Disclosure Project (CDP) questionnaires and water questionnaires / Received B ratings in 2017
- Provision of scholarship to economically disadvantaged students / Sponsored the NCKU "Student Assistance Program" for 7 consecutive years and helped more than 547 NCKU students from economically disadvantaged families turn their lives around through education
- Commitment to promotion of environmental sustainability and social welfare / Donated NT\$64.17 million in 2017 and 3,128 people volunteered



Suppliers

Materiality

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

Issue of concern

- Responsible investment, due diligence, and supplier management
- Human rights protection and gender equality
- Climate change risks and opportunities
- Ethical corporate management
- Ecological and environmental sustainability

Communication channel and frequency

- Explicitly require vendors to conform to international human rights, labor and environmental laws and regulations in purchasing and supply conditions 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
- "Whistleblower section", "Audit Division mailbox" / Permanent

Communication highlights and accomplishment

- Green purchasing / Establish green purchasing regulations, green purchasing amounted to NT\$177.93 million and resulted in recognition as Benchmark Private Businesses and Groups in Green Purchasing by the Taipei City Government for the 3rd consecutive year
- Establishment of supplier risk identification mechanism / Identify suppliers' potential negative impact and avoid or reduce such impact through preliminary screening
- Hosting of supplier seminars / Focus on the circular economy to co-create green business opportunities



Media

Materiality

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

Issue of concern

- Business performance and profitability
- Corporate governance
- Digital FinTech development
- Responsible investment, due diligence, and supplier management
- Ethical corporate management
- Consumer rights protection












Communication channel and frequency

- Participation in assessments, seminars and conferences / Ad hoc
- Establish a spokesperson and PR department for liaising purposes /Permanent
- Hosting of press conferences and issuing of press releases / Ad hoc




Communication highlights and accomplishment

- Implementation of CSR / Global Views "CSR Annual Award - Financial Industry Model" and "Happy Enterprise Model Award" and 3rd place in the large enterprises category of the "Commonwealth Magazine CSR Corporate Citizenship Awards"
- Crisis management / Issued multiple press releases to inform the general public the progress of the Ching Fu Group case and improvement measures
- Provision of industry information / The FFHC expert team provides daily updates on market conditions and financial products to help the public -keep track of the financial market





4 Issues of Concern and Material Topics

Material issues	GRI Material Topics / Aspects	Corresponding chapter in GRI Management Direction	Corresponding SDGs	Risks and opportunities of key impact	SDGs	Boundary of impact (Note)	
						Inside	External
Ethical corporate management	GRI 205 : Anti-corruption GRI 413 : Local communities	Ethical corporate management	16.5 : Substantially reduce corruption and bribery in all their forms 16.6 : Develop effective, accountable and transparent institutions at all levels 16.7 : Ensure responsive, inclusive, participatory and representative decision-making at all levels	<ul style="list-style-type: none"> Unethical conduct might cause company loss or disciplinary actions by the competent authority, which damages the company's image. Implement ethical management, avoid corruption and other unethical matters, thus preventing disciplinary actions by the competent authority and establishing the company as an entity that conducts business with integrity. 		A,B	C,D,G,H
Business performance and profitability	GRI 201 : Economic performance	Business performance and profitability	7.a : Promote investment in energy infrastructure and clean energy technology 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	<ul style="list-style-type: none"> Constant FinTech innovation and artificial intelligence applications will weaken the role of traditional financial institutions and affect their business performance and profits. Green finance, renovation of old buildings, and aging population issues will ferment, spurring the development of new sales and business models. Investment in digital banking and use of optimal business model will improve business management efficiency. 	 	A,B	C,D,G,H
Corporate governance	General Standard Disclosure Indicators	Corporate governance	5.5 : Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making 12.6 : Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle 13.2 : Integrate climate change measures into national policies, strategies and planning	<ul style="list-style-type: none"> Receive disciplinary action by competent authorities due to violation of corporate governance laws and in turn damage the company's image. Continuous strengthening of corporate governance can enhance Board operations and performance, build a positive image for the company in sustainable management, and increase investors' intention to invest in the company, thereby elevating the company's value. 	  	A,B	C,D,G,H
Prevention of money laundering, financial fraud and terrorism financing	GRI 419 : Social and economic compliance	Prevention of money laundering, financial fraud and terrorism financing	16.4 : Significantly reduce illicit financial and arms flows, and combat all forms of organized crime	<ul style="list-style-type: none"> If the company fails to comply with operating procedures for the prevention of money laundering, financial fraud and terrorism financing, it will suffer major penalties, which damages the company's image and business development. The implementation of new regulations such as AML and CRS will substantially increase the company's legal costs. Implementing prevention of money laundering, financial fraud and terrorism financing facilitates international business expansion and sustainable management. 		A,B	C,D,G
Risk management	GRI Financial service sector disclosure: Active ownership	Risk management 	13.3 : Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	<ul style="list-style-type: none"> Considerable use of FinTech applications (online loan platforms, new payment tools, and complex trading) challenges the company's ability to assess and control risks. Violation of internal control regulations (legal compliance, risk management and auditing) results in disciplinary action by competent authorities, which damages the company's image. Implementing risk management and adhering to internal control rules can effectively lower or prevent operational risks to facilitate sustainable development. 		A,B	C,D,G,H
Consumer rights protection, information security protection, and improving customer satisfaction	GRI 417 : Marketing and labeling GRI 418 : Customer privacy	Consumer rights protection, information security protection, and improving customer satisfaction	12.6 : Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle 16.6 : Develop effective, accountable and transparent institutions at all levels	<ul style="list-style-type: none"> The development of new technologies makes it more difficult to protect personal information, which affects customers' rights such as infringing on their privacy or losing their information. Receive disciplinary action from the competent authorities due to violation of financial consumer protection laws or information security breach and in turn influence the company's image. Reinforce information protection, secure personal information to protect customers' rights, thereby obtaining customer trust and higher customer satisfaction. 	 	A,B	D,G,H





Material issues	GRI Material Topics / Aspects	Corresponding chapter in GRI Management Direction	Corresponding SDGs	Risks and opportunities of key impact	SDGs	Boundary of impact (Note)	
						Inside	External
Digital FinTech development	GRI 203 : Indirect economic impact	Digital FinTech development	<p>1.4 : Ensure that all men and women, in particular the poor and the vulnerable, have equal rights and access to new technology and financial services (including microfinance)</p> <p>8.2 : Achieve higher levels of economic productivity through diversification, technological upgrading and innovation</p> <p>8.10 : Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p> <p>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</p> <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> <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</p>	<ul style="list-style-type: none"> The digital finance era influences customer preference and affects customer behavior, which increase the investment cost for business transformation and R&D. Advancement of digital products impacts traditional financial products and businesses, and it is difficult to control the risks involved in digital operations such as automatic account opening, loan extension, and loan repayment. <p>• Increase business opportunities from digital population, improve operational process, and increase efficiency.</p> <p>• Actively keep abreast of financial innovation trends, develop digital innovative services and create additional fields of application, optimize digital channels, and boost consumer experiences.</p>		A,B	D,F,G
Implementation of inclusive finance and Social welfare	GRI guidelines and financial services sector disclosure standards: Local communities	Implementation of inclusive finance and social welfare	<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> <p>2.3 : Double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, animal husbandry practitioners and fishermen, 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> <p>3c : Substantially increase health financing</p> <p>4.5 : 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> <p>9.3 : Increase the access of small-scale industrial and other enterprises, including affordable credit</p> <p>11.1 : Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p> <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> <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</p>	<ul style="list-style-type: none"> Provide inclusive financial products and services such as reverse mortgage. If the borrower survives the term of the borrowing period, the bank may not be able to dispose of the collateral to repay the principal and interest due to factors such as social responsibility. The time required by the heir to process the collateral may exceed 3 months. According to existing regulations, overdue cases exceeding 3 months must be reported as overdue loans, which will affect the overall credit quality of the bank. Foreign exchange control or financial policies implemented by least developed countries (LDCs) are unclear, and local network technology service projects are limited due to the lack of network infrastructure, thus economies of scale cannot be generated. <p>• Use inclusive financial products and services and organize financial seminars to increase lending channels, insurance protection, and financial products for economically disadvantaged people and people living in remote areas, thereby expanding our customer base and enhancing the company's social image.</p> <p>• Provide online banking services in low-developed countries so that local customers can enjoy financial account inquiry and fund transfer services provided by network technology, thereby increasing customer loyalty.</p> <p>• Offer services to assist elderly adults in managing their real estates, provide retirement trusts for the elderly and disability trusts for customers with physical or mental disabilities, and help these individuals to preserve, manage, and use their assets properly to improve their quality of life, and expand business opportunities to diversify the company's financial services.</p>		A,B	D,F,G
Responsible investment, due diligence, and supplier management	GRI 307: Environmental Compliance GRI 308 : Suppliers Environmental Assessment	Responsible investment, due diligence, and supplier management	12.6 : Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle	<ul style="list-style-type: none"> Loss of customers due to noncompliance with the Green Financing Review Principle or refusal to sign the CSR declaration. Loss caused by investment in companies on the Do-Not-Invest List for CSR Violations. Some suppliers in Taiwan are monopolist or oligopolist or are only agents and importers. The company cannot audit whether the production process is environmentally friendly and low-carbon, and it is also difficult to negotiate with manufacturers. Products that are purchased in large varieties, large quantities, or small quantities make it difficult to establish a low-carbon supply chain similar to the manufacturing industry, thereby affecting Scope 3 greenhouse gas emissions. Suppliers who do not comply with environmental regulations or use harmful substances in their products may cause discomfort or health hazards to their peers and health hazards to their peers and customers. <p>• Implement responsible investment and due diligence and credit policies to select customers who are willing to sustain their business and implement corporate social responsibility, thus reducing the occurrence of bad debts and increasing return on investment.</p> <p>• The Company and its suppliers discuss issues related to climate change and environmental sustainability and share economic concepts to encourage supplier transformation and develop business opportunities for sustainability.</p>		A,B	C,E,G,H



Material issues	GRI Material Topics / Aspects	Corresponding chapter in GRI Management Direction	Corresponding SDGs	Risks and opportunities of key impact	SDGs	Boundary of impact (Note)	
						Inside	External
Climate change risks and opportunities	GRI G4 guidelines and financial disclosure standards : Product Portfolio	Climate change risks and opportunities	<p>7.a : Promote investment in energy infrastructure and clean energy technology</p> <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> <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</p> <p>13.2 : Integrate climate change measures into national policies, strategies and planning</p> <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"> Transaction records are kept to protect customers' rights. The financial service sector remains highly dependent on paper-based operations. Due to the rising awareness toward environmental protection, including sustainable forests, paper from farmed trees, reduction of air pollution and water pollution from paper-making, and frequent fierce forest fires and water shortages caused by climate change, the prices of paper products have risen, causing increases in the operating costs of the company. Environmental law amendments cause increase in operating cost due to strengthened control over industrial carbon emissions, which increase the credit risk of banks. Climate change results in an increase in extreme weather phenomena, which elevates the risks of asset damage or production delays due to flooding or drought, thus affecting the normal operation of industries and increasing the credit risk of banks. The huge demand for new energy funds and lack of experience in bank project financing prevent effective measure and control of credit risks. <p>Assess the risks of offshore wind power project financing through government-designed "Third Party Testing and Verification Mechanism" and train employees to participate in large new energy projects to enhance their professional knowledge, create business opportunities for Taiwan's green energy, and contribute to the development of industrial supply chains and fulfill our responsibilities to assist in industrial development.</p> <p>Combine core competencies, promote green finance and green consumer financial products, and seek suitable investment targets based on green investment concepts.</p>		A,B	D,F,G,H
Professional development and management reform	GRI 401 : Employment GRI 402 : Labor/ Management Relations GRI 404 : Education and training	Professional development and management reform	<p>4.5 : 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> <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"> The low birth rate in Taiwan has made it difficult to solicit outstanding talent and recruit rare technical specialists. Severe poaching of compliance officers and information security maintenance personnel in overseas branches has resulted in loss of middle-level managers, causing talent management crisis in the company. Digital financial technologies are developing vigorously. If the company does not cultivate FinTech experts and transform its business models in time, it will influence the business development and profits of the company. <p>In response to the integration of innovative financial technologies and multidisciplinary knowledge, we can integrate multiple channels such as new-generation and traditional recruiting channels through external professional recruitment agencies and cloud community recruitment platforms to recruit junior/senior executives from headquarters. By using internal and external talent recruitment processes, we can further expand our pool of outstanding talent to include big data analysts and experts in network management, information security management, Fintech business development, digital banking business planning, and other professionals.</p> <p>Actively foster forward-thinking technology integrated service professionals, quickly understand cloud technologies, big data applications, product packaging, and functional practices, and enhance the competencies and competitiveness of employees, and also cultivate relevant information security experts in response to the trends of digital financial transformation.</p> <p>Adopt flexible measures that authorize overseas branch managers to increase the salary of key employees when necessary and avoid poaching by peers in the financial sector.</p>		A,B	C,D,G,H
Occupational Safety and Health	GRI 403 : Occupational safety and health	Occupational Safety and Health	8.8:Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants	<ul style="list-style-type: none"> If the company does not develop occupational safety and health system by using a top-down approach, the probability of accidents or health hazards among employees will increase, causing an increase in the company's personnel costs. Laws and regulations are becoming increasingly stringent. If the company fails to comply with laws and regulations, it will be at risk of being punished and having the company's image affected. <p>The company builds an occupationally safe and healthy corporate culture, in which employees' safety awareness is raised to pay more attention to health issues. Employees will be less likely to sustain injuries or illness, which decreases the personnel cost of the company and also protects the company's intangible asset—employees.</p> <p>Managing occupational safety and health in accordance with law can secure the safety and health of employees, enabling employees to work more efficiently.</p>		A,B	C,G
Human rights protection and gender equality	GRI 202 : Market Presence GRI 405 : Diversity and Equal Opportunity GRI 406 : Non-discrimination GRI 407 : Freedom of Association and Collective Bargaining GRI 412 : Human Rights Assessment GRI 414 : Supplier Social Assessment	Human rights protection and gender equality	<p>4.5 : 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> <p>5.1 : End all forms of discrimination against all women and girls everywhere</p> <p>5.5 : Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making</p> <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> <p>16.b : Promote and enforce non-discriminatory laws and policies for sustainable development</p>	<ul style="list-style-type: none"> If the company does not create an equal employment environment, implement sexual harassment prevention measures, and protect labor rights, it will affect the recruitment and retention of talent, and in severe cases damage the reputation and brand image of the company. <p>Incorporate human rights protection issues into corporate policy, regularly review human rights policy-related issues every year, document human rights policy review results, including auditing on child labor, rights of indigenous peoples, evaluation of supplier rights, and submit matters to be improved to related units for review and improvement planning.</p> <p>Each year, supervisors and employees organize human rights policy training courses and also arrange courses and training in the event of amendments to relevant labor laws or policies.</p>		A,B	C,D,E,G



Material issues	GRI Material Topics / Aspects	Corresponding chapter in GRI Management Direction	Corresponding SDGs
Reduction in GHG emissions and energy consumption	GRI 204 : Procurement practices GRI 302 : Energy GRI 303 : Water GRI 305 : Emissions	Reduction in GHG emissions and energy consumption	7.3 : Double the global rate of improvement in energy efficiency 8.4 : Improve progressively global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation

Risks and opportunities of key impact	SDGs	Boundary of impact (Note)	
		Inside	External
<ul style="list-style-type: none"> We predict that electricity prices will rise in the future as the power structure changes in Taiwan, resulting in an increase in the operating costs of the company. We also predict that the future electricity carbon emission coefficient will increase, which will lower the Group's carbon reduction outcome. The government requires users with a contractual capacity of 800 kW or more to save 1% of electricity every year in the future. The Group has already encountered bottlenecks before achieving this goal, and hence it may be subject to sanctions by the government. The government will mandate users with a contractual capacity of 800 kW or more to use 10% of renewable energy. This type of energy is however expensive and in short supply and might incur more operating cost or penalty risks to the company. 	 		
<ul style="list-style-type: none"> Implementing energy conservation and carbon reduction facilitates saving operating costs. If the company is an internationally recognized E.S.G. company, then the company will attract more investments by international investors. The company purchases eco-friendly products, supports vendors in developing relevant technologies or acquiring labels and certification, and built a green sustainable society with our vendors. 		A,B	E,F,G

Material issues	GRI Material Topics / Aspects	Corresponding chapter in GRI Management Direction	Corresponding SDGs
Ecological and environmental sustainability	GRI 306 : Effluents and waste	Ecological and environmental sustainability	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 12.5 : Substantially reduce waste generation through prevention, reduction, recycling and reuse 12.8 : Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

Risks and opportunities of key impact	SDGs	Boundary of impact (Note)	
		Inside	External
<ul style="list-style-type: none"> Considerable increase in garbage and wastes will increase the operating cost of the company. Employees without proper education on the environment will impede the development of a sustainable environment and hinder the promotion of sustainability policies. 	 		
<ul style="list-style-type: none"> After being educated and trained on environmental issues, employees will become more sensitive to related risks and opportunities, which enables them to more effectively help the company to avert risks, seize opportunities, or engage with corporate customers in environmental sustainability and climate change topics. If the company successfully transforms into the best green finance brand for customers, this image will positively influence our reputation and image at the international level. 		A,B	,F,G

Note Internal : A. FFHC Group
B. Employees

External : C. Shareholders/Investors/Analysts \ D. Customers \ E. Suppliers \ F. Community/Non-profit organizations/Non-government organizations/ Academics and experts \ G. Government and competent authorities \ H. Media



Sustainable Development Goals

Results and short/medium/long-term goals of sustainability practices of First Financial Holding Co., Ltd. in 2017 :

Category	Material Issue	Description of Materiality	2017 Goals	Progress	2018 Goals	Medium/Long-Term Goals (2019-2023)
Governance	Ethical corporate management	To achieve sustainable corporate development, companies must include ethical management in their operations and management strategies to prevent legal liabilities and loss of reputation due to unethical conduct.	Companies of the Group shall report the "integrity management status and measures" to the Board of Directors and the Company's Ethical Management Committee each year.	The companies of the Group reported the "integrity management status and measures" of 2017 to the Board of Directors and reported to the "Ethical Management Committee" and the Board of Directors. The Group received a total of 24 internal and external reports in 2017 and they did not involve violations of ethical management.	Sign the Codes of Ethical Conduct for Directors and employees. Revise the Company's "Code of Conduct for Ethical Management" to strengthen related regulations on the report system in accordance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries.	The Company shall comply with related policies of competent authorities, the United Nations Convention against Corruption (UNCAC) and the Corporate Bribery Control Act (Draft) and other anti-corruption and anti-bribery policies to implement the Company's ethical management policies such as the internal/external report systems and include related systems such as internal controls and internal audits. The Company shall obtain the BSI BS10500 anti-bribery/ethical corporate management system certification to ensure that the corporate organizations and supply chain adopt suitable anti-corruption control measures to effectively supervise and manage risks associated with unethical conduct.
	Corporate governance	Corporate governance is the basis of sustainable corporate development and the core of corporate culture. It improves companies' business performance and long-term competitive advantages.	Items where no points were awarded during the corporate governance evaluation were tracked to improve our corporate governance evaluation results. Formulated the FFHC tax governance policy and management policy in response to the global trend on tax governance. Increased our education and encouragement of shareholders to use the shareholders meetings voting platform to increase the proportion of electronic voting and implement shareholder activism. Organized or arranged related internal/external training programs for corporate governance to improve the management's recognition of sustainable department topics and strengthen the corporate governance culture.	Rated as a top 5% listed company in the "3rd Corporate Governance Evaluation". The Board of Directors has reviewed and passed the Company's taxation governance policies and the Board of Directors was assigned as the Company's highest taxation risk management unit. The 2016 tax management implementation status was reported to the Board of Directors. The shares in attendance in the general shareholders' meetings in 2017 accounted for 57.24% of all outstanding shares and electronic voting accounted for 54.37% of all outstanding shares. The Directors attended more than 10 hours of continuing education in 2017 which was superior to the 6 hours required for Directors in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies".	The Company shall appoint external professional institutions, experts, or scholars to evaluate the performance of the Board of Directors to improve the independence of evaluation results. The Company shall join the Asian Corporate Governance Association (ACGA) to strengthen corporate governance for sustainable corporate development. In compliance with the implementation schedule of the "Regulations Governing Assessment of Profit-Seeking Enterprise Income Tax on Non-Arm's-Length Transfer Pricing", the Company shall provide the main files of the Group and country reports in response to international development trends and increase the transparency of taxation information. When implementing the reelection and nomination procedures for the 6th-term Directors, the Company shall provide shareholders participating in the nomination process with the Company's diversity policy for the members of the Board of Directors as reference for their nomination. The subsidiary company First Bank shall sign a compliance statement for the "Stewardship Principles". The Company shall assign corporate governance personnel and establish standard operating procedures for requests filed by members of the Board. Achieve 30% and 40% in the attendance rate of banks and life insurance subsidiary companies that are listed on the TWSE or TPEX in shareholders meetings (number of companies with personal attendance and electronic voting divided by the number of investee companies listed on the TWSE or TPEX).	The Company shall appoint external professional institutions, experts, or scholars to conduct enhanced evaluations on the performance of the Board of Directors and evaluate the internal performance of the Board of Directors based on their recommendations to implement corporate governance and improve the operating performance of the Board of Directors. The Company shall revise related regulations in the Company's "Corporate Governance Best Practice Principles" regarding the assignment of Directors and Supervisors to subsidiary companies and increase the number or proportion of gender-specific seats for the Board of Directors and implement the diversity policy for the members of the Board of Directors. Achieve 70% in the attendance rate of banks, securities, investment trust, and life insurance subsidiary companies that are listed on the TWSE or TPEX in shareholders meetings (number of companies with personal attendance and electronic voting divided by the number of investee companies listed on the TWSE or TPEX). The Company shall continue to issue recommendations to corporate shareholders to adjust the composition of the Board of Directors and increase the number of seats for Independent Directors to strengthen the independence of the Board of Directors.
	Prevention of money laundering, financial fraud and terrorism financing	Compliance with the Money Laundering Control Act and related regulations reduces operating risks and avoid damage to the Company's reputation and penalty expenses. Implementation of questioning measures for over-the-counter intervention effectively prevents financial fraud, ensures the security of people's properties, and improves the Company's social standing	To strengthen Group personnel's awareness towards anti-money laundering and countering terrorism financing and their risks, as well as ensure the effective implementation of preventive measures, FFHC planned anti-money laundering and counter-terrorist financing training programs with related case studies to improve related capabilities and implementation effectiveness. To ensure that banks, securities, investment trust, and life insurance subsidiary companies comply with related anti-money laundering and counter-terrorist financing regulations, the implementation status has been listed as a key audit item.	To strengthen Group personnel's knowledge and awareness towards anti-money laundering and counter-terrorist financing, the FFHC actively cultivates related professional talents and organized training programs such as the "Recent Amendments to Anti-Money Laundering Laws and Case Discussions", "Response Strategies for Financial Crime Prevention in the Banking Industry", and "Local and Foreign Laws and Regulations on Anti-Money Laundering and Countering Terrorism Financing" totaling 1,522 hours and more than 14,570 participants. As of the end of February 2018, a total of 414 employees have obtained the Certified Anti-Money Laundering Specialist (CAMS) certificate. The Company, and subsidiary banks, securities, investment trust, and life insurance companies have listed the implementation of related anti-money laundering and counter-terrorist financing regulations as a key audit item in the 2017 audit plan.	The Company shall adopt a risk-based approach for the implementation of Institutional Risk Assessment (IRA) for money laundering and terrorist financing activities. FFHC shall establish the Money Laundering and Terrorism Financing Risk Prevention Plan for the Group. FFHC shall establish detailed operating procedures for due diligence investigations on high-risk customers to strengthen the management and control of high-risk customers. The subsidiary company First Bank shall complete the establishment of the domestic and international anti-money laundering and countering the financing of terrorists (AML/CFT) system to strengthen its ability to monitor accounts and transactions. FFHC shall appoint independent third-party accountants to perform special inspections on AML/CFT implementation.	FFHC shall periodically review suspected AML/CFT transactions and use them to formulate related monitoring settings and implementation procedures to reduce the likelihood of failure to issue reports in accordance with regulations. FFHC shall periodically review various AML/CFT risk factors and scores in transactions with customers for account opening and new businesses and make adjustments based on test results.



Category	Material Issue	Description of Materiality	2017 Goals	Progress	2018 Goals	Medium/Long-Term Goals (2019-2023)
Governance	Risk management	FFHC shall complete and implement risk management mechanisms to effectively lower operating risks and improve management.	In accordance with the implementation of Basel III regulations as well as our own business development and investment plans, the subsidiary 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 at the end of 2017. The achievements improved risk management and capacities and strengthen the disclosure of risk management information. FFHC strengthened the Group's legal compliance system, improved internal audits, and controlled performance.	The subsidiary First Bank achieved the management targets of 13.42%, 11.25% and 11.25% set for the capital adequacy ratio (CAR), Tier 1 and Common Stock Ratio respectively in December 2017. All targets were higher than the targets of 12.5%, 10.5% and 9.0% established for the end of the year. The liquidity coverage ratio (LCR) in December 2017 was 133.08%. From January to December 2017, First Bank has met the Basel regulations which require a minimum LCR of 80%. The net stable funding ratio (NSFR) in December 2017 was 136.69% which was higher than the minimum LCR of 100% stipulated by the Basel regulations. FFHC organizes meetings for the Compliance Officers of the main offices of all companies of the Group and requires subsidiary companies to establish compliance case reporting mechanisms and audit departments to organize "legal compliance and auditing task coordination meetings" for securities, investment trust, and life insurance subsidiary companies as well as the semi-annual internal control system deficiencies review seminar with Directors, the Group's internal audit coordination meetings, and self-assessment seminars to ensure the effective operations of legal compliance and internal control mechanisms of each Company. FFHC also improves employees' legal compliance education and training and provided 466.5 hours of training for 5,703 participants.	The Company shall establish mechanisms for handling and inspecting major contingencies and reports. In accordance with the implementation of Basel III regulations as well as our own business development and investment plans, First Bank shall achieve the management targets of 12.5%, 10.5% and 9.5% set for the CAR, Tier 1 and Common Stock Ratio respectively by the end of 2018. Revise the Company's "Code of Conduct for Ethical Management" to strengthen related regulations on the report system in accordance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries. The Company shall report the implementation status for legal compliance of the Company and subsidiary companies to the Risk Management Committee to assist the Company's management in grasping and evaluating the validity of the implementation of the Group's compliance system. The Company shall report each unit and subsidiary's handling of violations and corrective actions taken to the Risk Management Committee and Board of Directors in a timely manner. The Company shall supervise subsidiary companies in strengthening security management for their network systems, information security defenses, and emergency contingency mechanisms and list information security management as a key audit item. Subsidiary companies shall submit plans for improving the knowledge and skills of auditors, risk-based auditing, methods for assigning auditors, and other methods for improving the auditing quality. The plans shall be listed as evaluation items for the subsidiary companies.	In accordance with the implementation of Basel III regulations as well as our own business development and investment plans, First Bank shall achieve the management targets of 12.5%, 10.5% and 9.5% set for the CAR, Tier 1 and Common Stock Ratio respectively by the end of 2019. First Bank plans to adopt a risk-based internal audit system in 2020 and establish risk-based internal audit assessment methodology and procedures to improve risk evaluation and self-supervision capabilities.
	Information security protection	The continuous improvement of information security is key to the development of new digital finance businesses. Close to 50% of financial businesses have experienced incidents involving economic crimes in the past year and 37% of financial businesses have sustained losses due to Internet criminal activities. Information security has evidently become the most daunting challenge for the finance industry.	Establish basic information security mechanisms for companies of the Group. Strengthen monitoring and control mechanisms for automated teller machines, classification of anomalies based on the level of severity, and improve the comprehensiveness of related monitoring and control mechanisms for cash dispenser modules. Implement renewed "ISO 27001" and "ISO 20000" certification and the replacement of related information security equipment. Conduct vulnerability scanning, penetration tests, and social engineering exercises at unspecified intervals.	FFHC has established information security management regulations for the Group and implemented "information security protection assessment and plans" and "strengthening organizational digital security" to strengthen information security such as domestic online quarantine, internal network APT monitoring, and other measures. FFHC has strengthened monitoring and control mechanisms for ATMs and classification of ATM anomalies based on the level of severity. FFHC has completed renewed "ISO 27001" and "ISO 20000" certification and replaced related information security equipment. FFHC has conducted vulnerability scanning, penetration tests, DDOS exercises, and social engineering exercises.	Review new information security threats and risks and continue to review and amend the Group's information security management regulations. Improve the security protection rate for the mainframe of the internal material information system. Conduct vulnerability scanning, penetration tests, and social engineering exercises at unspecified intervals. Improve the security protection capabilities of the system and protect customers' sensitive information. Implement renewed "ISO 27001" and "ISO 20000" certification. Advance physical isolation for online computers in domestic and overseas branches to reduce risks of hacking and enhance digital security. Establish APT monitoring and defense programs to improve information security detection, monitoring and control capabilities. Establish dual-factor authentication for the next-generation SWIFT system to strengthen transaction security and implement risk management.	Continue to adopt isolation designs to protect the information security of computers and terminal information to prevent hacker attacks and malware infiltration due to negligent online access and construct a secure virtual online system. Continue to improve electronic transaction functions and strengthen the app system to perform security detection. Continue to maintain "ISO 27001" and "ISO 20000" certification and provide a stable and secure environment for the information system.
Environment	Climate change risks and opportunities	The international financial industry regards climate change as one of the top three risks that would increase investment and financing risks as it ushers in new business opportunities and affect future corporate operations.	Fill out the CDP questionnaires for climate change and water security. Respond to the government's advancement of urban renewal financing and provide "urban renewal financing" services. Extend credit loans to companies and provide green financing (including green industries and green companies). Launch the "green consumption loan" project to satisfy customer's funding demands for the purchase of green energy or energy-efficient products (e.g. green buildings, hybrid vehicles, electric vehicles, energy-saving appliances) and improve their promotion.	The 2017 questionnaires were completed and FFHC scored B in both. FFHC added 8 "Urban Renewal Financing" cases and has approved 37 cases since the launch of the project. A total of NT\$35.444 billion was approved and 30 cases involved applications for the Silver-Level Green Building Label or above. The approved green financing included NT\$99.549 billion in loans with NT\$51.009 billion in balance of loans. FFHC processed 67 cases for green consumption loans with a total of NT\$500 million in loans. FFHC issued 17,566 "Green Credit Card - Living Green Card" and appropriated NT\$270,000 for charity events dedicated to environmental sustainability.	FFHC shall adopt calculations and evaluations for Science Based Targets (SBT), the Task Force on Climate-Related Financial Disclosures (TCFD), scenario simulations and analyses, and education programs. FFHC shall list risk assessments as key points in financing evaluations and shall amend the "Guidelines for Credit Extension Reviews". Added more than 6 urban renewal financing cases (including financing for the reconstruction of dangerous and old buildings) and planned the establishment of the "Taiwan Financial Joint Urban Renewal Service Co., Ltd." in a joint venture with government-owned financial institutions to take charge of urban renewal services for dangerous and old buildings and expedite urban renewal. Extend credit loans to companies and provide green financing (including green industries and green companies) with NT\$100 billion for approved loans and NT\$55 billion in balance of loans. Achieve US\$100 million in "green financing" for offshore branches (including OBU branches) to assist the development of local green energy industries.	Disclose the cost of the damage to the environment caused by Group's land use, air pollution emissions, and waste. When reviewing corporate credit extension cases, if the customer is part of a designated industry (e.g. leather/fur finishing or basic industrial chemical manufacturing) announced by the Environmental Protection Administration of the Executive Yuan and the customer wishes to provide plants for appraisal as collateral for new credit extensions, whether the land used as collateral has been contaminated shall be included as the appraisal conditions for calculating the value of the land if the customer fails to provide "certificate of non-contamination of the land". The appraised price shall be flexibly reduced by 3%-10% based on the status of contamination of the collateral. Achieve more than 50 urban renewal financing projects (including financing for the reconstruction of dangerous and old buildings" since the start of the services.



Governance

Environment

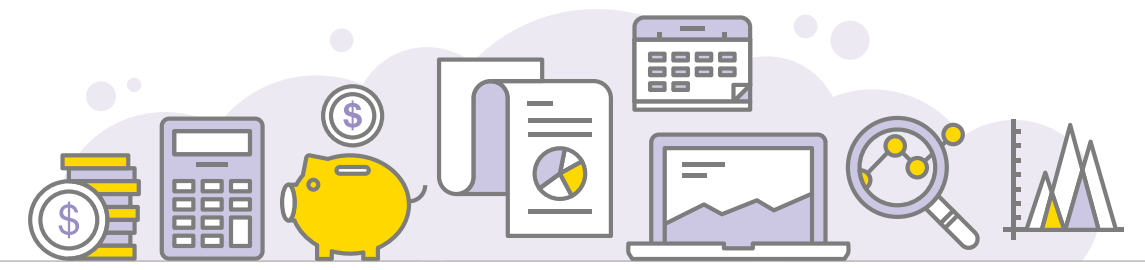
Category	Material Issue	Description of Materiality	2017 Goals	Progress	2018 Goals	Medium/Long-Term Goals (2019-2023)
Environment	Climate change risks and opportunities		Launch the "Green Credit Card - Living Green Card" that provides five major benefits including 0 interest rate for repayment for green consumption in multiple installations and 5% cash rebates for green public transportation to integrate consumption with the green low-carbon economy. Set aside 0.2% of regular domestic consumption amount for donation to the First Bank Education Foundation for charity programs dedicated to environmental sustainability. Invest in green industries or green bonds to help the development of green energy and increase corporate awareness for going green.	Investment in green industries or green bonds totaled NT\$5.762 billion.	Implement the "green consumption loan" project with an annual loan credit line of NT\$300 million to provide customers with funding for the purchase of green energy or energy-efficient products. Cooperate with government policy for advancing seven innovative industries including the "Asia Silicon Valley", "smart machinery", "green energy technologies", "biomedical technologies", "defense", "new agriculture" and "circular economy" for the advancement of the core for the growth of next-generation industries in Taiwan. Provide discount loans for such industries with NT\$60 billion in newly-approved loans and NT\$395 billion in the balance of loans.	Extend credit loans to companies and provide green financing (including green industries and green companies) with NT\$60 billion in balance of loans. Achieve US\$120 million in "green financing" for offshore branches (including OBU branches) to assist the development of local green energy industries. Implement the "green consumption loan" project with an annual loan credit line of NT\$500 million to provide customers with funding for the purchase of green energy or energy-efficient products. Provide the seven innovative industries including the "Asia Silicon Valley", "smart machinery", "green energy technologies", "biomedical technologies", "defense", "new agriculture" and "circular economy" with discounted loans and NT\$405 billion in the balance of loans.
	Reduction in GHG emissions and energy consumption	To keep the increase in average temperature to below 2°C above pre-industrial levels, all companies have the obligation to reduce the emissions of greenhouse gases and reduce energy consumption.	Reduce carbon emissions by 483 metric tons of CO ₂ e from the baseline in 2016 in the use of electricity, water, oil, and gas in the Group. Obtain Green Building Mark for 5 of the company's existing commercial buildings. Install solar panels in 2 of the buildings owned by the Group to use clean energy. Adopt the "ISO 14064-1 Greenhouse Gas Inventory" certification for overseas branches. Green power purchases 240 MWH	Reduced carbon emissions by 1,889 metric tons of CO ₂ e from the baseline in 2016 in the use of electricity, water, oil, and gas in the Group. The Group refurbished 5 existing commercial buildings and obtained the "Diamond-class" Green Building Mark. The Group has refurbished 17 existing buildings and obtained "Diamond-class" Green Building Mark since 2012. Install solar power generation systems on the roof of the Sanmi and Xinxing Branches. The Group has installed rooftop solar power generation systems at 4 business locations as of the end of 2017. Adopted the "ISO 14064-1 Greenhouse Gas Inventory" certification for 235 domestic branches and 33 of First Bank's overseas business locations (excluding branches in the United States and the Yangon and Bangkok Offices). Green power purchases 240 MWH	Reduce carbon emissions by 227 metric tons of CO ₂ e from the baseline in 2017 in the use of electricity, water, oil, and gas and the purchase of external renewable energy or carbon right certificates. Refurbish a total 22 of the company's existing commercial buildings and obtain Diamond-class Green Building Mark. Install solar power panels at 6 business locations and purchase renewable energy certificates. Use at least 300,000 kWh of renewable energy in the Group. Adopt the "ISO 14064-1 Greenhouse Gas Inventory (Travel)" certification for all companies of the Group. Adopt the "ISO 50001 - Energy Management System certification" for all First Bank's domestic branches. Adopt the "ISO14001 Certification of Environmental Management System" certification for all subsidiary companies of the Group.	Reduce the Group's carbon emissions in 2020 by 20% from the baseline levels in 2012 with the offsetting value from purchased external renewable energy or carbon right certificates. Refurbish a total 32 of the company's existing commercial buildings and obtain Diamond-class Green Building Mark. Install solar power panels at 10 business locations and purchase renewable energy certificates. Use at least 500,000 kWh of renewable energy in the Group. Adopt the "ISO 50001 Energy Management System" certification and "ISO 14001 Environmental Management System" certifications for all domestic business locations of the Group. Compile carbon emissions levels in various items of "ISO 14064-1 Greenhouse Gas Inventory Part 3"
	Responsible investment, due diligence, and supplier management	As funding suppliers, financial institutions should integrate its core competencies and fulfill the social responsibility of the financial industry in the financial supply chain in order to achieve sustainable development of the environment, economy, and society.	Strengthen the implementation of Green Financing Review Principles. Implement responsible investment by establishing a "do-not-invest list" based on product sustainability, human rights and environmental protection, and serious social disputes. Examine 6 domestic exchange-traded stock pools each quarter and at least 30% of the included stocks have submitted CSR reports. Subsidiary companies that have signed the compliance statement for the "Stewardship Principles" shall disclose their performance of due diligence governance on their company websites. Establish a purchasing policy for vendors.	In 2017, we reviewed 38,463 financing projects according to the Green Financing Review Principles; these projects accounted for 100% of the corporation's financing projects. 33,530 projects 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 profit and risk, or other factors, a total of 4,653 cases met criteria for passing the review process (reduced credit extension and restrictive conditions) and 280 cases resulted in loan rejections (tabled or withdrawn applications). FFHC implemented responsible investment and formulated the "Do-Not-Invest List for CSR Violations" every two weeks. As of the end of 2017, there were 31 stocks that are prohibited from investment. 191 of 371 stocks included stocks in the 6 domestic exchange-traded stock pools submitted CSR reports, totaling a ratio of 51.48%. Subsidiary companies (securities, investment trust, and life insurance) that have signed the compliance statement for the "Stewardship Principles" have disclosed their performance of due diligence governance on their company websites. FFHC established Purchasing Policy for Vendors for information equipment and consumables, environment and cleaning consumables, furnishing materials, air-conditioning and electrical appliances, paper, lighting equipment, and transportation vehicles.	Continue the optimization and implementation of the Green Financing Review Principles. First Bank shall sign a compliance statement for the "Stewardship Principles". Examine domestic exchange-traded stock pools each quarter and at least 32% of the included stocks have submitted CSR reports. Establish Purchasing Policy for Vendors and require vendors to sign the Code of Conduct to implement social responsibilities along with business development.	Sign the Equator Principles and disclose financial information related to climate in the financial report in accordance with the TCFD framework. Continue to review corporate credit extension customers in terms of product sustainability, human rights and environmental protection, and serious social disputes and list businesses that violate corporate social responsibilities as target ineligible for loans. At least 50% of the stocks in domestic exchange-traded stock pools shall have submitted CSR reports. Include the Corporate Social Responsibility Report (or CSR Declaration) as the basic standards for products marketed in insurance companies and banks and require the companies to periodically provide their implementation. Establish a supplier CSR grading system to review the performance of suppliers' implementation of corporate social responsibilities. Subsidiary companies that have signed compliance statements for the "Stewardship Principles" shall improve the quality of their information disclosure on due diligence.



Category	Material Issue	Description of Materiality	2017 Goals	Progress	2018 Goals	Medium/Long-Term Goals (2019-2023)
Environment	Digital finance technologies and development	Finance technologies are being developed at an unprecedented pace across the world and the use of digital channels for accepting financial services has become mainstream. With regard to internal controls, regulatory technologies adopt new technologies and analysis methods to provide effective solutions for legal compliance and money laundering prevention. The establishment of risk-based preventive measures can reduce the cost of compliance operations for financial institutions.	Provide an integrated payment platform in response to diverse payment tools. Encourage customers to use electronic channels and achieve a utilization rate of 75% for electronic channels. Actively apply for invention and new utility model patents for finance technologies and acquire 20 patents for finance technologies. Plan digital reception systems, new functions for the Pepper reception robot, and improve related applications.	FFHC invested in "Turn Cloud Technology Service Inc." which launched the TC-8 smart equipment to integrate all payment transactions into a "smart credit card reader" so that shops require only one machine for all payment tools. Achieved a utilization rate of 76.04% for electronic channels. A total of 33 FinTech patents have been acquired as of the end of 2017 to expedite the development of digital finance technologies. Integrated the new-generation customer service multimedia and digital reception system, improved applications for the Pepper reception robot, and increased the number of online functions of the "e-Services" app to 10.	Establish various big data analysis and diverse applications and use big data analysis technologies to intensify the maintenance of customer relations. Actively apply for invention and new utility model patents for finance technologies and acquire 36 patents for finance technologies. Continue to optimize the digital equipment and expand functions of digital branch/digital bank experience areas to provide customers with a better digital experience and high-quality services. Improve the Internet banking system functions of the Phnom Penh Branch in Cambodia and achieve 800 accounts for the Financing e-Bank, and global wealth management users. Popularize the use of mobile payment and provide convenient payment tools for credit card customers. Bind a total of 45,000 cards for mobile payment.	Continue to implement AI project model development and integrate completed AI results for front desk, intermediate, and backstage integration. Continue to develop Pepper's facial recognition capabilities and develop new functions and new services. Improve the digital finance services of the Phnom Penh Branch and achieve 1,000 accounts for the Financing e-Bank, and global wealth management users.
	Ecological and environmental sustainability	Technological advancements improve the quality of life but cause severe environmental and ecological issues. We can only protect the environment we live in by uniting the powers of all people to fight together for a sustainable environment.	Launch the "Green Volunteer Sustainability Program" to support organic farms, protect coastlines, plant trees for carbon reduction, adopt contract growers, implement the Green Light Sustainability Program, promote environmental sustainability, ecological protection, and other ideals to create a "Green Finance" brand image. Our goal is to organize 40 events. Implement controls for domestic waste produced by company headquarters. Set a cap of 70.3 tons on the amount of the entire group. Promote and compile statistics on the volume of recycled resources. The total amount of recycled resources of all company headquarters shall exceed 15.68 metric tons. Donate 213 recycled personal computers and laptop computers. Send personnel for environmental educator training and certification. Design education plans and host environmental education and promotion activities. Participate in "Earth Hour" and "Earth Day".	A total of 49 Green Volunteer events were held in 2017, attracting 1,639 volunteers and benefiting 4,432 people. The total investment was NT\$1.523 million. The amount of domestic waste produced by group company headquarters did not exceed 60.7 metric tons. The total amount of recycled resources of all company headquarters exceeded 35.175 metric tons. Donated 216 recycled personal computers and laptop computers. Accumulated donations totaled 913 units. The Company has sent personnel for environmental educator training and 4 employees received certification as environmental educators. FFHC continued to update and optimize the Green Finance Exhibition Hall and completed the design of one education plan. We also hosted environmental education and promotion activities and benefited 1,590 students. All domestic and foreign business locations participated in "Earth Hour" and "Earth Day" and switched off lights for an hour in the evening of March 31 and April 22. We reduced emissions by 0.334 metric tons of CO ₂ e.	Organize employees to form Green Volunteers to help out at organic farms short on manpower throughout Taiwan. We shall assist in planting, cultivating seedlings, and harvesting. We shall also purchase agricultural products in each event to support the push by small farmers to look after the land. Our goal is to organize 45 such events. Implement controls for domestic waste produced by company headquarters. Set a cap of 64.2 tons on the amount of the entire group. Promote and compile statistics on the volume of recycled resources. The total amount of recycled resources of all company headquarters shall exceed 23.18 metric tons. Achieve 1,000 in donated recycled personal computers and laptop computers. Achieve the design and trial implementation of 3 environmental education plans and host at least 3 environmental education and promotion activities. Company personnel participate in an average of 4 hours of environmental education courses. Assist disadvantaged groups in replacing lighting equipment or plant trees to reduce carbon emissions and prevent extreme climate occurrences.	Reduce the total amount of domestic waste and recycled resources by 1 ton from the previous year. A total of 1,200 donated recycled personal computers and laptop computers was achieved. Obtain environmental education site certification. Include international case studies on the alleviation, response, and early warning measures for climate change into environmental education courses. Achieve the design of 5 environmental education plans and cultivate employees into experienced environmental education lecturers. Organize environmental education and promotion activities for different age groups. Assist 3 social welfare groups in replacing lighting equipment with more efficient LED lights to create a sustainable homeland with low-carbon emissions.
Society	Protection of customer rights and interests	By adopting a rigorous attitude for the protection of customer rights and interests, we shall maintain customers' trust in the Company and make them willing to use services we provide to achieve sustainable development.	Implement the "Principles for Fair Treatment of Customers in the Financial Services Industry" to protect customer rights and interests. Strengthen personal information protection and control measures and training programs. The training completion rate was 100%. To protect consumer rights and interests, we shall adopt a review system for wealth management products and inspect the appropriateness of marketed wealth management products and carefully process the sales of complicated and high-risk products.	Organized training programs for the "Principles for Fair Treatment of Customers in the Financial Services Industry". A total of 7,854 participants completed the training and the training completion rate was 100%. FFHC organized related training programs for the "Personal Information Protection Act". A total of 8,583 participants completed the training and the training completion rate was 100%. FFHC established the financial product review system and First Bank discontinued 34 wealth management products and 8 insurance products. First Life Insurance discontinued 16 products to prevent imposing excessive risks on customers and to improve customers' investment performance and protect customer rights and interests.	Set a goal for encouraging 8 fund companies with products marketed at the Bank to sign the compliance statement for the "Stewardship Principles". Comply with the full implementation of the "EU General Data Protection Regulation" (GDPR) and amend the "First Bank Personal Data Management Policy". Establish related standards or operating guidelines for implementation. Provide sales-oriented training and education programs 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. Strengthen awareness towards know your customer (KYC) procedures and implement the procedures to prevent inappropriate sales. Implement prompt processing mechanisms for customer complaints. Each company shall be required to complete customer reconciliation 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.	Continue to implement the "Principles for Fair Treatment of Customers in the Financial Services Industry" and improve the quality of services to actively protect customer rights and interests. Set a goal for encouraging all fund companies with products marketed at the Bank to sign the compliance statement for the "Stewardship Principles" to protect customer rights and interests. Continue to organize sales and marketing training programs for various products and courses on penalties imposed on other banks, the Financial Consumers Protection Act, Personal Information Protection Act, Principles for Fair Treatment of Customers, and KYC operations. The training completion rate was 100%.



Category	Material Issue	Description of Materiality	2017 Goals	Progress	2018 Goals	Medium/Long-Term Goals (2019-2023)
Society	Protection of customer rights and interests	By adopting a rigorous attitude for the protection of customer rights and interests, we shall maintain customers' trust in the Company and make them willing to use services we provide to achieve sustainable development.	Set a goal for encouraging 5 fund companies with products marketed at the Bank to sign the compliance statement for the "Stewardship Principles". Ensure that all Group subsidiaries have established customer complaint channels such as business units, customer service hotlines, company webpages, and e-mails and that they complete customer reconciliation and reports within the specified time.	A total of 41 fund companies have products marketed at the Bank and 7 fund companies signed the compliance statement for the "Stewardship Principles". FFHC received 570 complaints through customer complaint channels in 2017 which was a reduction of 53 cases from 2016. There were 11 cases in 2017 where customers reported complaints to the Financial Ombudsman Institution and it was a decrease of 2 cases from 2016. The companies analyzed customer complaints by business type and customer feedback forwarded to the relevant units as reference for further improvements.		
	Customer satisfaction improvement	Understanding customer demand and increasing customer satisfaction can strengthen the Company's service quality and improve customer loyalty to expand business operations.	Conduct customer satisfaction surveys through telephone surveys, e-mail surveys, webpage or outside survey firm to review items they are dissatisfied as the basis for improvements. Execute business process refinement plans. Implement the Digital Banking Talent Transformation Program and organize various business education and training to strengthen employees' professional knowledge and improve the quality of services.	FFHC performed customer satisfaction surveys on overall services, attitude of the reception personnel, Correct handling of businesses, telephone etiquette, planning of marketing events, on-site customer satisfaction survey at participating locations, and investment information services and propose improvement action plans based on customer requirements and market conditions. FFHC executed smart customer services, new customer services, mobile marketing platform, digital reception remote video, and other system installation and upgrades to improve the popularity of digital services. We organized various business training courses and employees received an average of 54.95 hours of training in 2017. We also recruited professionals for with various digital finance expertise to expedite innovation for various businesses to improve service efficiency.	Adopt the Net Promoter Score system to implement customer satisfaction surveys. Continue to establish refinement projects for smart and dynamic guest identification services and next-generation corporate Internet banking services to provide more professional and high-quality services and improve customer satisfaction.	Continue to build a high-quality service environment and strengthen the professional know-how and service attitude of service personnel in order to improve competitive advantages and customer loyalty and satisfaction. Continue to operate diverse social media platforms and implement separate operations for different social groups to deepen the relationship with existing customers and develop new customers.
	Implementation of inclusive finance	The integration of core competencies of the financial industry provides poor and disadvantaged groups with equal rights to financial services. It is the finance industry's social responsibility to create a friendly environment for financial consumers.	Support young entrepreneurs and the development of SMEs by continuing to offer 200 accounts for the "Loans for Young Entrepreneurs and Start-ups" and NT\$110 billion for the "Small and Medium Enterprise Credit Guarantee Fund". List 20 protection-type products related to aging society and the growing number of cancer patients to advance related industries such as medical biotechnology or long-term care loan projects. Actively promote elderly trust businesses and implement at least 500 cases. Advance 3,000 contracts for micro insurance products and small-scale whole life insurance products. Install 10 more accessible ATMs for people in wheelchairs. Wheelchair accessibility facilities and ATMs will also be incorporated during future new construction, relocation or refurbishment of premises to provide a friendlier financial service environment.	Implemented 202 accounts for the "Loans for Young Entrepreneurs and Start-ups" and NT\$135.6 billion for the "Micro Entrepreneur Loans". Added 20 protection-type products related to aging society and the growing number of cancer patients to advance related industries such as medical biotechnology or long-term care loan projects and implemented 3,560 cases of elderly trusts. Marketed 2 micro insurance products and implemented 3,377 effective whole life insurance contracts and 89 micro insurance cases. The insurance amount totaled NT\$44.5 million. Installed 10 accessible ATMs and 2 audio ATMs to provide a friendlier financial service environment for people in wheelchairs and for visually impaired people at 71 operation locations	Support young entrepreneurs and the development of SMEs by continuing to offer 100 accounts for the "Loans for Young Entrepreneurs and Start-ups" and NT\$110 billion for the "Micro Entrepreneur Loans". Expand financing services to small and medium enterprise enterprises to reach a balance of NT\$660 billion by the end of 2018 and achieve the number 1 ranking among all banks in terms of loan market share. Continue to advance medical biotechnology or long-term care loan projects and add 20 more loan accounts. Launch the global precision medical care fund and invest in medical and healthcare industries. Continue to promote care trusts for the elderly and people with disabilities. Use business integration to strengthen penetration of products for the elderly and provide more comprehensive planning and services for customers. Set a goal for NT\$2 billion in the balance of care trust assets by the end of 2018. Provide basic levels of life insurance coverage for the economically disadvantaged and advance 3,000 contracts for small-scale whole life insurance products. Launch discounted financing projects to help people refurbish and rebuild dangerous and old residences to improve citizens' living environment. Add accessible network ATM services on the First Bank Free Bank website. Obtain the "Accessible Website" mark from the National Communications Commission (NCC) to create a high-quality accessible web service environment. Implement the Phoenix micro start-up loan to provide middle-aged women with funding to start their own business. Implement and protect insurance rights and interests for people with disabilities and implement insurance approval and consulting operations in accordance with the "Principles for Processing Insurance for People with Disabilities in the Insurance Industry". Use artificial intelligence to launch the "Micro Enterprise e-Services" online loan application platform.	Continue to implement the "Loans for Young Entrepreneurs and Start-ups" and the "Micro Entrepreneur Loans" to provide funding for small-scale businesses. Set a goal balance of NT\$680 billion in loans to small and medium enterprises by the end of 2020. The balance of loans increases by 20 billion compared to that in the end of 2018, and maintain the number 1 ranking among all banks in terms of loan market share. List 30 protection-type products related to aging society and the growing number of cancer patients to advance related industries such as medical biotechnology or long-term care loan projects. Plan and formulate domestic Type B corporate financing projects and encourage domestic companies to pursue growth in profits while improving environmental and social issues. Continue to implement inclusive finance service policies and optimize accessible financial services on the Internet to provide a better service environment. Continue to cooperate with ongoing deregulation (e.g. the voluntary guardianship system and the proxy system) and customer demands to provide more diverse trust services to the elderly and people with disabilities. In response to the aging society and pension reform, we shall plan group interest sensitive annuity products for citizens to prepare economic security and obtaining medical care during elder age with commercial insurance policies.



Category	Material Issue	Description of Materiality	2017 Goals	Progress	2018 Goals	Medium/Long-Term Goals (2019-2023)
Society	Professional development and management reform	Talent is the key to winning in corporate competitions. The key to talent cultivation needs to be addressed from innovation and reforms. Strengthening training systems to cultivate interdisciplinary talent leads to continuous growth and sustainable development of businesses.	<p>Implement the Digital Banking Talent Transformation Program to expedite digital innovation in various businesses. First Bank included the "Digital Financial Knowledge" certificate with increased certificate weighting as an employee promotion credit certification to encourage employees to obtain new knowledge in digital finance.</p> <p>Improve the training of core cadre talents and training programs for overseas employees. Strengthen the training for local management personnel and expedite the cultivation of cadre talent pools. Optimize education and training programs to improve employee competency advantages and digital learning effectiveness. Employees receive an average of 45 hours in education and training.</p> <p>Provide marriage and pregnancy incentives in response to declining birth rates.</p>	<p>We organized training programs by arranging useful digital banking courses, such as "Exploring Business Opportunities in the Internet of Everything," "The Present and Future of Big Data Analytics at First Bank," "Recent FinTech Development and Use of Artificial Intelligence in Social Network Analysis," "Application of Artificial Intelligence and Case Study Analysis," and "Augmented Reality/Virtual Reality Products R&D Trends and Highlights." We facilitated a total of 5,040.5 training hours and a total of 1,418 employees received the "Digital Financial Knowledge" certificate as of the end of 2017.</p> <p>As of the end of 2017, we have cultivated 328 overseas management associates and appointed 460 local employees to implement local management. We also evaluate and promote outstanding local employees each year and appoint certain employees as supervisors.</p> <p>Total real-world and online training hours amounted to an average of 54.95 hours per person in 2017. Total employee training expenses amounted to NT\$67.49 million for an average of NT\$7,437 per person. FFHC was rated as the Best Learning Organization for the Year by the CommonWealth Innovation Academy. FFHC has raised the child birth subsidy and offers NT\$50,000 for the first child, NT\$80,000 for the second child, and NT\$100,000 for the third child and every child thereafter. We also offer an employee marriage subsidy to the value of NT\$30,000. In 2017, a total of NT\$7.37 million in subsidies was provided for marriage and child birth.</p>	<p>Implement employee competency surveys and ability assessments to analyze their strengths and business capabilities and carry out career management cultivation for critical personnel.</p> <p>Expedite the cultivation of overseas sales personnel and management personnel in China and organize periodic overseas talent selection and training courses. Train at least 30 overseas cadre talents.</p> <p>Organize periodic financial experience activities in universities and colleges to encourage students who seek to advance their careers in finance and allow students from Southeast Asia and China to participate in these activities. Select talents with potential for appointment as official overseas employees.</p> <p>Strengthen employee education and training with a goal of 40 hours in average training hours per employee.</p>	<p>Advance diverse industrial-academic collaboration and cultivate international financial talents. Employ sufficient number of employees with disabilities to implement the business ideal of "viewing talents as the most important assets of companies".</p> <p>Enhance employees' professional competencies and optimize their competitiveness for career advancement, and provide an average of 50 hours of training per year for each employee. Strengthen the cultivation of interdisciplinary talents and implement the Digital Banking Talent Transformation Program in response to the digital transformation development strategy.</p>
	Occupational Safety and Health	Provide diverse benefits and strengthen health management. Establish a comfortable and safe work environment to increase employee productivity and strengthen service quality and competitiveness.	<p>Establish tracking mechanisms for the "Human-Factor Hazard Prevention Plan" and appoint in-house physicians to periodically offer support over the telephone and conduct follow-ups to track the improvement status.</p> <p>Continue to advance the "Maternal Employee Health Protection Plan" and strengthen risk analysis and control over hazardous factors to provide pregnant employees with physical and mental support.</p> <p>Implement the "Abnormal Workload-Triggered Diseases Prevention Plan" and screen employees at high risk due to "shift work, night-time work and long-work hours" each month to evaluate their risk level. Organize interviews and health advice by physicians for high-risk employees.</p> <p>Advance the "Female Night Shift Rotation Worker Safety Plan".</p> <p>Provide full subsidies for employees for the "low-dose lung CT" scan.</p> <p>Include health risk issues in the Employee Commitment Survey. The overall commitment target should exceed 75%.</p> <p>Protect employees safety and health. The absenteeism rate target is below 0.35%.</p>	<p>Appointed the in-house physician to provide support to 66 employees who exhibited health risks in the "Employee Musculoskeletal Symptom Self-Assessment" questionnaire survey to learn about the symptoms and provide suitable suggestions for improvement. As of the end of 2017, improvements were observed in 57 people and follow-ups are conducted on 9 employees to track their improvement status and outcomes.</p> <p>A total of 130 pregnant employees participated in the "Maternal Employee Health Protection Plan" in 2017. We conducted risk assessment of their work, hazard control, risk management and provided work adjustment. These measures are intended to protect the health of the mother.</p> <p>Implemented the "Abnormal Workload-Triggered Diseases Prevention Plan" in 2017 and screened 125 employees who work night shifts and identified 10 employees as high-risk. We organized interviews and health advice by in-house physicians. Staff nurses also sent out e-mails with relevant health information to 213 medium and low-risk employees.</p> <p>The 53 female employees who are assigned to night shifts may return home with the Bank's contracted taxi fleet or on their own. Regardless of whether they return via contracted taxis or on their own, the method of returning home must be accurately logged. If the employee has failed to report her return within 10 minutes of the taxi's arrival report, the staff on duty shall be required to contact the female colleague to verify her ride condition and safety. The supervisor must be immediately notified in the event of any anomaly. 1,141 employees have received low-dose lung CT scan examinations.</p> <p>Work and health life were included in the health risk issues in the Employee Commitment Survey. Overall commitment target was 79.77%.</p> <p>Build a safe and healthy working environment, the absenteeism rate in 2017 is 0.33%.</p>	<p>Continue to implement the "Human-Factor Hazard Prevention Plan" and "Abnormal Workload-Triggered Diseases Prevention Plan" to strengthen the management of employees' health.</p> <p>Continue to implement the "Maternal Employee Health Protection Plan" and "Female Night Shift Rotation Worker Safety Plan".</p> <p>Securities and life insurance subsidiary companies shall organize on-site health services in accordance with the Labor Health Protection Rules.</p> <p>Introduce the "ISO 45001 Safety and Health Management System" certification</p> <p>Include health risk issues in the Employee Commitment Survey. The overall commitment target should exceed 75%.</p> <p>Expand "low-dose lung CT scan" examinations to employees below 55 years of age.</p>	<p>Continue to implement the "Maternal Employee Health Protection Plan" and ensure the safety of female employees on the night shift.</p> <p>Obtain the "ISO 45001 Safety and Health Management System" certification.</p> <p>Continue to focus on emerging occupational safety and health issues and construct a happy workplace.</p> <p>Continue to organize health seminars to promote employees' medical and health knowledge and support employees' physical and mental health.</p> <p>Include health risk issues in the Employee Commitment Survey. The overall commitment target should exceed 77%.</p>



Category	Material Issue	Description of Materiality	2017 Goals	Progress	2018 Goals	Medium/Long-Term Goals (2019-2023)
Society	Human rights protection and gender equality	Labor rights and gender equality are employees' legal rights and the Company's responsibilities toward employees and society. They are the basis for sustainable social development.	The principle of fair and reasonable compensation in employee remuneration 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. Require board members to be independent, diversified, and capable of handling sustainability issues in a professional manner. Establish fair recruitment criteria for employee recruitment based on gender equality principles. Alleviate all forms of discrimination against women. Prohibit the use of child labor and any form of forced labor. Establish sexual harassment complaint hotlines and email and implement the Prevention of Illegal Infringement at Work Plan to provide a friendly work environment and protect the rights and interests of victims. Require vendors to sign the "Declaration on Human Rights and Environmental Sustainability Clauses". If any violation of human rights or related labor laws is discovered in the cooperation period, the vendor shall be required to file improvement plans and results or transactions shall be discontinued.	If the ratio between female and male employees' annual remuneration where women in general positions are defined as 100%, then men's remuneration was 104%. For management roles, women and men received the same compensation. FFHC's 6 current female directors and independent directors account for 40% of the Board membership. Board members have professional backgrounds, professional skills, and industry experience in banking, economics, accounting, insurance, statistics, finance, business management, law and social studies and they also have extensive experience in related finance industries. We implemented equal rights for work and recruited a total of 808 new employees in 2017 with a women:men ratio of 60:40. There were no human rights violations, or infringement of the rights of indigenous or incidents of discrimination in 2017. 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. To facilitate reports and processing of sexual harassment cases, we established complaint channels such as email and complaint hotlines and announced them on the announcement boards and company websites. There were no sexual harassment complaints in 2017. 100% of our vendors have signed the "Declaration on Human Rights and Environmental Sustainability Clauses" and there were no violations of labor laws or infringement of human rights by vendors in the cooperation period.	Plan related training programs on human rights policies to educate all employees. The target for employee training is set at 100% so that employees can implement the human rights policies in their daily work. When implementing the reelection and the nomination, review standards, and operating procedures for the 6th-term Directors, the Company shall disclose the related clauses in the "Corporate Governance Best Practice Principles" on the diversity standards for board members so that shareholders participating in the nomination process can comply with the Company's diversity policy for the members of the Board of Directors as reference for their nomination. Establish fair recruitment criteria for employee recruitment based on gender equality principles. Alleviate all forms of discrimination against women. Organize 5 training courses on the "Act of Gender Equality in Employment" to promote gender equality. Adopt fair and open methods for promoting employees to ensure the fairness of employees' career development and opportunities for participating in decision-making and leadership at various levels. Establish Purchasing Policy for Vendors and require vendors to protect human rights and gender equality while advancing business development.	The Company shall revise related regulations in the Company's "Corporate Governance Best Practice Principles" regarding the assignment of Directors and Supervisors to subsidiary companies and increase the number or proportion of gender-specific seats for the Board of Directors and implement the gender diversity policy for the members of the Board of Directors. Continue to evaluate and improve potential risks in the work environment and implement the "Prevention of Illegal Infringement at Work Plan". Continue to organize promotions in a fair and open manner to ensure fairness in employees' career development. Fulfill responsibilities for cultivation and improve their competitiveness in the work place. Strengthen the establishment of digital learning platforms and lead all employees in fulfilling lifelong learning goals. Plan comprehensive career training for employees with disabilities and indigenous employees. Continue to refine the friendly work environment and strengthen support mechanisms for young children. Organize training courses on the "Act of Gender Equality in Employment" to promote gender equality awareness and actions. Encourage vendors to formulate the CSR reports and disclose their performance in the protection of human rights and gender equality.
	Social welfare	Companies must pursue the long-term interests of shareholders and give back to society. They must improve their corporate value and competitiveness in order to ensure sustainable corporate development.	Implement the "First Turnaround Action School" and "First Cultural Education Train" and expand equality movements. Implement equal rights, equal medical rights, and equal financial rights for people with physical disabilities. Organize 120 support and green public welfare programs. Work 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 and organizing a preventive healthcare awareness campaign designed to inform the public about basic health education. Cultivate new artists with music festivals and support local arts and traditions. Support the development of sports and continue to organize training programs for table tennis teams. Cultivate youth athletes and promote their participation in international competitions to gain experience. Organize table tennis and tennis championships.	We organized a total of 279 public welfare events in 2017, attracting 3,128 volunteers and benefiting 12,421 people. The total investment in public welfare events and donations was NT\$64.17 million. We worked with Mennonite Christian Hospital in organizing the "Medical Volunteer" training program to improve the volunteer team's knowledge in pro bono medical services. We cultivated 33 professional medical volunteers for support programs in remote areas. We worked with the customer Taieasy Group and their professional medical service team for 3 consecutive years since 2015 and brought medicine and supplies worth nearly NT\$5 million from Taiwan to the Pursat Province in Cambodia. We supported local poor people and provided medical services to 4,000 residents. First Bank Education Foundation has long been a supporter of domestic arts and cultural events and the Foundation organized 3 large-scale concerts in the Northern, Central, and Southern Regions in 2017 to provide a stage for new singers and indigenous group performances. We also invited disadvantaged groups and people with disabilities from social welfare institutions to join us. We have organized 34 large-scale orchestral concerts featuring classic musical selections since 2006 and attracted more than 94,600 participants. In addition, the First Education Foundation set out to transform the first and second floors of the FFHC headquarters building into the "First Art Space" in 2011. We provide space in which local artists can exhibit their art for free each month. We have held a total of 81 art and cultural exhibitions since 2011 which has in turn attracted over 81,000 visitors. We supported the development of domestic sports and cultivated competitive athletes at the national level. In addition to establishing the men's table tennis team, we also provided long-term support for elementary school and junior high school table tennis teams. The team won 3 bronze medals in the 2017 Summer Universiade in Taipei. We have organized nationwide table tennis championships for 9 consecutive years and worked for 8 consecutive years together with Maxxis Group, a business customer, to hold the "First Holding Maxxis Cup National Tennis Team Tournament", which is now the largest and most significant group tennis competition in Taiwan and features the greatest total prize pool.	Implement the Disadvantaged Students Adoption Plan to extend the reach of our charitable efforts into schools so that students can concentrate on their studies. We also use employees' finance expertise to venture into rural areas and organize finance seminars for children to promote finance and wealth management knowledge. We aim to organize 240 support and green public welfare events in 2018. Continue to work with hospitals and medical universities and organize pro bono medical services for remote areas or offshore islands. Invite people who faced challenges in life to give speeches on tours and create the "Light up Life: First Dream Come True Stage" to help people with disabilities show their confidence in performances. Organize large-scale indoor and outdoor music festivals to provide indigenous groups and new musicians with a stage to perform. Invite artists and promote arts and culture to remote areas and provide a platform for domestic artists' creations. Continue to organize large-scale sporting events for table tennis and tennis as well as training programs for table tennis teams to cultivate potential future stars in Taiwan's sporting world.	Continue to implement the Disadvantaged Students Adoption Plan and help a cumulative total of 500 schoolchildren concentrate on their studies. Continue to support domestic arts and cultural events and accumulate a total of 67 concerts, provide 67 disadvantaged groups and new artists with a stage for performance, and accumulate a total of 130 arts and cultural exhibitions to support domestic art talents. Adopt 4 organic farms and purchase 16,000kg of organic vegetables in 5 years to support small farmers. Organize a cumulative total of 860 public welfare events with 54,000 participating volunteers. 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. Support the development of domestic sports. Sponsor a total of 7 sports schools and cultivate 10 national-level athletes with potential.



SUSTAINABLE GOVERNANCE



Business performance and profitability

Management Guidelines

01

◎ Policies

The theme of the group's business strategies is "Innovative transformation and sustainable competition."

02

◎ Commitment

We will build on the spirit of "innovation" and "sustainability" and take advantage of the digital economy trend to upgrade the "breadth" and "depth" of financial services. We will actively expand our presence in overseas markets, strengthen the sustainable competitiveness of our business management and development efforts, and continue to develop towards becoming a regional financial institution in Asia.

03

◎ Goals

- 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.
- 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."

04

◎ Duties

Link together online to offline (O2O) channels through system upgrade, technology application, process improvement, and service integration, and develop O2O integrated service and sales models to achieve digital transformation of operations.

05

◎ Resources

The subsidiary First Bank is the Group's main business entity. Group members include securities, SITC, life insurance, financial asset management, venture capital and consulting, and leasing. The financial businesses other than banking satisfy customers' comprehensive product requirements in their life cycle.

06

◎ Complaints mechanism

- Hold domestic investor conferences and announce the video file on the Company website for investors to view. Also, communicate with investors at the invitation of securities brokers during their investor conferences.
- Telephone and e-mail of the spokesperson and investor relations department available from the company website's investor services section.
- Hosting of press conferences and issuing of press releases.
- Publication of corporate governance, investor conference presentations, financial information, and related investors affairs in both English and Chinese on the company website.

07

◎ Specific management practices

- Measures related to market penetration, digital transformation, innovative products, and fulfilling corporate social responsibilities.
- A tax governance policy and management mechanism has been established for our company. This will lower our tax risks and operating costs while optimizing our post-tax business performance to realize sustainable corporate development.

08

◎ Assessment mechanisms

- Annual budget goal achievement rate.
- Number of FinTech patents obtained.
- Implementation of innovative financial products and services.
- Number of overseas locations established.

09

◎ Results

- In 2017, our paid-in capital was NT\$122.164 billion with consolidated assets of NT\$2.63 trillion, consolidated income of NT\$50.827 billion. Due to the impact of massive doubtful debts recognized by subsidiary First Bank, net profit was NT\$15.432 billion, down 11% from 2016. ROA, ROE, and EPS were 0.6%, 8.04%, and NT\$1.27, respectively.
- The subsidiary First Bank established its Siem Reap Branch in Cambodia. First Bank currently has 16 branches in New Southbound Countries.
- Obtained a total of 2 FinTech invention patents and 31 utility model patents with goal attainment reaching 165%.
- First Bank offered the green consumption loan project, green credit card, mobile payment services, and diverse payment POS terminal. First Life Insurance offered the innovative products and services Zhen Ai (Cherish Love) Whole Life Micro Insurance, Zhao Hu Jiu Jiu Long-term Care Whole Life Insurance, and Accident Micro Insurance
- The 2016 tax management implementation status was reported to the Board of Directors.



1 Business performance and profitability

The subsidiary First Bank is the Group's main business entity. Group members include securities, SITC, life insurance, financial asset management, venture capital and consulting, and leasing. The financial businesses other than banking satisfy customers' comprehensive product requirements in their life cycle. The subsidiary First Bank is the core of the channel structure, and uses big data and artificial intelligence applications for precision marketing, focusing on the core businesses of each business entity and product penetration. The scope of business of subsidiaries other than First Bank is gradually being expanded each year to seize differentiated marketing opportunities. We hope that the growth of the Group's business entities and business integration strategy, as well as the cross-channel and cross-product model for innovative product design and integrated marketing will satisfy the comprehensive product requirements in the target market segment's life cycle.

The global economy is slowly but surely bouncing back in 2018, and major economies are growing simultaneously for the first time in a decade. Rising geopolitical risks, trade protectionism, differences in the monetary policies of major countries, and corporate debt in China, however, still demands our attention. 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. This will continue to revitalize the brand and shape FFHC's image as a professional and high-quality financial brand.

Facing crucial challenges of industrial development, the Group used "deeper synergistic effects, shared value" as the theme of its business strategy for 2018. With regard to the strategy of "deeper synergistic effects," big data and artificial intelligence applications are combined for precision marketing, focusing on the core businesses of business entities and product penetration, which will further increase the integration value of various channels and facilitate profit sharing. Furthermore, we combined core business values with CSR practices, and implement concepts of green finance through policies for energy efficiency and carbon reduction, green purchasing, green partnership, green products, and green service. We give back to society by caring for diversity and creating value for society, creating a win-win-win economical, environment, and societal situation. These actions achieve the Group's goal of creating shared value and building the number one brand in green finance, so that we become a benchmark enterprise in both quality and quantity.



1-1 Operating regions and countries

FFHC Headquarters is located at No. 30, Sec. 1, Chongqing S. Rd., Taipei City. The group has a total of 9,075 employees with local and overseas offices in 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.), Oceania (Guam, Australia). 10 operating locations have also been established in under-developed countries (Myanmar, Cambodia, Laos). The subsidiary First Bank is the first Taiwanese bank to enter Cambodia.

Our Group's overseas presence

Americas

Bank : Los Angeles branch, New York branch, Vancouver branch, and Toronto Branch; First Commercial Bank (U.S.A.) branch and its 6 sub-branches including the Alhambra Branch, City of Industry Branch, Silicon Valley Branch, Irvine Branch, Arcadia Branch and Fremont Branch **10**

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, Siem Reap Sub-Branch and Vientiane Branch (Laos), Manila Branch (Philippines) **15**

Northeast Asia

Bank : Tokyo Branch **1**

Europe

Bank : London Branch **1**

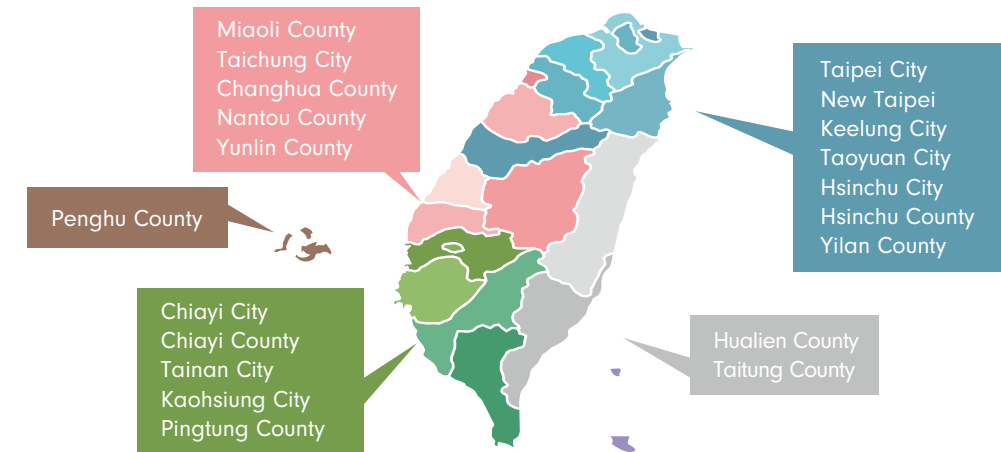
Oceania

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



First Bank is the second largest bank in Taiwan by branch count and has 188 business locations throughout Taiwan. Our operations cover both urban and rural regions. We have established 11 offices and 22 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 Bank branches in Taiwan



First Securities has 24 subsidiaries and 130 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. 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 2017.

1-2 business performance

The Group achieved brilliant results in all operations in 2017. With regard to market penetration, the Group has successfully expanded in overseas markets in coordination with the government's New Southbound Policy. The subsidiary First Bank on November 15th, 2017 established its Siem Reap Branch in Siem Reap, Cambodia, where the famous tourist attraction Angkor Wat is located. It is the 8th branch in the country, and First Bank currently has a total of 16 branches in New Southbound Countries. First Bank continues to actively seize New Southbound opportunities to develop into a regional financial institution in Asia. With regard to digital transformation, we have dedicated great effort to the development of FinTech, emerging payment methods, artificial intelligence, and big data research to continually optimize digital channels and improve the consumer experience. In terms of digital applications and innovation, we obtained a total of 2 FinTech invention patents and 31 utility model patents as of the end of December 2017. In product innovation, First Bank offered the green consumption loan project, green credit card, mobile payment services, and diverse payment POS terminal. The subsidiary First Life Insurance offered Zhen Ai (Cherish Love) Whole Life Micro Insurance, Zhao Hu Jiu Jiu Long-term Care Whole Life Insurance, and Accident Micro Insurance, providing customers with a wider range of financial services. With regard to CSR practices, FFHC was not only included as constituent stock in the Nikkei Asia300 Investable Index and FTSE4Good Emerging Index, but also as a constituent stock of DJSI Emerging Markets for the second consecutive year, as well as the Excellence Award in the "Annual survey - Financial Industry Model" of Global View Monthly's CSR Awards. Ranked in the top 5% of Taiwan Stock Exchange's Corporate Governance Assessment Program for the third consecutive year. FFHC was presented with the "Top 50 Corporate Sustainability Report Awards - Banking and Insurance Award" for the fourth time and the "Talent Development Award" for the second consecutive year at the Taiwan Corporate Sustainability Awards by the Taiwan Institute for Sustainable Energy. FFHC also received the Sustainability Excellence Award from the BSI and third place in the Corporate Citizenship Award from CommonWealth Magazine. Subsidiary First Bank was ranked in the top 25% in the Bank Innovation Index by Taiwan Academy of Banking and Finance for two consecutive years, and also received the 2017 Best Bank in Taiwan from The Banker, Best Data Analysis in Taiwan Award from The Asian Banker, and the Enterprise Environmental Protection Awards Gold Award and Honored Environmental Protection Enterprise from the Environmental Protection Administration, Executive Yuan.

We completed settlement procedures for First Life Insurance shares with Aviva International Holdings Limited on January 19th, 2018. First Life Insurance is now a wholly owned subsidiary of FFHC, and will continue to focus on the synergies from integrated marketing, developing niche products, improving channel efficiency, and increasing economies of scale and the Company's value.

<p>Market Penetration</p> <ul style="list-style-type: none"> First Bank establishes Phnom Penh Branch and Siem Reap Branch in Cambodia Full bank coverage of the Indo-China Peninsula Transnational platform boosts synergies from domestic and overseas sites 	<p>Digital Transformation</p> <ul style="list-style-type: none"> First Bank's FinTech patents First Bank's intelligent customer services is launched AI of Pepper upgraded Electronic marketing for securities/investment trust/life insurance channels 	<p>New Products</p> <ul style="list-style-type: none"> First Bank offers green consumption loan projects and Green Credit Cards First Bank offers mobile payment services First Bank and Turn Cloud Technology Service Inc. offer a POS terminal with diverse payment methods. First Life Insurance "Zhen Ai" Whole Life Micro Insurance, "Zhao Hu Jiu Jiu" Whole Life Insurance, Accident Micro Insurance, "Zeng Shou Hu" Cancer Term Insurance 	<p>Ethical corporate management</p> <ul style="list-style-type: none"> Selected as a constituent stock in DJSI Emerging Markets for 2 years in a row Ranked 3rd place in the large enterprises category of the Commonwealth Magazine CSR Corporate Citizenship Awards Rated as a top 5% listed company in the TWSE's "3rd Corporate Governance Evaluation"

1-3 Financial performance

In 2017, our company's paid-in capital was NT\$122.164 billion with consolidated assets of NT\$2.63 trillion, consolidated net income of NT\$50.827 billion, net profit of NT\$15.432 billion, and EPS of NT\$1.27.

Unit: Thousands NTD

	2015	2016	2017
Assets	2,500,095,812	2,541,156,335	2,634,058,605
Total liabilities	2,312,108,826	2,349,127,413	2,442,007,638
Shareholders' equity	187,986,986	192,028,922	192,050,967
Profit or loss after tax	15,962,231	17,284,157	15,432,391
Employee welfare expenses	14,313,356	14,279,891	13,760,687
Average employee welfare expenses	1,555.63	1,567.84	1,516.33
ROA (%)	0.66	0.69	0.60
Return on Ordinary Shareholders' Equity (%)	9.32	9.10	8.04
Earnings per share (NTD)	1.48	1.42	1.27
Profit ratio (%)	39.08	38.33	30.36

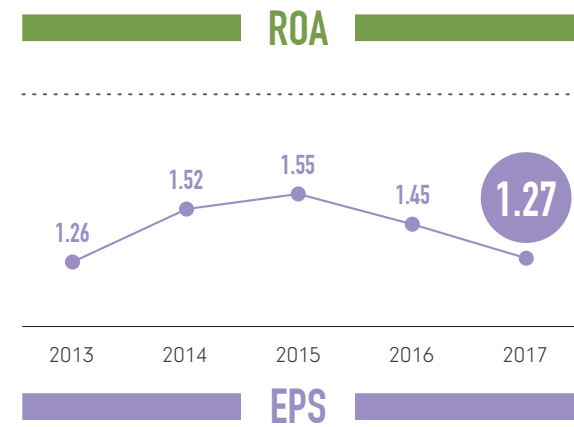
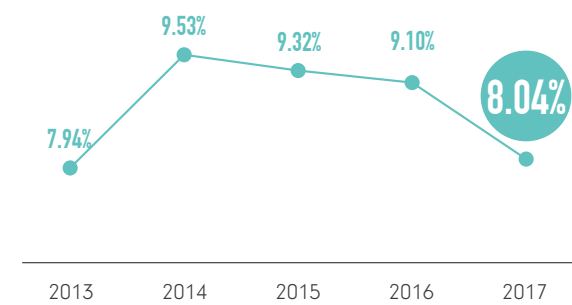
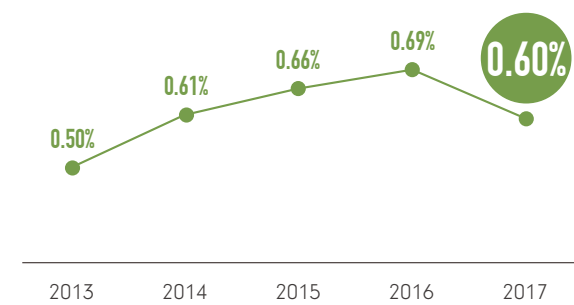
*1 : Profit or loss after tax includes non-controlling interests.

*2 : Due to the issuing of dividends in 2017, past weighted average for ordinary shares outstanding for earnings per share was revised.

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

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

Profit performance trends in the past five years -ROA \ ROE \ EPS



* : ROA and ROE on the above graph are base on the audited after-tax profits;it does not includes EPS

Share dividend / Tax amount

	2015	2016	2017
Cash dividends per share (NTD)	0.95	1.2	0.9
Dividends per share (NTD)	0.45	0.2	0.1
Income tax paid (Thousand NTD)	2,473,401	2,135,777	2,515,764
Retained earnings (Thousand NTD)	38,461,016	39,753,479	38,019,583

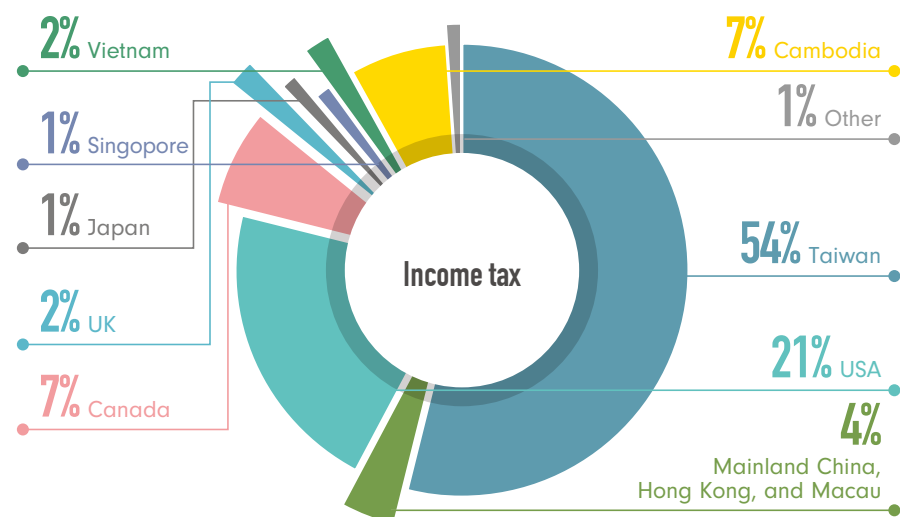
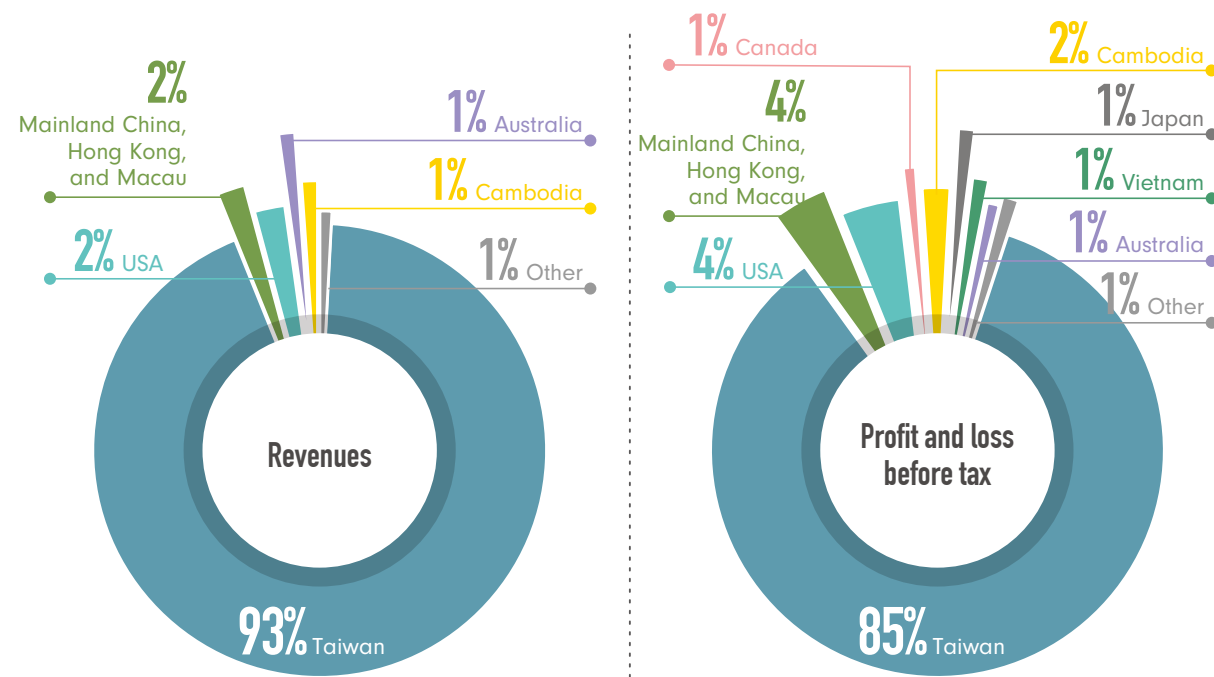


1-4 Tax Governance

FFHC established the following tax governance policy to lower tax risks and operating costs:

- 1 Compliance with local tax regulations** : Adopting moderate approaches, conducting tax management in accordance with the regulations, and being a socially responsible taxpayer.
- 2 Risk control** : Monitoring and assessing changes in local and international tax regulations and the different interpretations on tax regulations by the tax authorities, and formulating appropriate responses.
- 3 Information transparency** : Regularly and properly disclosing tax related information for enhancement of the transparency of corporate information.
- 4 Tax expertise** : Strengthening the skills of tax specialists, actively attending a variety of tax seminars, maintaining continuous and effective communications with local tax authorities.

Income, pre-tax profit, and payment of business income tax by the Group in each country in 2017.



FFHC Tax Information

Unit : million NTD, %

	2016	2017	Calculated Average
Earnings before Tax	20,198	18,148	19,173
Reported Taxes	2,913	2,716	2,815
Reported Tax Rate (in %)	14	15	15
Cash Taxes Paid	2,136	2,516	2,326
Cash Tax Rate (in %)	11	14	12

Comparison of FFHC's average tax rate with GIGS's average effective tax rate and cash average tax rate for banking industries

Reason	Tax Impact FY 2016	Tax Impact FY 2017	Explanation
Single jurisdiction tax code	NTD 1,414 million	NTD 1,270 million	<ul style="list-style-type: none"> Average effective tax rate of peer industries was 24%, which is higher than the FFHC's average effective tax rate of 15%, primarily due to a lower flat tax rate (17%) in Taiwan where FFHC is based, and the nontaxable income of OBU included in FFHC's operating revenue. Average cash tax rate of peer industries was 11.70%, which is similar to the 12% average cash tax rate of FFHC.

1-5 Credit rating

According to the credit ratings issued by credit rating agencies such as Taiwan Ratings, S&P and Moody's for 2017, our Group enjoys a strong competitive advantage in the financial industry and is a model of sound corporate governance. In the financial market, we have demonstrated very solid corporate values, a distributed 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 are shown below:

	First Financial Holding			
	Short-term	Long-term	Outlook	Rating date
Taiwan Ratings	twA-1+	twAA-	Stable	2017.9.28
S & P	A-2	BBB	Stable	2017.9.28
Moody's	-	A3	Stable	2017.12.27

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



1-6 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. Chairperson Ray B. Dawn is also the executive director of the Bankers Association of the Republic of China and The Bankers Association of Taipei. Kuang-Chang Yeh, chairperson of subsidiary First Securities, is also a director of Taiwan Securities Association. Shu-Mei Hsueh, chairperson of subsidiary First Securities Investment Trust, is the president of the Securities Investment Trust & Consulting Association of the R.O.C. We are actively engaging in related affairs to promote the healthy development of the overall financial industry.

To establish the universal values of corporate sustainability/CSR in Taiwan and form a CSR culture, subsidiary First Bank joined the Business Council for Sustainable Development of Taiwan (BCSD Taiwan) with Chairman Ray B. Dawn serving as the director. This was used to promote and implement CSR concepts, as well as environmental protection and energy management to achieve corporate sustainability goals. The subsidiary First Life Insurance funded the Life Insurance Educational Foundation to give back to society, encourage scholarship among talented students in Taiwan, and cultivate elite insurance professionals, in which with Vice President Lu Hung-I serves as a director of the foundation. As there is a clear lack of understanding on sustainability concepts and execution talent among local companies, we sponsored the establishment of the Center for Corporate Sustainability. Chairperson Ray B. Dawn serves an advising director and is actively involved in helping the Center with promoting corporate sustainability education and hosting international forums. In response to the United Nations (UN) Sustainable Development Goals (SDGs), we also joined an SDGs alliance and incorporated the SDGs into our business development strategies. We use our resources and influence in making substantial contributions to the SDGs, which have become an integral part of our operations.

FFHC and its subsidiaries spent a total of NT\$254.69 million on the following industries/corporate sustainability groups and organizations in 2017, and donated NT\$211 million to the Small and Medium Enterprise Credit Guarantee Fund of Taiwan.

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 A · SDGs
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

Company Name	Industry/Corporate sustainability non-government organization
First Bank	<ul style="list-style-type: none"> 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

Company Name	Industry/Corporate sustainability non-government organization
First Bank	<ul style="list-style-type: none"> IT-enabled Services Management Association (itSMA) Taiwan Internet and E-Commerce Association (TiEA) The Institute of Internal Auditors, R.O.C. Business Council for Sustainable Development of Taiwan (BCSD-Taiwan) Taiwan Energy Service Association (TESA) International Swap and Derivatives Association (ISDA)
First 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 Taiwan Insurance Institute

Company Name	Industry/Corporate sustainability non-government organization
First Life Insurance	<ul style="list-style-type: none"> Association of Certified Fraud Examiner Information Systems Audit and Control Association (ISACA) The Institute of Internal Auditors, R.O.C. Life Insurance Educational Foundation
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	<ul style="list-style-type: none"> Taiwan Venture Capital Association



Corporate governance

Management Guidelines

01

◎ Policies

The Company established the Articles of Incorporation, Corporate Governance Best Practice Principles, and organizational regulations of functional committees to establish a good corporate governance system, an effective corporate governance framework, and protect shareholder equity, so as to achieve sound development of the Company and its subsidiaries.

02

◎ Commitment

- Directors possess the knowledge, skills, and experience necessary for performing their duties, are highly self-disciplined, and exercise their authority in accordance with the law, Company regulations, or decisions of the shareholders' meeting.
- We will ensure that shareholders are made fully aware of, and can participate in and decide on important matters of the Company and will treat them fairly.

03

◎ Goals

Establish an effective corporate governance structure; improve the Board of Directors' efficiency; increase information transparency.

04

◎ Duties

Protect shareholder equity, respect stakeholders, comply with regulations, and strengthen internal management.

05

◎ Resources

The Corporate Governance Section of the Administration Division is responsible for corporate governance, ethical management, CSR, annual report compilation, shareholder affairs, shareholder meetings and meeting minutes, company registration and change, matters specified by the competent authority that listed companies are required to handle, and the planning and management of affairs specified in important regulations. The Board of Directors is responsible for Board meetings and meeting minutes, and for providing data required by directors to perform their duties. The president's office is responsible for investor related affairs. The Compliance and Legal Division provides the latest regulatory developments related to business administration to help directors comply with the law.

06

◎ Complaints mechanism

- Publication of corporate governance, investor conference presentations, financial information, and related investors affairs in both English and Chinese on the company website.
- Telephone and e-mail of the spokesperson and investor relations department available from the company website's investor services section.
- Participate in seminars, symposiums, public hearings, competitions and evaluations.
- Compliance with the relevant laws and policies of the competent authorities and cooperate with their monitoring and inspections.

07

◎ Specific management practices

The TWSE Corporate Governance Evaluation indicators and international development trends will also serve as the highest guiding principles for further strengthening the corporate governance system.

08

◎ Assessment mechanisms

- TWSE Corporate Governance Evaluation
- Commission external professional institutions to evaluate the performance of the Board of Directors.
- Implementation of Board member diversity.
- Compliance of information disclosure with related laws and regulations.

09

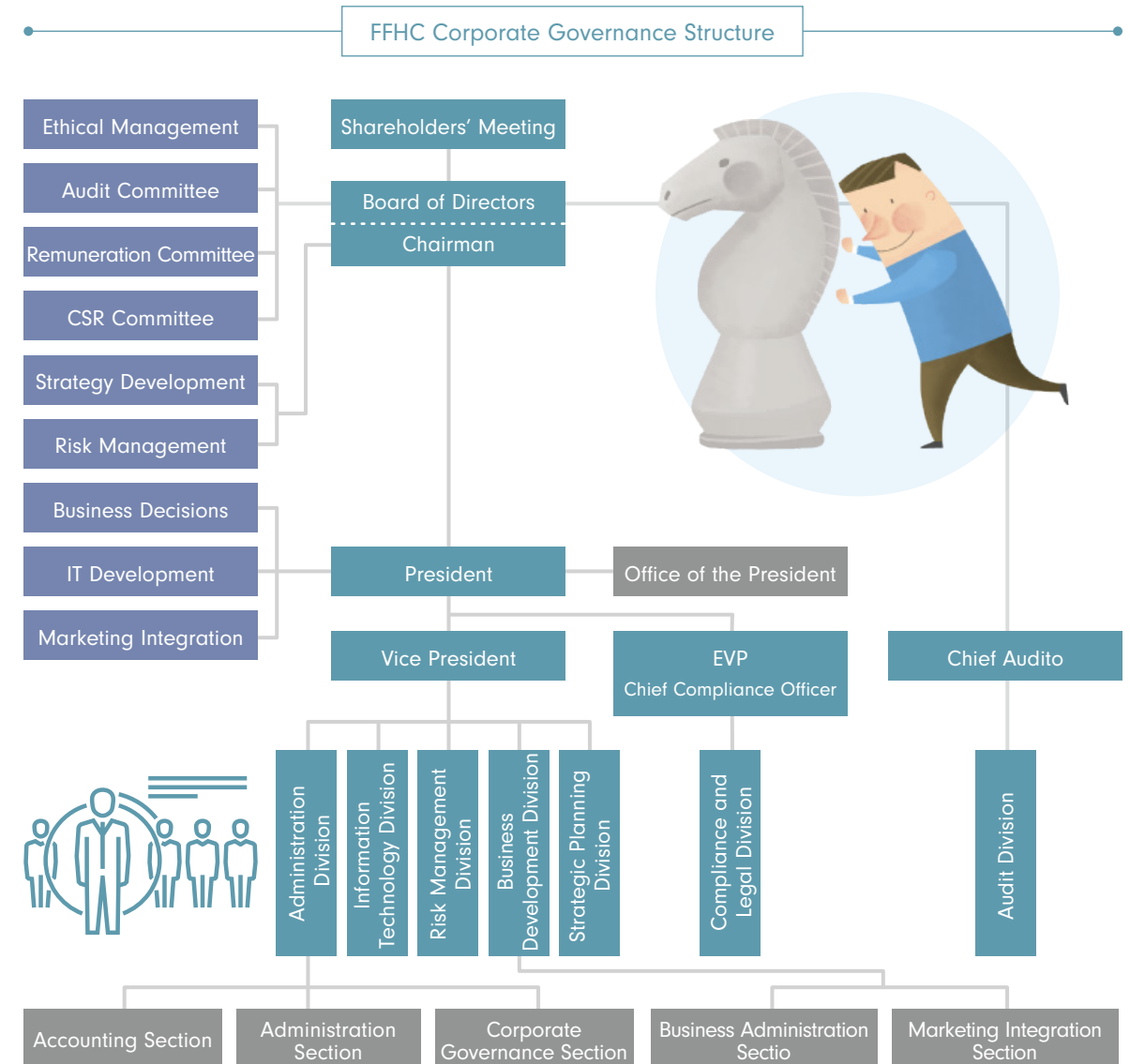
◎ Results

- Rated as a top 5% listed company in the TWSE Corporate Governance Evaluation for the 3rd consecutive year.
- Selected as a constituent stock in the "Taiwan High Compensation 100 Index" for the 3rd consecutive year.
- After evaluating the Board's performance in 2017 from eight aspects, the external professional institution found that the Company's overall performance not only complies with requirements of the competent authority and related laws and regulations, but also follows a set of preexisting, effective practices, or active efforts are made to improve the Company's performance in a specific aspect. The external professional institution made several suggestions to continue improving Board performance.
- There are currently 6 female directors (including independent directors) and they account for 40% of all Board seats.
- We did not receive any penalties for violating regulations on information reporting, material information, and press conferences of listed companies.

II Corporate governance

The 5th Board of Directors approved the Company's "Regulations for Evaluating the Performance of the Board of Directors" in its 15th meeting on August 26th, 2016 to strengthen the corporate governance structure and improve the Board's efficiency. The 2016 Board Performance Evaluation was conducted in accordance with the Regulations. Additionally, Board performance must be evaluated by an external professional institution or expert or scholar at least once every three years. For the purpose of making Board performance evaluation results more objective, we commissioned an external professional institution to evaluate the Board's performance in 2017. After evaluating Board performance from eight aspects, the external professional institution found that the Company's overall performance not only complies with requirements of the competent authority and related laws and regulations, but also follows a set of preexisting, effective practices, or active efforts are made to improve the Company's performance in a specific aspect. The external professional institution made several suggestions to continue improving Board performance. The abovementioned Board performance evaluation results were reported during the 33rd meeting of the 5th Board of Directors on February 23rd, 2018.

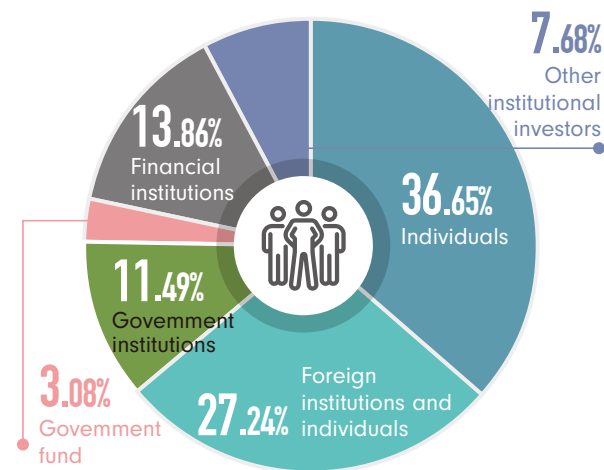
We continued to use the candidate nomination and cumulative vote system to elect the 6th Board of Directors in 2018, ensuring transparency of the Board nomination and selection process and implementing the Board member diversity policy. In compliance with the implementation schedule of the "Regulations Governing Assessment of Profit-Seeking Enterprise Income Tax on Non-Arm's-Length Transfer Pricing", the Company shall provide the master file and country-by-country report in response to international tax governance development trends and increase the transparency of taxation information. The TWSE Corporate Governance Evaluation indicators and international development trends will also serve as the highest guiding principles for further strengthening the corporate governance system.



2-1 Shareholder Structure and Communication

During the FFHC 2017 Shareholders' Meeting, we presented shareholders with an overview of our business in 2016, final accounts, and employee/Board remuneration. Voting was also conducted on the 2016 annual report and consolidated financial report, distribution of profits, issuing of new shares for capitalization of profits, revising the process for acquiring or disposing of assets, and waiving non-compete clauses for directors. 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, and the forum held by Daiwa Securities and TWSE in Tokyo. Electronic voting has been implemented for FFHC shareholders' meeting since 2013. In 2017, electronic votes accounted for 54.37% of all outstanding shares and 95% of all shares in attendance. This was reflective of FFHC's efforts in supporting shareholder activism.

Our company's shareholder structure as of April 24, 2018 is shown in the chart below



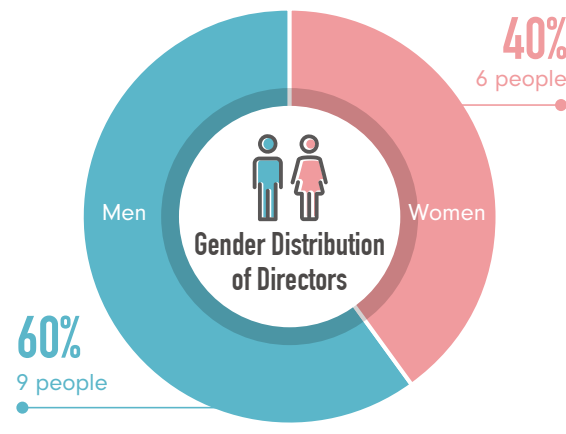
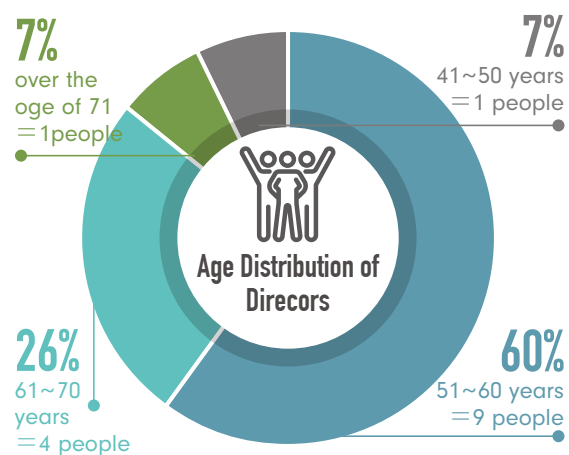
* : The Company's number of shares of common stock outstanding is 12,216,393,291 (the Company did not issue any preferred stock).

2.2 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 5.89 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. Furthermore, our Corporate Governance Best Practice Principles specifies that independent directors may not serve more than 9 consecutive years, so as to ensure that independent directors can exercise their authority in an objective manner and that independence is not reduced by extended association.

The Company is actively implementing its Board diversity policy. Unless it is due to professional skills required by directors and the knowledge, skills and experience necessary to perform their duties, the Board of Directors may not exclude any candidates due to their race, nationality, or gender. Subsidiaries shall have at least one female director, and the diversity of directors and supervisors with respect to their experience and academic background shall also be taken into consideration; directors shall also have practical and international experience related to company operations.

FFHC's 6 current female directors (including independent directors) account for 40% of the Board membership. Board members have professional backgrounds, professional skills, and industry experience in banking, economics, accounting, insurance, statistics, finance, business management, law and social studies and they also have extensive experience in related finance industries.



The backgrounds of the directors and independent directors are listed below

Title	Name	Initial Appointment	Academic background	Current role in financial holding company and other companies	Experience in working with Global Industry Classification Standard (GICS)
Chairman	Ray-Bearm Dawn (MOF representative)	2017 11/21	Ph.D. in Economics, Vanderbilt University, U.S.A. Director of the Financial Research Division, Taiwan Institute of Economic Research; Chairperson of Bank of Kaohsiung; President of Taiwan Sugar Corporation; President of First Financial Holding Co., Ltd.; Executive Director of First Bank; Director-General of the Finance Bureau, Kaohsiung City Government; Chairperson of Taiwan Tobacco & Liquor Corporation; Chairperson of the Central Deposit Insurance Corporation; President of Mega Holdings; Chairperson of Mega Bills; Dean of the College of Business and Chair Professor at the Department of Finance, China University of Technology; Chairperson of EasyCard Investment Holding Co., Ltd.; Chairperson of Taipei Metro	Chairperson, First Commercial Bank; Chairperson, First Education Foundation; Supervisor, Taiwan Stock Exchange; Director, National Credit Card Center of R.O.C.	Finance, Necessary, Consume, Information technology
Director and President	Chien-Hao Lin (MOF representative)	2018 02/23	B.S. Department of Law, National Taiwan University Assistant Vice President, Strategic Administration Division, First Commercial Bank; Director, Administration Division; Branch Manager; Overseas Branch Manager; Chief Auditor, First Financial Holding Co., Ltd.; Vice President and Head of Strategic Planning Division.	Director, First Commercial Bank; Supervisor, First Securities; Director, Taiwan Asset Management Corporation.	Finance
Director	Mei-Ling Jeng (MOF representative)	2014 12/25	B.S. Department of Business, National Taiwan University General Planning Division, Head of Personnel Financing Division, Director and President of FFHC; Head of Financial Services, Branch Manager, Vice President, and Director of First Bank; Director and Chairperson of First Commercial Bank (U.S.A.); Director of Mingtai Insurance Co., Ltd.; Director of National Investment Trust Co., Ltd.; Director of First Insurance Agency; Director of First Securities Investment Trust; First chief commissioner of Financial Planning Committee of the Bankers Association; Director of Taiwan Asset Management Corporation; Director of First Commercial Bank Foundation	Executive Director and President, First Bank; Chairman of First Commercial Bank (U.S.A.); Deputy Chairman, First Education Foundation; Director, Taiwan Small Business Integrated Assistance Center; Director, Taiwan Academy of Banking and Finance; Member of the Board of Directors Training and Advisory Committee, Taiwan Academy of Banking and Finance	Finance
Director	Hsien-Feng Lee (MOF representative)	2006 01/02	Ph.D., Economics, Bielefeld University, Germany Economics Lecturer, National Taiwan University; Director, Public Economic Policy Research Center, National Taiwan University; Advisory Committee Member, National Development Council; Director, Farmers Bank of China Current: Associate Professor, Department of Economics, National Taiwan University	Executive Director, First Bank; Director, Yuanta-Polaris Research Institute; Director, Sino-German Cultural and Educational Foundation; Chairperson, Sino-German Cultural and Economic Association; Executive Director, Chunghua Association of Public Finance; Member, Public Debt Committee, Ministry of Finance; Member, Public Welfare Lottery Committee	Finance

Title	Name	Initial Appointment	Academic background	Current role in financial holding company and other companies	Experience in working with Global Industry Classification Standard (IGS)
Director	Doris Wang (MOF representative)	2008 09/26	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	Independent Director, Transcend Information, Inc; Independent Director, United BioPharma Inc; Chairperson, Accounting Research and Development Foundation; Chairperson, Taipei City Trend Research Culture and Education Foundation, Supervisor, Telecom Technology Center; Director, Institute of Internal Auditors, ROC (Taiwan); Chairperson, Business Development Committee, Institute of Internal Auditors, ROC (Taiwan)	Finance, Medical & Health, Necessary Consume, Information technology
Director	Hung-Chi Huang (MOF representative)	2011 08/12	Ph.D. in Actuarial Science, Heriot-Watt University, U.K. Reviewer of Insurance Products, Financial Supervision Commission; 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; Member, Public Servant Insurance Supervisory Committee; Vice Chairperson, Pension Fund Association; Director, Risk and Insurance Research Center, National Chengchi University Current: Dean & Professor, Dept. of Risk Management and Insurance, National Chengchi University	Director, First Life Insurance	Finance
Director	Li-Chiung Su (MOF representative)	2017 12/01	Ph.D in Social Work, Tunghai University Social Affairs Department and Director of Civil Affairs Department, Yilan County Government; Director, Department of Social Affairs, Ministry of the Interior; Social Affairs Department and Director of Civil Affairs Department, Kaohsiung City Government; Secretary-General, Taipei City Government Current: Vice Minister, Ministry of Labor	N/A	N/A
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
Director	Shiou-Jsu Yeh (Bank of Taiwan representative)	2016 09/09	B.S. Department of Business, National Taiwan University Bank of Taiwan (New York Branch Manager, Senior Executive Officer of Financial Department, Xinzhuang Branch Manager, Financial Manager, Director of Secretariat, Manager of Planning Department, and Vice President); Vice President, Taiwan Financial Holdings	Senior Vice President and Manager of Planning Department, Bank of Taiwan Director, United Taiwan Bank	Finance
Director	Tien-Yuan Chen (Golden Garden Investment representative)	2003 01/02	B.A. Foreign Languages and Literature, Tamkang University Chairperson, Taiwan Coca-Cola Co., Ltd.	Executive Director, First Bank; Director, First Education Foundation; Chairperson, Golden Garden Investment Co.; Chairperson, Golden Gate Motor Co.; Chairman, Golden Gate Investment Co.	Finance, Unnecessary Consume, Necessary Consume

Title	Name	Initial Appointment	Academic background	Current role in financial holding company and other companies	Experience in working with Global Industry Classification Standard (IGS)
Director	Chi-Hsun Chang	2006 01/02	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 Vision Investment Co., Ltd. representative)	2009 05/22	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., Ltd.	Chairman, Global vision Investment Co., Ltd.	Finance, Medical & Health, Information technology
Independent Director	Shyan-Yuan Lee	2012 06/22	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 Current: Professor, Department of Finance, National Taiwan	Independent Director, Global Tek	Finance, Industry
Independent Director	Hau-Min Chu	2015 06/26	Ph.D. in Economics, Brown University, U.S.A. Head and Professor of Finance Department, National Cheng Chi 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; Independent Director, First Commercial Bank Current: Associate Professor, Finance Department, National Chengchi University; Guest Lecturer, Takming University of Science and Technology	Standing independent director, First Bank; Independent director, Wah Lee Industrial Corp.; Independent director, Gamma Optical Co., Ltd.	Finance, Materials, Medical & Health, Utilities, Energy
Independent Director	Hui-Ya Shen	2015 06/26	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; Attorney, Chang Chun Attorneys-at-Law Current: Attorney, Lian Yang 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 2017, the Board was convened 17 times and average attendance by all directors reached 96.06% (99.21% if attendance by proxy is included). 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.

Our directors excused themselves due to conflict of interests over the following motions in 2017

Board Meeting Time	Name of Director	Motion	Reason for conflict of interest and voting
2017.03.23 22nd Meeting of the 5th Board of Directors	Director Shiou-Jsu Yeh and Director Shing-Rong Lo	Removal of non-compete provisions for the Company's Board of Directors	Director Shiou-Jsu Yeh was the subject of the motion and Director Shing-Rong Lo was a stakeholder, so they excused themselves from the discussion and vote.
2017.03.23 22nd Meeting of the 5th Board of Directors	Director and President Meei-Ling Jeng	Proposed distribution of 2016 performance bonuses for company executives	As director and president, Meei-Ling Jeng was the subject of this motion so excused herself from the discussion and vote.
2017.04.28 23rd Meeting of the 5th Board of Directors	Director and President Meei-Ling Jeng	Remuneration adjustment for company executives in 2017	As director and president, Meei-Ling Jeng was the subject of this motion so excused herself from the discussion and vote.
2017.08.25 27th Meeting of the 5th Board of Directors	Director and President Meei-Ling Jeng	Appointment of the Company's president	As director and president, Meei-Ling Jeng was the subject of this motion so excused herself from the discussion and vote.
2017.08.25 27th Meeting of the 5th Board of Directors	Director and President Meei-Ling Jeng	Adjustments to presidents, directors and executive director appointments at subsidiaries and re-investments	As director and president, Meei-Ling Jeng was the subject of this motion so excused herself from the discussion and vote.
2017.09.22 28th Meeting of the 5th Board of Directors	Wu Ying, Director and President	Adjustments to directors and supervisors at subsidiaries	As director and president, Wu Ying was the subject of this motion so excused herself from the discussion and vote.
2017.11.03 5th Extraordinary Meeting of the 5th Board of Directors	Meei-Ling Jeng, Director	Appointing the acting chairperson of First Bank	Meei-Ling Jeng was the subject of this motion and therefore excused herself from the discussion and vote.
2017.11.21 6th Extraordinary Meeting of the 5th Board of Directors	Ray-Beam Dawn Director	Appointing directors of First Bank	Ray-Beam Dawn was the subject of this motion and therefore excused himself from the discussion and vote.
2017.12.21 31st Meeting of the 5th Board of Directors	Director Shiou-Jsu Yeh and Director Shing-Rong Lo	The Company plans to invest in Taiwan Financial Joint Urban Renewal Service Co., Ltd.	Director Shiou-Jsu Yeh and Director Shing-Rong Lo are stakeholders of this motion and therefore excused themselves from the discussion and vote.

2-3 Board Functionality

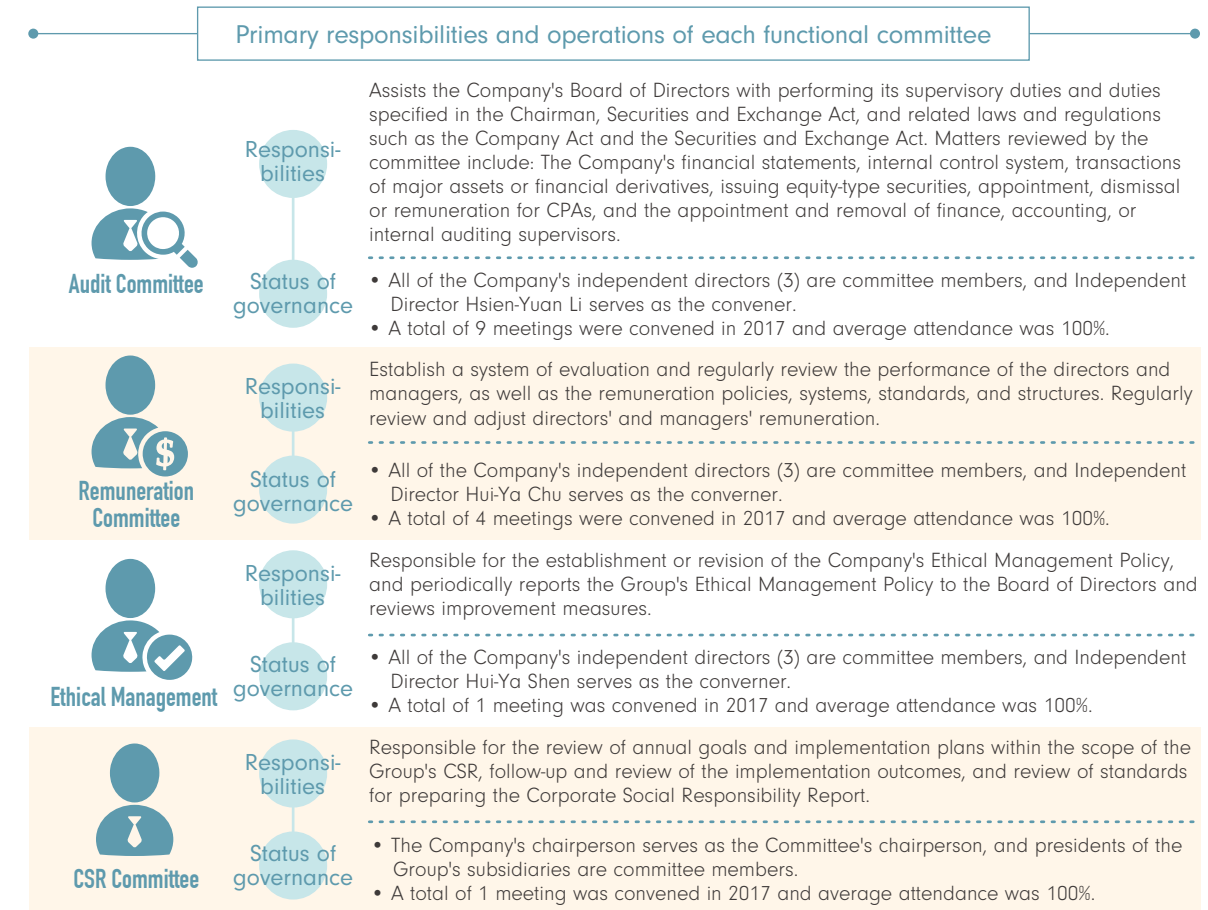
The Company's directors participate in continuing education courses each year in accordance with the Company's Corporate Governance Best Practice Principles to enhance their professional competencies and improve corporate governance results. The courses cover corporate governance related topics, including finance, risk management, business, commerce, accounting, law, anti-money laundering, countering terrorism financing, corporate social responsibility, internal control system, and financial reporting responsibility. The Directors attended more than 10 hours of continuing education in 2017 which was superior to the 6 hours required for Directors in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies", in which corporate governance related continuing education courses offered by the Company to all directors and supervisors of the Group are shown in the table below.

2017 Board of Directors and Supervisors Meeting Practices and Corporate Governance Class

Organizer	Subject	Duration/Participants
2017.06.29 Taiwan Academy of Banking and Finance	Local and Foreign Laws and Regulations on Anti-Money Laundering and Counterterrorism Financing	3 hours/67 people
2017.11.23 Taiwan Academy of Banking and Finance	Four lines of defense and corporate gov	3 hours/60 people



The Company established the "Regulations Governing the Scope of Duties for Independent Directors" 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 decisions on potential conflicts of interest such as remuneration for directors and managers, financial reports and ethical management policy. The contents of key resolutions made by the Audit Committee in accordance with Article 14, Paragraph 5 of the Securities and Exchange Act are disclosed in the 2017 annual report to provide shareholders with an understanding of the Audit Committee's activities. The Corporate Social Responsibility Committee established in 2011 is responsible for reviewing and supervising the implementation of material economic, environmental, and social issues.



2-4 Remuneration Policy

Remuneration for Directors

(1) Compensation package :

Compensation for company directors include director's remuneration, monthly payment, health exam costs (reimbursement of actual costs up to NTD35,000) and travel costs (reimbursement of actual costs).

(II) Compensation policy, decision procedure and its link to business performance and future risks :

Monthly payment

1 On May 16, 2003, an extraordinary shareholders' meeting approved the allocation of NTD2,400,000 per month for directors' compensation. The Board was although authorized to set the compensation standard for each director within that amount; on the same day, the 6th Meeting of the 1st Board of Directors approved a monthly payment of NTD20,000 per person while the Chairman's compensation is to be based on the total amount payable to the president multiplied by a factor of 1.25. Since the founding of the Company however, all past chairpersons also held the position Chairman of First Bank and opted to receive the First Bank chairman's compensation so did not collect the compensation for FFHC chairman.

2 Our Company added 3 independent directors starting with the 3rd Board of Directors on May 22, 2009. At the 41st Meeting of the 2nd Board of Directors, their monthly payment was set as NTD50,000 per person; the Company subsequently established the "Remuneration Committee Organic Regulations" on August 25, 2011, to

establish a Remuneration Committee made up of all independent directors. On September 1, 2011, the monthly payment to independent directors was increased to NTD60,000 per person and this was approved by the 28th Meeting of the 3rd Board of Directors.

Director's compensation

Under Article 34, Paragraph 1 of the Articles of Incorporation, if the Company was profitable during the year then no more than 1% of the profits may be allocated as directors' compensation after deducting the employee and directors' bonuses from the pre-tax profits. However, a sum shall be set aside in advance to pay down any outstanding cumulative losses. In addition, under Article 4 of the Regulations Governing the Scope of Duties for Independent Directors, the only compensation that independent directors receive is the fixed monthly payment. The Company's remuneration for directors is recommended by the Remuneration Committee based on results of the annual Board performance evaluation and overall business performance. The remuneration is issued after being approved by the Board, and is reported to the general shareholders' meeting.

Remuneration Standard for the President and Approval Procedure

In accordance with *1	Standard	Approval Procedure
<ul style="list-style-type: none"> Articles of Incorporation Employee Salary Rules Employee Bonus Rules Employee Compensation Rules 	<p>Fixed salary Remuneration for the president is approved by the Board of Directors and periodically evaluated by the Remuneration Committee.</p> <p>Floating wages Performance bonus:</p> <ul style="list-style-type: none"> Profit indicators (includes the ratio of earnings before tax of the current year to the target number, and growth rate compared with the previous year) Joint marketing indicators (includes the ratio of joint marketing income before tax of the current year to the target number, and growth rate compared with the previous year) Expense reduction indicators (operating expenses minus hiring expenses divided by net income of the current year or target operating expenses, whichever is lower) Risk indicators (includes asset quality, customer complaints, regulatory compliance, and major incidents of internal control) Strategic indicators (includes corporate governance implementation results, green finance implementation results, corporate image, and credit rating that year). <p>Compensation: If the Company was profitable during the year, then no more than 0.02% to 0.15% of the profits may be allocated as employees' compensation after deducting the employee and directors' bonuses from the pre-tax profits. Actual amount is based on the target completion rate that year in terms of pre-tax profits, earnings per share after tax, net yield and return on assets.</p>	Reviewed and approved by the Remuneration Committee * 2 and Board of Directors.

Evaluation items in annual performance evaluations of the chairperson, president, and Board of Directors not only include financial performance indicators, but also non-financial performance indicators, such as corporate governance, green finance, social welfare, and sustainable environment. Evaluation results serve as a basis for the Remuneration Committee to review remuneration for employees (including the president) and

Management Ownership

Position	Name (s)	Multiple of base salary
Chief Executive Officer	Chien-Hao Lin	1.14
Average for other executive committee members	Shang-Shing Jiang, Chia-Hsiang Li, Chao-Chung Chou, Yu- Hsiu Hsieh	1.26

CEO Compensation	5,916,468	
Employee Compensation	Median Employee Compensation	Mean Employee Compensation
Median or mean annual compensation of all employees, except the Chief Executive Officer	1,071,269	1,193,940
The ratio between the total annual compensation of the Chief Executive Officer and the mean or median employee compensation	5.52	4.96

Ethical management

Management Guidelines

01

© Policies

We established the CSR Policy and Code of Conduct for Ethical Management to realize sound management and corporate governance through solid business operations and an ethical corporate culture, and also to help the Group achieve sustainable operation.

02

© Commitment

We are committed to the business philosophy of integrity, transparency, and accountability, and established policies based on integrity. The policies are implemented in internal management and external business activities.

03

© Goals

Enhance the corporate culture of ethical management, actively prevent misconduct, establish sound corporate governance and risk management mechanisms, prevent and detect fraud, and ensure the reliability of financial information.

04

© Duties

Employees of each subsidiary shall engage in commercial activities in a fair, ethical, and transparent manner. Employees may not directly or indirectly provide, commit to, require, or receive any improper benefits, and shall avoid having any dealings with any suppliers and customers having any record of unethical conduct.

05

© Resources

- The Group's subsidiaries and organizations periodically provide employees with ethical management related education, training, and promotion.
- The Group's subsidiaries and organizations have an effective accounting system and internal control system for business activities at higher risk of unethical conduct.
- When entering into a contract with a third party, the Group's subsidiaries and organizations shall have a full understanding of the other party's ethical practice and make the following items a part of the contract.

06

© Complaints mechanism

- The Group's subsidiaries and organizations established a reporting system and encourage internal and external personnel to report any unethical conduct or misconduct.
- Publication of annual reports in Chinese and English and CSR reports.
- Establish a "Stakeholder Communications" section on the website to disclose hotlines or e-mails for contacting employees, investors, and customers.

07

© Specific management practices

- Each department of the Group's subsidiaries and organizations shall analyze their business activities that are at higher risk of unethical conduct, and shall establish an unethical conduct prevention plan, including operating procedures, code of conduct, and education and training.
- The Group's subsidiaries and organizations actively implement the policy of ethical management in internal management and external business activities.

08

© Assessment mechanism

Implementation of the "integrity management status and measures" by the Group's subsidiaries.

09

© Results

- The Group's subsidiaries reported the "integrity management status and measures" of 2017 to the Board of Directors. Our "Ethical Management Committee" reported the Group's ethical management status in 2017 to the Board of Directors, and reviewed improvement measures.
- Strengthened employee anti-corruption and anti-bribery training. Training was completed by 23,750 people in 2017, strengthening employees' understanding of professional ethics and regulatory compliance for financial professionals.

III Ethical management

To enforce the ethical management policy, the "Code of Conduct for Ethical Management" were formulated by the Company in December 2015 to serve as the ethical management compliance policy for all Group subsidiaries and organizations. The principles prohibits and sets forth prevention measures for unethical conduct, including corruption and bribery, confidentiality mechanisms, anti-trust and unfair competition practices, insider trading prohibition, supervision, and reporting. The principles apply to Group employees, subsidiaries, contractors, suppliers, and service providers around the world. There were no punitive actions levied against the Group for corruption, bribery, or violation of fair trading laws (anti-trust/anti-competition) in 2017.

The Company's "Ethical Management Committee" subordinate to the Board of Directors is the dedicated unit for implementing ethical management practices. The committee is formed by all independent directors

and is responsible for establishing or revising the ethical management policy. To enforce the ethical management policy, the Group's subsidiaries and organizations must regularly report (at least once a year) their "integrity management status and measures" to their Board of Directors. The committee will report the Group's integrity management status to the Company's Board of Directors and review improvement measures. Implementation status is as follows :

Education and training

The Company promotes ethical management related regulations to subsidiaries through the quarterly meeting of regulatory compliance supervisors from the headquarters of each subsidiary. Subsidiaries are required to provide employees with ethical management related education and training, and also organize promotion activities to communicate the Group's ethical management policy. Counterparts that do business with the Company are invited to participate in the activities, so that they fully understand the Company's unethical conduct prevention plans and zero tolerance policy.

Ethical Management Education and Training in the Last Two Years

Target	Year	Method	Duration (hours)	Persons/Companies	Coverage
Employees (persons)	2017	Each subsidiary organized at least two ethical management training sessions	297	31,797	100%
	2016		124	15,055	100%
Suppliers (companies)	2017	Organized the "Corporate Social Responsibility, Environmental Protection, and Energy Conservation Seminar"	3	252	100%
	2016		3	237	100%
Subsidiaries (companies)	2017	Promoted during the quarterly "Group Chief Compliance Officers Meeting"	0.5	32	100%
	2016		0.45	33	100%

Internal and external communication channels

Besides establishing a "Stakeholder Communications" section on our website to disclose hotlines or e-mails for contacting employees, investors, and customers, we also disclosed the "Guidelines for Handling Reports" on the "Corporate Governance" section. The guidelines specify that the Auditing Division receives reports; provides reporting channels, including hotlines, fax, and e-mail; establishes regulations and procedures for handling and investigating reports and maintaining confidentiality. Furthermore, we established a reporting section on our internal website to provide employees with a reporting channel.

2017 Statistics of Cases Reported in the Group

Number of reports	24	Number of reports investigated	24	Number of cases opened	10
Corruption and bribery		0		Internal audit unit	
Discrimination		0		Human resources development	
Information confidentiality		0		Regulatory compliance unit	
Avoiding conflict of interest		0		Internal audit unit	
Antitrust/anti-competitive practices		0		Business Management Unit	
Anti-money laundering and insider trading		0		Regulatory compliance unit	
Leadership Management and Peer Relationships		4		Human resources development	
Internal Procedure		6		Internal audit unit	



Risk management

Management Guidelines

01

◎ Policies

We established the "Rules for the Regulatory Compliance System," "Internal Control System," and "Implementation Rules for the Internal Audit System" in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" to increase our operational soundness.

02

◎ Commitment

Establish a self-evaluation system, regulatory compliance system, and risk management mechanisms along with three lines of defense for internal control under the internal audit system; maintain appropriate and effective internal control operations; strengthen our corporate constitution.

03

◎ Goals

Improve business performance, ensure asset safety, comply with laws and regulations, and provide reliable information in a timely manner.

04

◎ Duties

Clearly specify the scope of responsibilities for the three lines of defense, strengthen risk management and communication and coordination of internal control work, enhance self-supervision and management performance, strengthen risk awareness and assessment capabilities, establish effective communication channels, and make improvements in a timely manner.

05

◎ Resources

Establish an "internal control system" that cover all of the Company's business activities, establish suitable policies and operating procedures, and conduct timely reviews and revision. Regulatory compliance and risk management units monitor and control risks, internal audit units are independent supervisors, and collectively the units ensure the internal control system's effectiveness.

06

◎ Complaints mechanism

- Immediately respond to incidents to reduce the hazard in accordance with FFHC's "Incident Reporting Guidelines" and "Crisis Response Principles."
- Independent directors, the Audit Committee, and the competent authority are notified in accordance with the "Rules for the Regulatory Compliance System."
- Reports are handled in accordance with the "Board of Directors Audit Division Guidelines for Handling of Whistleblower Cases"
- The Compliance Division is notified in accordance with FFHC's Guidelines for Reporting Regulatory Compliance Cases.

07

◎ Specific management practices

- Established dedicated compliance units reporting to the president and responsible for the planning, management and execution of the regulatory compliance system at their respective companies. The units continually require their respective companies to implement the regulatory compliance system.
- Strengthened investment position monitoring and optimized risk assessment abilities and technologies to enhance risk management and taking abilities.
- Established and executed the internal audit system, monitored audit activities at subsidiaries, assessed and documented the implementation of the internal audit system, and provided regular reports to the Board of Directors and Audit Committee.
- Comprehensively reviewed and improved credit investigation, loan, disbursement, and remittance of corporate financing projects.

08

◎ Assessment mechanisms

- Regularly conduct self-assessments and internal audits of regulatory compliance, examine the internal control system's effectiveness, and irregularly interview the compliance units of each subsidiary to determine if they implemented the annual compliance plan and provide improvement suggestions, so as to ensure their effective operation.
- Evaluate the implementation of the regulatory compliance system by FFHC divisions and subsidiaries.
- In accordance with the implementation of Basel III regulations as well as our own business development and investment plans, First Bank shall achieve the management targets of 12.5%, 10.5% and 9.0% set for the CAR, Tier 1 and Common Stock Ratio respectively by the end of 2017.
- Improving the knowledge and skills of auditors, risk-based auditing, methods for assigning auditors, and other methods for improving the auditing quality will be listed as evaluation items for subsidiaries.

09

◎ Results

- Based on the compliance performance of each unit evaluated in 2017, the results are submitted to the president for approval then forwarded to the Strategic Planning Division as a reference for unit evaluations. Compliance deficiencies are used as a reference for personnel evaluations. The results of subsidiary performance evaluations are reported to our Board of Directors and then sent to the board of directors of each subsidiary as a reference for personnel evaluations.
- The Group Chief Compliance Officer Meeting is held on a quarterly basis. In addition to reviewing the implementation of compliance plans by subsidiaries, internal control system deficiencies review meetings, the Group's internal audit coordination meetings, and self-assessment meetings are held semi-annually to ensure the effective operation of each subsidiary's internal control system.
- First Bank achieved the management targets of 13.42%, 11.25% and 11.25% set for the capital adequacy ratio (CAR), Tier 1 and Common Stock Ratio respectively in December 2017. All targets were higher than the targets of 12.5%, 10.5% and 9.0%; Leverage ratio was 6.39%, higher than the 3% minimum required by the competent authority; net stable funding ratio (NSFR) was 136.69% which was higher than the minimum LCR of 100% stipulated by the Basel regulations.
- We continue to monitor our short-term liquidity recovery ability, and our LCR in January-December was higher than the minimum LCR of 80% stipulated by the Basel regulations.
- FFHC, First Bank, First Securities, First Securities Investment Trust, and First Life Insurance organized regulatory compliance education and training courses, a total of 5,703 people received a total of 466.5 hours of training in 2017.



IV Risk management

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. First Bank was fined NT\$2 million and NT\$10 million by the competent authority in 2017 for loans to Topvelop Group and Ching Fu Group. We thus comprehensively reviewed and improved credit investigation, loan, disbursement, and remittance of corporate financing projects. Main measures are as follows:

Case Description

First Bank did not properly conduct a credit investigation or verify the authenticity of the transaction in its loan to Topvelop Group, and it did not properly supervise and manage its branches. First Bank's loan application and credit investigation procedures are indeed inadequate, and were unable to properly supervise credit-related internal controls of branches. Therefore, First Bank was fined NT\$2 million by the competent authority on January 24th, 2017 and ordered to make improvements.

Improvements required by First Bank for the group's credit business

- 1 Major deficiencies identified by the Financial Supervisory Commission during routine operation inspections in 2017: The Credit Committee and managing directors of the Board did not effectively serve their review function when handling huge loans, and credit risk management requires active reinforcement measures.
- 2 Corporate governance practices were not properly implemented in the credit, disbursement, and remittance involving Ching Fu Shipbuilding Co., Ltd. and its affiliated enterprises; Internal control and standards for general financing projects are not in place; Internal controls for credit investigation, credit, disbursement, and post loan management, as well as risk assessment for adopting the appropriate policy and procedure were not properly executed. Hence, the competent authority imposed a fine of NT\$10 million.

Improvement

- For cases involving customer cheques, if a customer frequently retrieves or replaces the cheque they deposited, the business unit is required to look into the reason and stay alert.
 - Discount notes loans are listed as a key audit item with high risk by the Board of Directors Audit Division, and is treated as a special case for investigation.
 - Listed as a required inspection item of the vice president of corporate banking in business units, and includes the designated items "general self-assessment" and "project-based self-assessment."
 - Added regulations on note concentration limit.
 - Urged FCB Leasing to establish or review and strengthen operational regulations and management mechanisms, and the appropriateness is reviewed by First Bank's dedicated unit.
 - Established an auditing mechanism for non-performing loans written off by subsidiaries as bad debt.
- Strengthen the review function of the Credit Committee and managing directors of the Board.
 - Established the "Project Financing Business Guidelines."
 - Properly analyze financing gap, contract performance ability, and repayment ability.
 - Verify if the transaction is authentic and if cash flow is reasonable.
 - Implement customer dynamic management.
 - Strengthen credit investigation.
 - Strengthen review operations.
 - Strengthen post loan management.



4-1 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 2017, First Bank evaluated the additional digital banking risk from FinTech innovation, including third party payment, P2P (peer-to-peer) exchange, P2P online loans, and cryptocurrency, and managed corruption risk under the framework of strategy, customer, transaction, and technology.

4-2 Second line of defense - Sound compliance and risk management system

1. Compliance system

First Financial Group monitors the implementation of the regulatory compliance system by its subsidiaries while it pursues better financial performance. FFHC, First Bank, First Securities, First Securities Investment Trust and First Life Insurance 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 regulatory compliance system 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:** To stay up-to-date on regulatory changes, each subsidiary collects important regulatory changes that occurred during the week and notifies the regulatory compliance supervisor of the responsible unit by e-mail. A regulatory change notices is then sent to related units at the beginning of each month, and the regulatory compliance supervisor examines the changes and replies whether if it is necessary to revise related regulations and compliance contents. Contents of regulatory change are propagated to employees of each unit, and the regulatory compliance unit compiles a list of chapters and provisions reported by units as requiring revision in coordination with the law.
- 3 **Compliance training and self-assessment operations:** Must be held by each subsidiary at least once every 6 months. Each department should also include the execution of compliance self-assessment into their internal evaluations. FFHC, First Bank, First Securities, First Securities Investment Trust, and First Life Insurance organized regulatory compliance education and training courses in 2017, such as promotion of important regulatory changes, introduction to penalties imposed on other financial institutions, sexual harassment prevention and employee confidentiality education, anti-bribery and anti-corruption law promotion, employee moral autonomy regulations, financial institution employee code of professional ethics and compliance, and financial consumer protection law and Personal Information Protection Act promotion. A total of 5,703 people received a total of 466.5 hours of training.
- 4 **Implementation of the regulatory compliance system:** The implementation of the regulatory compliance system by each subsidiary is reported to the Risk Management Committee bimonthly and to the Board of Directors and the Audit Committee semi-annually.
- 5 **Unit compliance performance evaluation:** The compliance performance of each unit is evaluated by FFHC each year. The results are submitted to the president for approval then forwarded to the Strategic Planning Division as a reference for unit evaluations.
- 6 **Subsidiary supervision:**
 - A. The "Group Chief Compliance Officers Meeting" is convened every quarter to establish the state of compliance plan implementation at each subsidiary, the cause of major violations or customer complaints, and progress on corrective actions.
 - B. We evaluate the performance of subsidiaries with respect to the regulatory compliance system on an annual basis. The results are reported to the Board then sent to the board of directors at each subsidiary as a reference for personnel evaluations.
 - C. To strengthen compliance management and ensure timely knowledge of major violations, 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 **Regulatory compliance operations and regulations on reporting major incidents:** To effectively implement the Group's compliance system, we established the Guidelines for Compliance Operations. The guidelines set forth operational standards for the compliance system of each subsidiary, and specify that major violations or the law or rating being lowered by the competent authority of finance shall be reported to the Chief Compliance Officer. Furthermore, we reviewed and revised "First Financial Group Compliance Notification Guidelines" to immediately learn about violations by subsidiaries and follow up on subsequent improvements and potential impact. Besides expanding the scope and recipients of notification, we established and expect subsidiaries to follow the Compliance Reporting Process (SOP), helping make FFHC aware of major violations at each unit more quickly and control compliance risk.
- 8 **Key points of the 2018 compliance plan**
 - 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, bimonthly compliance reports to the Risk Management Committee and semi-annual compliance reports 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. The Company shall report each unit and subsidiary's handling of violations and corrective actions taken to the Risk Management Committee and Board of Directors in a timely manner.
- E. Formulation of the "Subsidiary Management Schedule" to strengthen subsidiary supervision, enhance communications with subsidiaries, and acquire an accurate picture of compliance implementation at subsidiaries.
- F. Continue to review improvements to compliance functions.
- G. Supervise First Bank in establishing its regulatory compliance risk management framework, preparing compliance performance reports, and supervising compliance performance.

Large fines or non-monetary sanctions imposed on the Group for violating social (product marketing, labor) laws and regulations in 2017 are as follows:

Case Description

First Bank also operates an insurance agency, and there was a clear discrepancy in the same policy holder's financial condition in solicitation reports filled out the same day, insurance agency change notification/certificate renewal was overdue, copies of travel insurance policies were not retained, personal information protection operations were insufficient, and solicitation for insurance products was not at an insurance counter. The competent ordered First Bank to make corrections of 4 items within one month, imposed a fine of NT\$400,000, and issued 1 reprimand.

In a general audit conducted by FSC, First Life Insurance was found to have violated the Insurance Act for the deficiencies below:

- 1. Deficiencies in claims operations are as follows:
 1. The terms and conditions of insurance policies were revised numerous times, and the correct policy applicable during the effective date was not used, resulting in a portion of insurance benefits not paid to the beneficiary.
 2. The amount of benefits was not correctly calculated based on the terms and conditions of the insurance policy.
 3. After the benefit was already paid, the discrepancy was paid to the beneficiary after being notified by the policy holder or insurance agent, or discovered during a self-audit.
- 2. The potential risks of retaining personal information were not assessed for personal information protection operations, and a retention period was not specified in the personal information inventory.
- 3. In personal information protection operations, current policy holders that already refused to be targeted were still retargeted.
- 4. The Bank's website does not have an online bulletin board where the "Notice on the Collection, Processing, and Use of Personal Information" is available for users to read and agree to.
- 5. Some auditors of self-audits audited the work they are responsible for.

A fine of NT\$1.2 million was imposed in accordance with Paragraphs 4 and 5 of Article 171-1 of the Insurance Act; First Bank was reprimanded in accordance with Paragraph 1 of Article 149 of the same Act; a deadline of 1 month was specified for the correction of 2 deficiencies in accordance with Article 48 of the Personal Information Protection Act.

Improvement

- Implemented KYC operations and added new report forms for control.
- Renewal of insurance agents' registration certificate and changes to insurance agents shall be report to the association within 5 days, and new report forms were added for control.
- Travel insurance policies are scanned and stored on file by date for future reference.
- Completed a new inventory of personal information and included it as an internal audit item; also completed personal information risk evaluation through CSA (Control Self Assessments).
- An insurance agent area is set aside in branches or the number of insurance counters is increased depending on the demand. The requirement for solicitation of customers by insurance agents to be at an insurance counter is reiterated in mail and promoted during training sessions; the consumer banking guidance team also provides guidance to insurance agents in this regard.
- Completed the development of a claims system.
- Revised internal operation standards and completed a personal information inventory and risk assessment based on the standards.
- Adjusted internal operating procedures and corrected system settings. When telemarketing personnel are rejected by the customer, they immediately execute "refuse marketing" on the system.
- The Bank's website was updated to add the "Notice on the Collection, Processing, and Use of Personal Information" for policy holders to read and agree to.
- Improved self-audits so that auditors may not audit the work they are responsible for.



2. Risk management system:

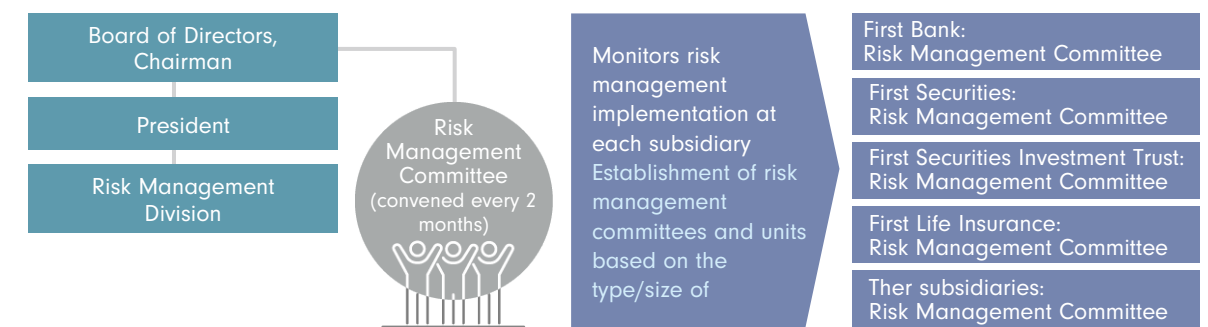
1 Risk management policy and structure

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 changes in the economic environment. These include the establishment and revision of risk management policies and monitoring indicators, such as establishing the "FFHC Incident Reporting Guidelines" and revising the "Organic Regulations of the FFHC Risk Management Committee," "FFHC Sovereign Risk Exposure Management Rules," and "FFHC Risk Taking Limit by a Single Subsidiary for Loans and Investments in a Single Individual or Stakeholder."

The subsidiaries First Bank, First Securities, First Securities Investment Trust and First Life Insurance 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 Emerging risks

Many emerging risks different from before have appeared along with changes in the overall financial environment. FFHC identifies emerging risks from the business plans of its subsidiaries each year, assesses the potential impact on operations, and formulates risk mitigation measures.

Risk factor	Impact on operation	Mitigation measures
FinTech risks	<ul style="list-style-type: none"> Following rapid developments in FinTech, technologies will be able to handle withdrawal, currency exchange, financial management, and loans in the future, reducing the role of financial intermediaries. Computer programs are able to provide customers with professional, rational portfolio management, minimizing human interference for artificial intelligence to better serve as a personal financial consultant. 	<ul style="list-style-type: none"> 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 2 invention patents and 31 utility model patents as of 2017/12/31. We have invested in Turn Cloud Technology Service Inc. 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. We have continued to expand the use of electronic sales channels at First Securities, First Securities Investment Trust, and First Life Insurance. 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.

Money laundering and terrorist financing risks	<p>If the products or services of subsidiaries violate laws of the country where the business location is in or the regulations of international organizations, it will damage our financial condition and reputation, and may even result in our business license being revoked.</p>	<ul style="list-style-type: none"> Established overall management regulations of each subsidiary and the Group's governance framework, such as the "FFHC AML/CFT Policy," "FFHC AML/CFT Plan," and "FFHC AML/CFT Group Information Sharing Policy and Control Procedures," for the effective implementation of AML/CFT. We convene quarterly "Chief Compliance Officer/AML Supervisor Meetings"; subsidiaries give reports semi-annually, or First Bank, First Securities, First Securities Investment Trust, and First Life Insurance report the implementation of AML/CFT during on-site inspections. AML/CFT implementation is reported to the Board of Directors and Audit Committee semi-annually, so that the Board of Directors is informed of the Group's AML/CFT risks and operations of the AML/CFT plan. Organize AML/CFT training sessions for the Group, increase Group employees' understanding of AML/CFT, and implement related prevention measures to ensure that operating procedures and the internal control system can be effectively executed. First Bank offers subsidies and rewards for CAMS certification to improve employees' knowledge and sensitivity towards AML; over NT\$22 million in subsidies and rewards were issued.
---	---	--

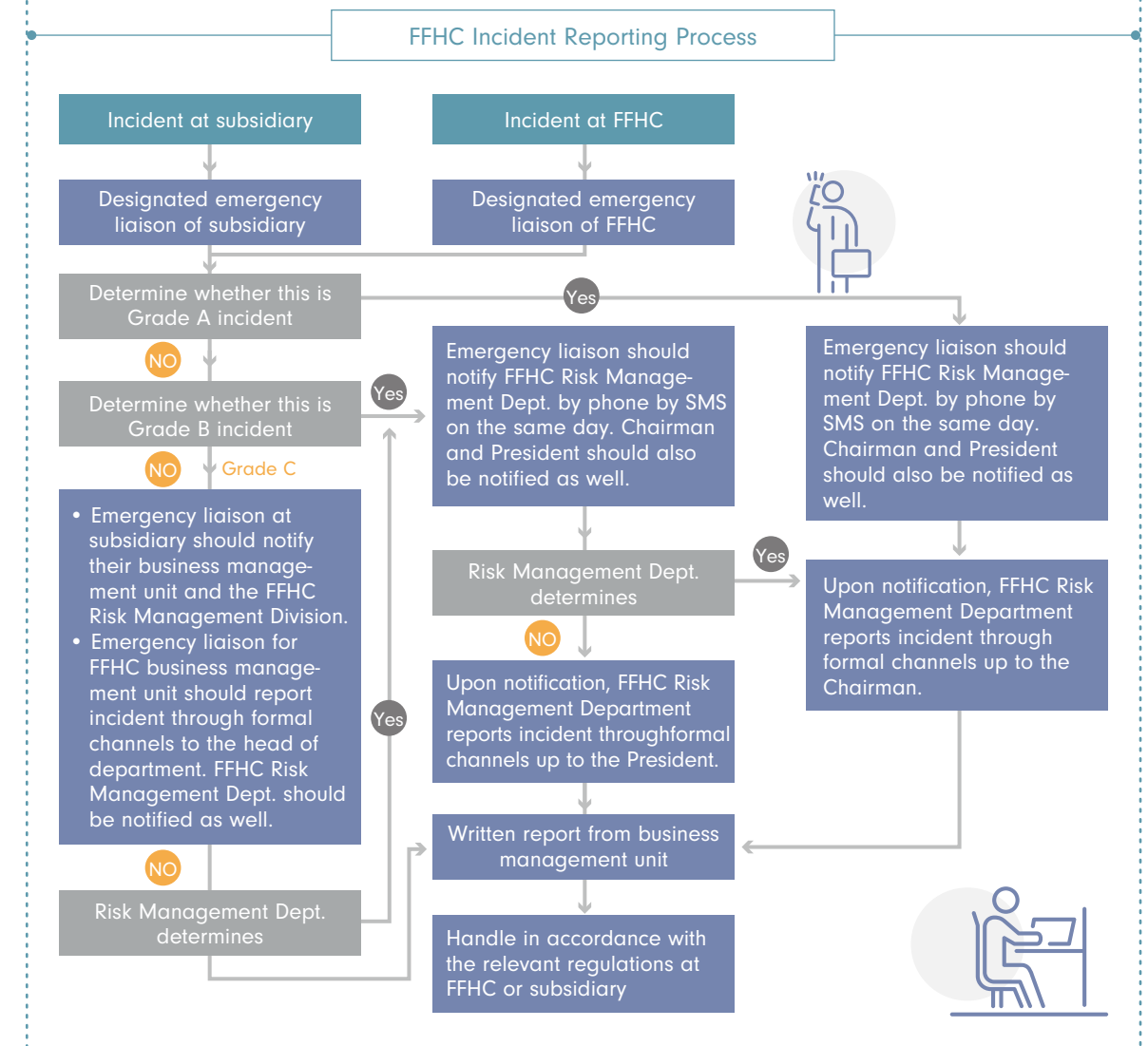
Project Financing Risk	<p>The credit scale of financing projects is often far higher than typical loans. If credit investigations and subsequent repayment is not effectively controlled, it may result in massive losses for the Bank and may even affect its corporate image and public trust in the Bank, severely impacting operations.</p>	<ul style="list-style-type: none"> First Bank established the "Credit Investigation, Credit and Post Loan Management Improvement Task Force" to comprehensively review credit investigation, credit, and post loan management system and operation management procedures. The task force formulates improvement plans on this basis. Revised the "Notices for Credit Reviews" and "Credit Review Implementation Guidelines," established the "Financing Project Guidelines," designated a dedicated unit for project financing, strengthened the review function of the Credit Committee and managing directors of the board, and improved operating procedures.
-------------------------------	--	--



3. Business Continuity Mechanism

FFHC's head office has a defense team and SOP for emergency response, and obtained ISO 14001 Certification of Environmental Management System for the third consecutive year starting 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.

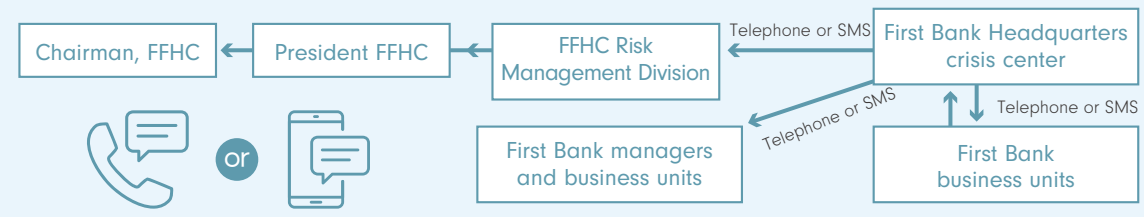


Emergency notification

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 Tainan and Hualien Earthquakes in 2017 and February 2018. The bank was able to swiftly collate and report the situation at all business units in nearby areas. Nearby employees were also notified to stay clear, reducing the risk of injury while maintaining the Company's normal operations. The event also showed employees the benefits and importance of regular disaster prevention drills.



4-3 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. We continue to follow up on review opinions of internal audit units, accountants, and business administration units or deficiencies found during self-audits, and matters requiring improvement listed in the internal control system statement. Improvements are submitted in writing to the Board of Directors and Audit Committee and used as an important item for penalties and rewards and performance evaluations of related units, so as to maintain the effective and appropriate operation of the internal control system.

Implementation of the internal audit system in 2017 is as follows:

Implementation plan	Number of times held	
Self-audit meetings, internal control system self-audit results review, internal control system deficiency review meetings, and internal audit coordination meetings within the group	2	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.
General audits, project audits	8	
Derivative trade audit	10	
Auditing opinions and follow-up	14	

The Board of Directors Audit Division established the "Guidelines for Handling Reports" in accordance with the Company's Code of Conduct for Ethical Management. The guidelines specify reporting channels, including hotlines, fax, and e-mail, and establishes regulations and procedures for handling and investigating reports and maintaining confidentiality, so as to strengthen the Company's complaint and communication channels and effectively handle reports. This is used to assess the possibility of fraud and manage the risk of potential fraud. When a fraud case or major deficiency occurs in a subsidiary, the investigation report, internal control system improvement plan, and implementation results shall be submitted to the Board of Directors Audit Division for future reference. The situations encountered during implementation are listed as key audit items.

The execution of our company's 2017 internal audit process and the preparation of the 2018 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. First Bank has 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.

Information security protection

Management Guidelines

01

© Policies

The "Information Security Management Regulations for FFHC and its Subsidiaries" was established to strengthen information security management by the Company and its subsidiaries, and ensure the security of information systems, equipment, network, and data.

02

© Commitment

We will strengthen information security management, and protect and control data, systems, equipment, and network to ensure the security of information systems, equipment, network, and data.

03

© Goals

- Establish a network security management framework, strengthen security mechanisms of information systems, and strengthen system access control.
- Periodically execute information security tests and patches, and improve security controls during system development and maintenance.
- Establish a business continuity plan and implement information security training.

04

© Duties

Establish an information security protection mechanism, implement the emergency response plan, and comply with information security standards set by the trade association.

05

© Resources

- Establish the "Information Development Committee" to strengthen the Company's information strategy and development plan, and supervise subsidiaries to coordinate with the Group's IT development to effectively improve business performance.
- Establish a dedicated information security unit – "Digital Security Division" that is not subordinate to the IT Division, and appointed the former director of the National Center for Cyber Security Technology and deputy director of the Cybersecurity Technology Institute as a vice president.
- We established the "Information Security Management Regulations of FFHC and Subsidiaries" in 2017 to ensuring the security of information systems, equipment, network, and data.

06

© Complaints mechanism

- Announce the "Confidentiality measures for customers' information."
- Report information incidents for immediately response in accordance with the "Incident Reporting Guidelines."
- Information security incidents are reported in accordance with the "Guidelines for Reporting Information Security Incidents" to lower the impact on operations and losses and prevent the incident from reoccurring.

07

© Specific management practices

- Follow up on information security defense measures.
- Examine information security-related operating procedures and the progress of operational risk control implementation plans.
- Strengthen monitoring and control mechanisms for ATMs, optimize functions of the automated equipment monitoring system, and establish an automated notification mechanism based on anomaly classification.
- Implemented "information security protection assessment and plans" and "strengthening organizational digital security" to strengthen information security such as domestic online quarantine, internal network APT monitoring, and other measures, which strengthen overall information security.

08

© Assessment mechanism

- Implementation of information security defense measures.
- Follow up on information (including information security) operating procedures and the adequacy of related regulations.

09

© Results

Information security improvement measures and plans of all subsidiaries for 2017 were all completed. There were no severe information security incidents in 2017.



V Information security protection

The "Information Management Policy and Guidelines" were 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. We established the "Information Security Management Regulations of FFHC and Subsidiaries" in 2017 to strengthen information security management of FFHC and subsidiaries, ensuring the security of information systems, equipment, network, and data. 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.

We established the "Operating Procedures for Examining Information Security and Operational Risk Management Implementation Plan of Subsidiaries" in 2015 to examine the information security of subsidiaries. Information security related operating procedures and the inspection and evaluation of operational risk management mechanisms will be implemented in stages, and the "Information Development Committee" will follow up on the implementation security defense measures. Principles for strengthening information security defense are as follows:



First Bank established a dedicated information security unit - "Digital Security Division" that is not subordinate to the IT Division in 2016, so as to overhaul our digital banking operations and information security management. Pei-wen Liu, the former director of the National Center for Cyber Security Technology and deputy director of the Cybersecurity Technology Institute was appointed as a vice president. First Bank, and First Securities and First life insurance had continued the ISO 27001:2013 certification process, which provides safer financial product and transaction procedures, to ensure network and information system security, and provide customers with secure automated services. Furthermore, First bank completed a stronger ATM monitoring mechanism, which transforms the passive search of abnormal events to an "automated equipment monitoring system" that actively notifies personnel to properly handle the situation. Depending on the severity of the event, the business unit's employee and supervisor responsible for the ATM, the business unit's manager, or supervisor of a related unit in the head office is notified. This creates a more robust monitoring mechanism for the cash dispenser of ATMs.

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 half year. Employees are expected to follow the Guidelines for Disaster Recovery Plan and 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, 55 related training sessions were held in 2017 and attended by 23,705 people. There were no severe information security incidents in 2017.

To strengthen its emergency response procedure when the same types of cyberattacks are encountered, and prevent greater loss from being unable to properly respond within a short amount of time, First Bank formulated 6 information security emergency response plans and completed drills in 2017. All of the drill results meet expectations.

Emergency response plans and drill scenarios	Time drill was completed	Drill results
1 Response plan for abnormal ATM withdrawal incidents : Simulated emergency response measures for branches being robbed by hackers.	2017/01/25	Met expectations
2 Response plan for website under DDoS attack : Simulated emergency response measures for branches under DDoS attack by hackers.	2017/01/25	Met expectations
3 Local backup plan for servers : Simulated emergency response measures for switching to servers of the Taichung Center when servers in the Taipei Center malfunction.	2017/03/26	Met expectations
4 Information security defense plan for the website application system : Simulated emergency response measures for when the Bank's website services are embedded with a Trojan horse or malicious link by hackers.	2017/08/24	Met expectations
5 Remote backup plan for servers : Simulated emergency response measures for switching all information services to the Taichung Center when the Taipei Center encounters a disaster.	2017/09/14	Met expectations
6 SWIFT abnormal remittance response plan : Simulated emergency response measures for when hackers hack the SWIFT system and transfer funds.	2017/12/08	Met expectations

Prevention of money laundering, financial fraud and terrorism financing

Management Guidelines

01

◎ Policies

The "FFHC AML/CFT Policy" is a consistent set of anti-money laundering and counter terrorist financing guidelines established to maintain financial stability, combat criminal and terrorist financing activities, and prevent facilitating money laundering and terrorist financing activities through the provision of financial products or services of the company.

02

◎ Commitment

Subsidiaries will create a culture that attaches importance to AML/CFT, and will allocate sufficient manpower and provide sufficient resources for the implementation of AML/CFT operations. We will raise the AML/CFT awareness of all employees, and actively strengthen their AML/CFT capabilities.

03

◎ Goals

Establish the Group's joint defense framework through periodic meetings, on-site visits, and continual supervision of AML/CFT implementation by subsidiaries, preventing financial crime at the Group level.

04

◎ Duties

Supervise subsidiaries in periodically conducting comprehensive evaluations, establish risk prevention plans, examine internal regulations on AML/CFT and AML operating procedures, and periodically evaluate information system functions and parameter thresholds, the appointment of dedicated units or supervisors, and the organization of education and training.

05

◎ Resources

Subsidiaries have invested adequate resources and manpower to strengthen the AML/CFT mechanism, and hired Deloitte to provide consulting services for optimizing the Group's money laundering and terrorist financing risk assessments.

06

◎ Complaints mechanism

- File STRs through the cross-platform data transmission system.
- Establish a group management and high risk customer information sharing mechanism.

07

◎ Specific management practices

- We established the "FFHC AML/CFT Policy," "FFHC AML/CFT Plan," and "FFHC AML/CFT Group Information Sharing Policy and Control Procedures," for the effective implementation of AML/CFT. We continue to revise internal regulations in coordination with the latest AML regulations announced by the competent authority.
- We supervise and review the implementation of AML/CFT by subsidiaries to make improvements:
 1. During quarterly meetings or periodic visits to subsidiaries, subsidiaries give reports on the implementation of AML/CFT.
 2. In order to keep the Board of Directors informed of the Group's AML/CFT plan implementation, a semi-annual report is given on the management of regulatory changes related to AML/CFT; results of audits by financial inspection agencies, the Company's Audit Division, the audit unit of each subsidiary, or an independent third party, as well as improvement measures; statistics and descriptions of comprehensive risk assessment results, the AML/CFT plan, and AML/CFT controls; review and improvement of the AML/CFT system and operations; subsidiaries supervising the compliance of reinvestment enterprises with AML/CFT; assignment and training of AML/CFT personnel; key points of the AML/CFT plan for the next six months; sharing recent cases related to AML/CFT.

08

◎ Assessment mechanism

- The implementation of AML/CFT by each subsidiary is reported to the Risk Management Committee bimonthly and to the Board of Directors and the Audit Committee semi-annually.
- AML/CFT is listed as a key audit item.
- Meetings between dedicated AML/CFT supervisors of each subsidiary and on-site visits are carried out on a quarterly basis, during which subsidiaries report and exchange their AML/CFT implementation status.

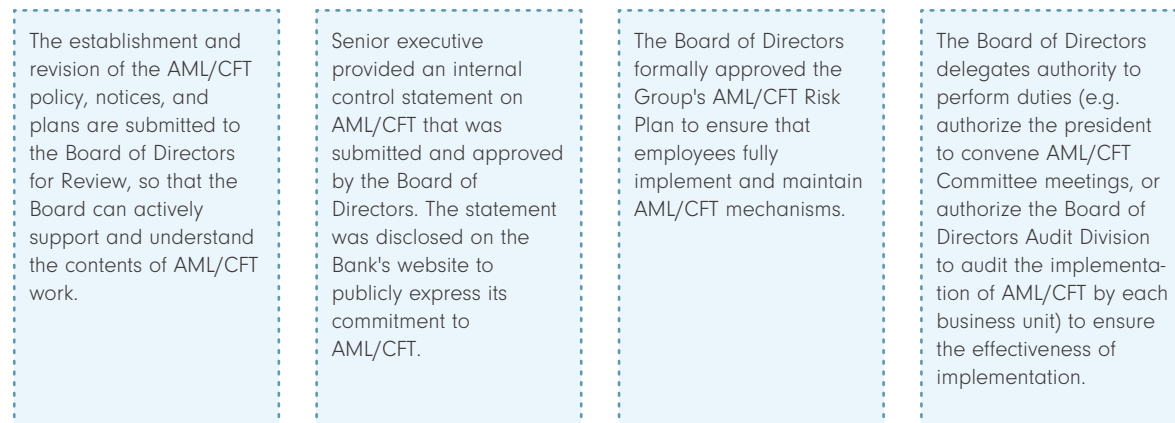
09

◎ Results

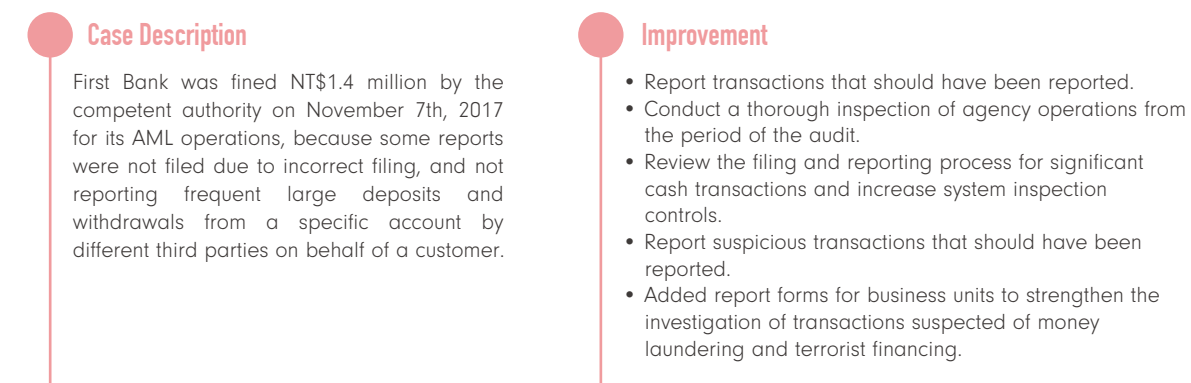
The Company and subsidiaries have established AML/CFT policies, procedures, and control measures in accordance with regulations, and continue to review and optimize current AML/CFT related internal regulations and operating procedures. Current functions and threshold parameters are periodically reviewed and adjusted based on risks, and subsidiaries continue to organize training for employees.

VI Prevention of money laundering, financial fraud and terrorism financing

FFHC continues to strengthen its AML/CFT mechanisms, and has stepped up its supervision and management of overseas business locations' compliance with AML/CFT regulations. For example, First Bank began appointing full-time AML/CFT supervisors at medium to large business locations on a trial basis in January 2018, so that it can meet international standards and control AML/CFT operations. The full-time supervisor may concurrently hold the position of regulatory compliance supervisor and conduct self-audits, but may not be involved in any other operations to ensure the position's independence. Furthermore, methods that were adopted to help the Board of Directors better understand and create an AML/CFT culture are as follows:



The Group was fined for the violation of the relevant laws and regulations on money laundering and the review of the improvement measures in 2017 was as follows:



Customer Due Diligence (CDD) procedures are as follows



FFHC, First Bank, First Securities, First Securities Investment Trust and First Life Insurance have all established dedicated compliance units, which also serve as dedicated AML/CFT units, reporting to the president. These units continually require subsidiaries to implement AML/CFT mechanisms. 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, First Bank, First Securities, First Securities Investment Trust, First Life Insurance, AML and FCB Leasing conducted 1,522 hours of training on AML/CFT for 14,570 employees. Course categories are as follows:

Regular internal training that uses cases for learning: new employee training, credit business training, deposit and remittance training, deputy supervisor workshop, auditor workshop, AML related laws, and case study.

Computer training course self-evaluation form: regulatory compliance education and training, new employee test on the Money Laundering Control Act, online learning and tests on the Money Laundering Control Act and recent AML laws.

The laws/regulations manager is responsible for company-wide internal network training: AML education and training for back office personnel.

The laws/regulations unit provides face-to-face training: group AML education and training, international regulations on comprehensive money laundering and terrorist financing risk assessment and sharing of overseas experience, management workshop for overseas branch managers, AML/CFT supervisor promotion

workshop, Recent Amendments to Anti-Money Laundering Laws and Case Discussions, new employee training, money laundering patterns and introduction to the Money Laundering Control Act.

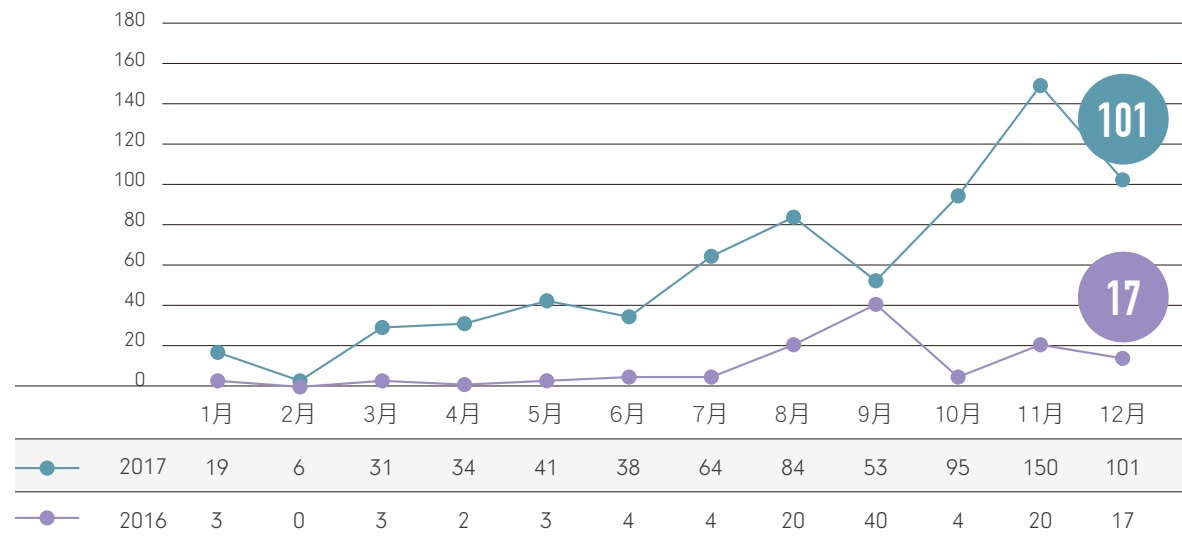
Face-to-face training by external institutions: Seminar on financial institution AML and strengthening internal control and risk management abilities, AML big data auditing practices, orientation for AML/CFT personnel, seminar on AML/CFT practices, international courses for core members of the banking industry, case study on AML laws and regulations of China, and seminar on global financial supervision and AML development trends.

Mandatory annual training: Board of Directors and Supervisors Meeting Practices and Corporate Governance Class, orientation training on AML/CFT, and courses required by law for AML/CFT dedicated personnel and supervisor qualifications.

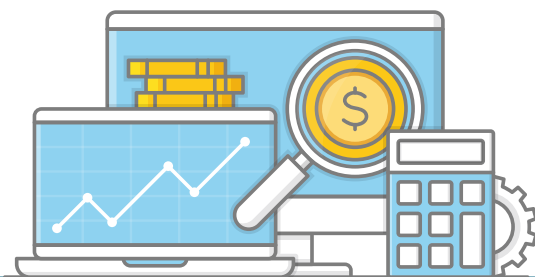
First Bank is actively cultivating AML/CFT experts and encourages employees to become Certified Anti-Money Laundering Specialists (CAMS). As of February 2018, 414 employees obtained the certification, including personnel from dedicated units and business units. During future job rotations, personnel will be fully equipped with AML knowledge and capabilities for the comprehensive implementation of AML work.

According to statistics of the Investigation Bureau, Ministry of Justice, nearly 50% of STRs filed by First Bank over last two and a half years led to cases that were opened, which shows the excellent quality of reports.

Number of cases opened from STRs



Year	Number of STRs	Cases opened											Cases not opened	Ratio of cases opened		
		Being analyzed by the anti-money laundering section	Handed over to the Investigation Bureau of the Ministry of Justice	Handed over to the police	Handed over to the tax authority	Handed over to an administrative agency	Handed over to the court/prosecutor	Provided intelligence	Handed over to field units to continue the investigation	International cooperation	Handed over to the Control Yuan	Handed over to other judicial agencies			Watchlist account	Temporarily listed as reference
2015	38	7	13	0	0	0	0	0	0	0	0	0	0	0	18	52.63%
2016	120	0	60	2	0	0	1	0	0	0	0	0	0	0	57	52.50%
January-June 2017	169	12	26	2	1	0	4	0	0	28	0	0	0	0	96	43.20%
Total/Average	327	19	99	4	1	0	5	0	0	28	0	0	0	0	171	47.71%



GREEN FINANCE

Climate change risks and opportunities

Management Guidelines

01

◎ Policies

- To ensure the implementation of our CSR Policy, the Company established CSR Committee which had "Customer Care" and "Environmental Sustainability" groups to carry out our business philosophy of "Green Finance".
- First Bank set up "Green Finance Committee", supporting the development of "Green Finance" with four approaches as "Green Financing", "Green Consumer Finance", "Green Examination" and "Green Investment".
- The Environmental Sustainability Group of the CSR Committee is tasked with identifying potential climate change risks and planning sustainable response measures.

02

◎ Commitment

The Group will continue to pay closely attention to climate change risks and environmental protection and energy saving trend to improve the scope and level of our green finance products to carry out our social responsibilities.

03

◎ Goals

- Implement Green Finance
- Combine core competence to assist in industrial transformation
- Properly prevent and manage climate change risks

04

◎ Duties

- Support green and sustainable industries: Combine core competence to assist in the industrial upgrading of green industries like wind power, bicycles, biofuel, fuel cells, organic agriculture, electric vehicles, pollution remediation and recycling, and provide funding for their operation and development.
- Provide energy saving products and services: Make sure business operation, products and services do not influence ecological conservation; lower the impacts of products and services to the environment; and reduce energy consumption.

05

◎ Resources

Utilize and combine the core competence of financial intermediary to assist in industrial transformation; also, allocate a certain percentage of credit card consumption amount for the charitable events promoting environmental sustainability and the development of organic agriculture.

06

◎ Complaints mechanism

- Stakeholder Communications" section on the website to disclose communication channels like dedicated line or email address of the staff, investors and customers.
- Stakeholder survey in the corporate website's CSR section.

07

◎ Specific management practices

- CSR Committee of the Company determines climate change management policy; senior executives of each business group direct business management units to propose execution strategy, execution plan, short, medium and long-term goals and KPI, follow up on the results and regularly report the execution performance and conduct reviews.
- Establish defense corps for responding to typhoons, flooding, earthquakes, bank runs, epidemics, fires, explosions and other emergencies to manage climate change risks.
- Gather domestic and foreign environmental protection and energy saving and carbon reduction trend and changes in the environmental regulations through news, websites of environmental groups, external consultants, Environmental Protection Administration and environmental protection bureau of local governments, information of the industry and international reports.

08

◎ Assessment mechanisms

- Set a goal to add 5 or more "Urban Renewal Financing" cases.
- Extend credit loans to companies and provide green financing (including green industries and green companies) with the targets of NT\$80 billion for approved loans and NT\$50 billion in balance of loans.
- Launch 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.
- Set the target outstanding volume of Living Green Card at 5,000 and LEEZEN Co-Branded Card at 40,500, allocate a certain percentage of credit card consumption amount for the charitable events promoting environmental sustainability and organic agriculture, so the card holders can make contributions to the earth while using the credit cards.

09

◎ Results

- As of the end of December 2017, 8 more urban renewal financing cases were added; 37 cases had been approved since its launch.
- As of the end of December 2017, there were a total of NT\$99.549 billion approved loans and NT\$51.009 billion balance of loans in green financing (including green industries and green companies).
- As of the end of December 2017, "Industrial Innovation Plan Loans" increased loan approval amount by NT\$53.794 billion and credit balance by NT\$428.8 billion.
- As of the end of December 2017, the outstanding volume of LEEZEN Co-Branded Card were 41,332 and "Green Credit Card - Living Green Card" were 17,566. Accumulated Donation Amount was NT\$75.64 billion.

2



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



2010

- Formed the "Green Building Certification Program" team to open the way to green finance.
- Promoted "Urban Renewal Financing" to encourage 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. The annual reduction target must also 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

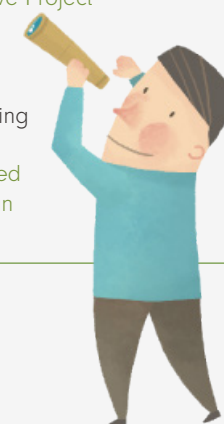
- Defined the tenets of "Green Partners" and extended the ideals of the Equator Principles to banking and insurance products. A "Do-Not-Invest List for CSR Violations" was also established as a reference for group companies to use during investment reviews.
- Established the 3-step Supplier Management 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 a 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 14064-1 Other Indirect Emission Inventory (overseas business travel) for the first time and received certification.

2017

- First Bank set up "Green Finance Committee", supporting the development of "Green Finance" with four approaches as "Green Financing", "Green Consumer Finance", "Green Examination" and "Green Investment".
- First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Financial AMC all introduced "ISO14064-1 Other Indirect Emissions Inventory (Overseas Travel)" and had been tested and verified
- First Bank obtained "ISO 14001 Environmental Management System" verification for 7 operating offices
- The first one in the financial industry of Taiwan that obtained the "Counter Service Carbon Footprint PCR Formulation and Inventory of Environmental Protection Administration" verification
- Set up "Solar Power Generation and Rainwater Recycling Ecological Hydroponic Green Roof" at Wanhua branch
- Charitable event with cross-industry alliance-Green Light Love Project
- Rated as level B in both CDP questionnaires for climate change and water security.
- Launched "Green Credit Card - Living Green Card"
- Launched projects of "green consumption loan" for purchasing green energy or energy saving products
- The only one in the financial industry of Taiwan that extended the "ISO 14064-1 Greenhouse Gas Inventory" to its 33 foreign operating offices



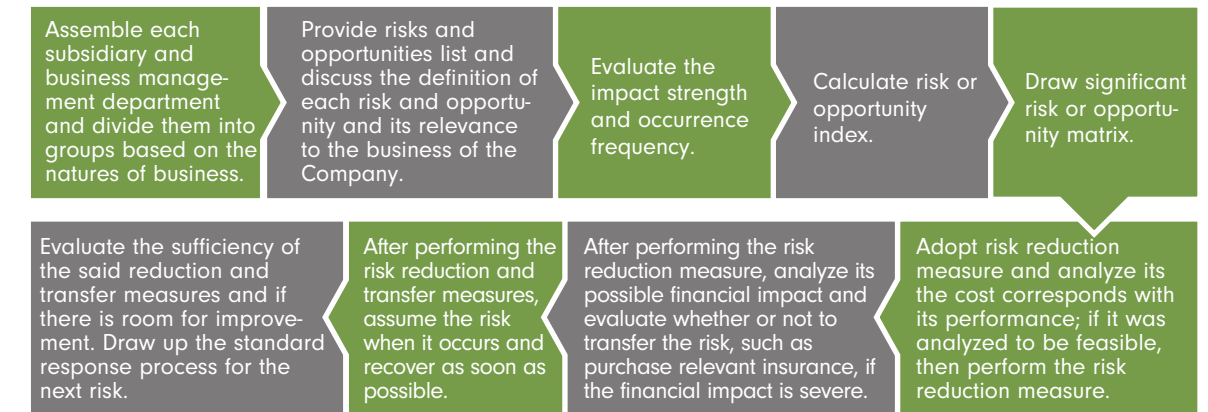
In recent years, global warming and climate anomaly increased the operation risks of the industry. To actively respond to the impact of extreme weather on the operation of First Financial Holding Co., Ltd., FFHC, through identifying and assessing the environmental risk factors, our Green Finance Committee-Green Examination Group revised the related policies or principles of credit review to prevent financing risks arising from climate change; also, related policies or principles were included into the climate change management policy of CSR Committee of the Company, senior executives of each business group directed business management units to propose execution strategy, execution plan, short, medium and long-term goals and KPI, follow up on the results and regularly report the execution performance to the Board of Directors and conduct reviews.

The Environmental Sustainability Group of the CSR Committee is tasked to identify potential climate change risks and opportunities. In 2017, to adapt to potential positive and negative financial impact of climate change on the Company, we assembled all subsidiaries and each business management department to perform correspondence of indicator match using the TCFD (Task Force on Climate-Related Financial Disclosures) framework, improve the downward differences and check and identify the operation risks and opportunities of the Company due to physical, transformation and other aspects. Based on the outcomes of risk matrix and opportunity matrix analysis, we established risk management strategy regarding the major risks as the core response action to the climate change, and estimated management cost and financial impact accordingly. Enhance climate change management of the Company based on the date collected through the said framework, and systematically assess financial correlation to lower the risks and seize business opportunities.

TCFD Indicator Disclosure Framework

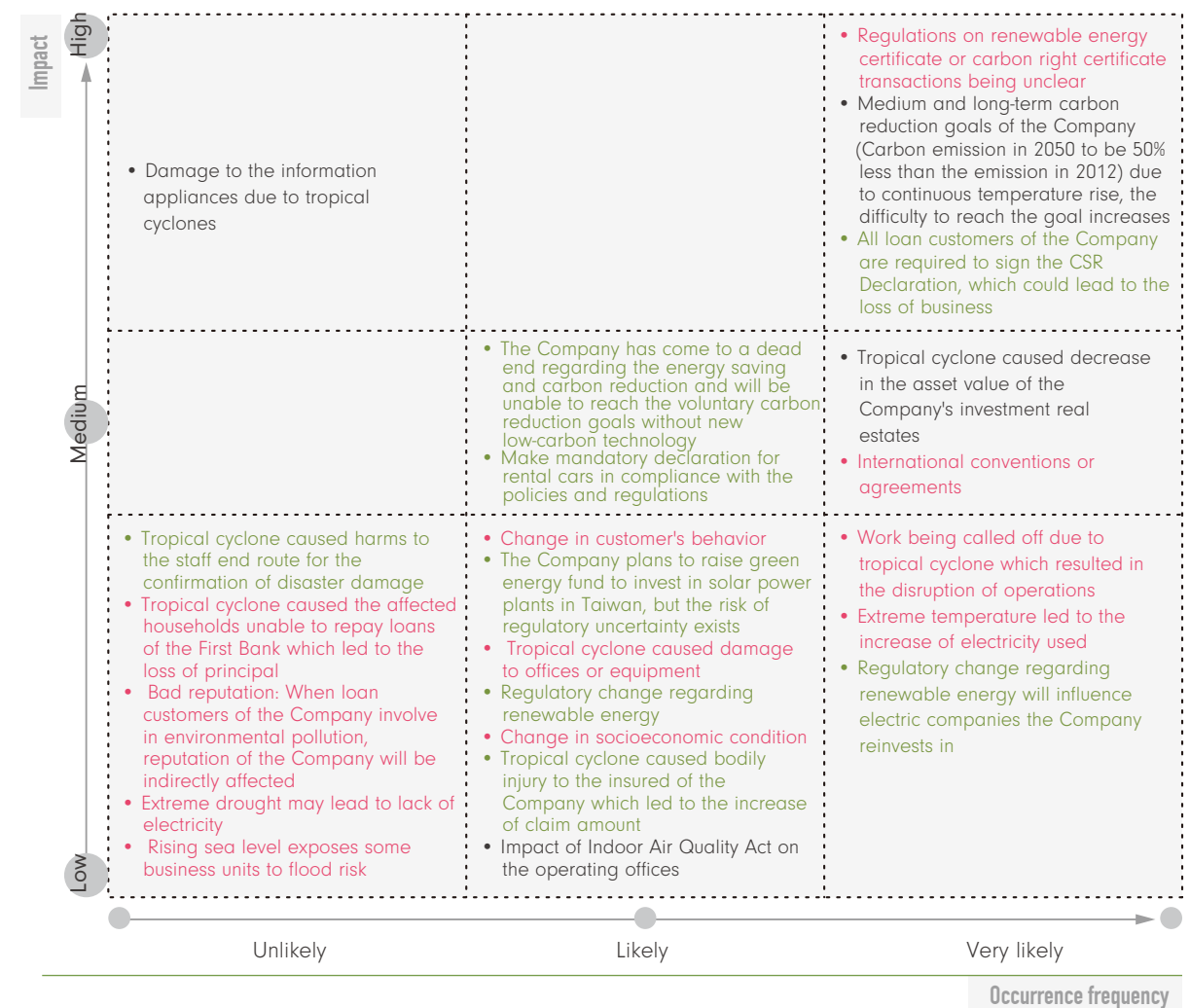
Level	Indicator	Corresponding CSR Chapter
Governance	A. Describe supervision of the Board of Directors on climate related risks and opportunities	Green Finance P86
	B. Describe management's functions in assessing and managing climate related risks and opportunities	
Strategy	A. Describe the short, medium and long-term climate related risks and opportunities identified by the Group	Green Finance 1-1 Climate change risks
	B. Describe climate related risks and opportunities that would pose major impact on the business, strategies and financial planning of the Group	1-2 Climate change opportunities
	C. Describe the resilience of the Group's strategy, take different scenarios of climate change into consideration, including situation of 2°C or lower	Green Finance-1-1 Climate change risks
Risk management	A. Describe the Group's process of identifying and assessing climate related risks	Green Finance P87
	B. Describe the Group's process of managing climate related risks	
	C. Describe the Group's process of identifying, assessing and managing climate related risks and how to incorporate it into the overall risk management	Green Finance P86
Indicators and Goals	A. Disclose the indicators used by the Group to assess climate related risks and opportunities in compliance with strategy and risk management process	Sustainable Development Goals P30-P35
	B. Disclose emissions and related risks in fields 1, 2 and 3 (if applicable)	Green Finance 2-2 Set clear carbon reduction goals 1-1 Climate change risks
	C. Describe the Group's targets in managing climate related risks and opportunities and the performance of those targets	Sustainable Development Goals P30-P35

Major steps and risk management process for identifying climate change risks and opportunities




1-1 Climate change risks

Climate change risk matrix identified by FFHC




* : Short-term risks: Estimated to occur within 1 year (in red); Medium-term risks: Estimated to occur within 1 to 6 years (in green); Long-term risks: Estimated to occur after 6 years (in black);

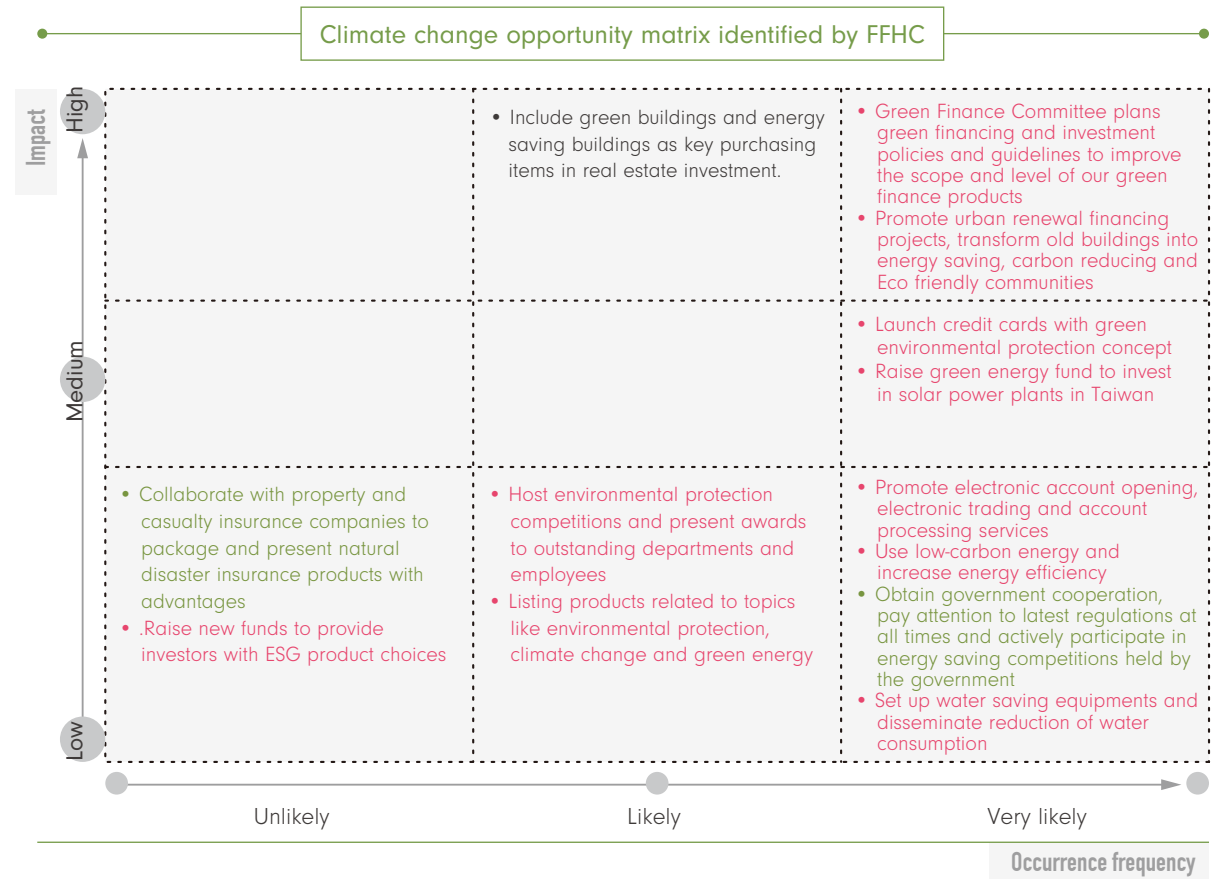
Risk

Type of risk	Climate change risk identification	Impact on Company Operations	Management measures for the identified climate change risks
Physical Extreme climate change 	Extreme precipitation and drought Rising sea levels Tropical cyclone	<ul style="list-style-type: none"> Extreme precipitation, increase in typhoon intensity and rising sea levels expose 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 or investment real estates. In recent years, days of high and low temperature increased, the temperature change was severe. Days of high temperature caused substantial increase in electricity used for air conditioning of the Company, some staff brought portable plug-in electric supplies due to energy saving measures, which increased the energy consumption. The increase of high temperature days led to the short supply of power in Taiwan, the possibility of black out posed the risk of business suspension to the Company. Due to the occurrence of tropical cyclone which caused wind speed and rainfall exceed the standard, business units were under the risk of business suspension caused by the local governments calling off work. 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. 	<ul style="list-style-type: none"> As to the risks of extreme climates, rising sea levels and tropical cyclones, the Company pays close attention to droughts, severe rainfalls and power supply alerts. Avoid waterfront low-lying areas when choosing the locations and purchasing lands and buildings for the operating offices; If any asset held locates at a waterfront low-lying area, we will try to dispose of it or transfer the risk by insurance. Insuring all risks home insurance for credit asset to enhance protection of creditor's rights. Establish defense corps for responding to typhoons, flooding, earthquakes, bank runs, epidemics, fires, explosions and other emergencies to manage climate change risks.
	Uncertainty of new regulations International conventions or agreements Voluntary agreement Renewable energy regulation Air pollution control Mandatory declaration	<ul style="list-style-type: none"> The Company plans to raise green energy fund to invest in solar power plants in Taiwan, but the relevant regulations of the government regarding the field of solar power plant usage are not yet mature, thus the risk of regulatory uncertainty exists With the gradual enforcement of "National Voluntary Carbon Reduction Commitment" and "Greenhouse Gas Reduction and Management Act", if the carbon emission cannot be controlled within the regulated range, the renewable energy certificate or carbon right certificate must be purchased for the trading, which will cause financial risk of increasing operation cost. Paris Agreement requires that each country dedicates to maintaining temperature rise within 2°C compared to the temperature before Industrial Revolution, which will indirectly affect our Company. Potential carbon risks such as GHG emission caps and energy tax/carbon tax will have a direct or indirect impact on business operating costs. The change in renewable energy regulations will influence electric companies the First Bank reinvests in; regulations on renewable energy certificate or carbon right certificate transactions being unclear also influence the Company's reaching carbon reduction goals. All loan customers of the Company are required to sign the CSR Declaration, which could lead to the loss of business. It may be stipulated in the future that any unit with a capacity of 800 kW or more, 10% of its electricity must come from renewable energy, which costs more, thus increases the Company's operating costs. Indoor Air Quality Act presently only regulates business department in head offices of the financial industry, such Act may extend to regulates all business departments in the future and thus increases the Company's operating costs. When renting rental cars of the subsidiaries, mandatory declaration of carbon emission in compliance with the environmental policies and regulations of the government must be made, thus increases the Company's operating costs. 	<ul style="list-style-type: none"> Gather domestic and foreign environmental protection and energy saving and carbon reduction trend and changes in the environmental regulations through news, websites of environmental groups, external consultants, Environmental Protection Administration and environmental protection bureau of local governments, information of the industry and international reports; also, confer with the consultants and collect domestic and foreign cases to draw up response policies.

Transformation

Type of risk	Climate change risk identification	Impact on Company Operations	Management measures for the identified climate change risks
Transformation Change in customer's behavior 	Transformation of low-carbon technology Bad reputation Change in customer's behavior	<ul style="list-style-type: none"> In the future, the management and financial officers must be capable of identifying climate-related quantitative influences and incorporating 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. The Company has come to a dead end regarding the energy saving and carbon reduction and will be unable to reach the voluntary carbon reduction goals without new low-carbon technology. The Company must reach the goals by trading carbon rights or purchasing renewable energy certificates. When loan customers of the Company involve in environmental pollution which leads to negative reports of the media, reputation of the Company will be indirectly affected. Investors in the stock market may reduce their holding of stocks lacking corporate sustainability, if securities underwriting departments and dealing departments invested using the Company's own funds continue to underwrite or invest, the Company's operation may be impacted. 	<ul style="list-style-type: none"> Facing the risk of low-carbon transformation, the Company pays close attention to information of new technology, and inquires if the vendors can provide new model equipments or carbon reducing technology with higher energy efficiency. When there is bad reputation, we will investigate the truthfulness of the incident, collect evidence, evaluate its impact, draw up response measures and explain to the public by press release. Invest Company's own funds in corporates with sustainable operation.
	Change in socioeconomic condition	<ul style="list-style-type: none"> Climate change leads to the change in socioeconomic conditions, including education, illness, welfare system, the gap between the rich and the poor and public construction, which pose a certain degree of impact on the product and service provision. 	<ul style="list-style-type: none"> Pay close attention to change in socioeconomic conditions due to climate change and properly design differentiated products and services.

1-2 Climate change opportunities



* : Short-term risks: Estimated to occur within 1 year (in red); Medium-term risks: Estimated to occur within 1 to 6 years (in green); Long-term risks: Estimated to occur after 6 years (in black);

1-2-1 Urban renewal

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 urban renewals, the renewed buildings must meet the greening indicators; lower the emission of waste heat, carbon dioxide, methane and waste water as much as possible; transform into communities of energy saving, carbon reducing and Eco friendly; and establish all-win situation for the environment, residents and the Group. Since the launch in 2009, First Bank has processed 37 urban renewal financing cases by which 30 green buildings above silver level were successfully built. We 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, old assets are renewed, living quality and environment of the public are improved, middle class and disadvantaged people are taken care of, then urban renewal can be refocused on its purpose of "improve city appearance and rebuild beautiful homes".

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 floor space, and mostly housed disadvantaged groups – in some cases, homes had as little as 26 to 33 square meters of scant floor space. 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 into energy saving, carbon reducing and Eco friendly communities. Calculated based on NT\$500,000 per 3.305 square meters, FFHC created 15 million real estate value for each low-income household. 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 mid 2018. This not only represents a milestone in Taiwan's urban renewal industry development, but is also an example of a successful state-run urban renewal project.

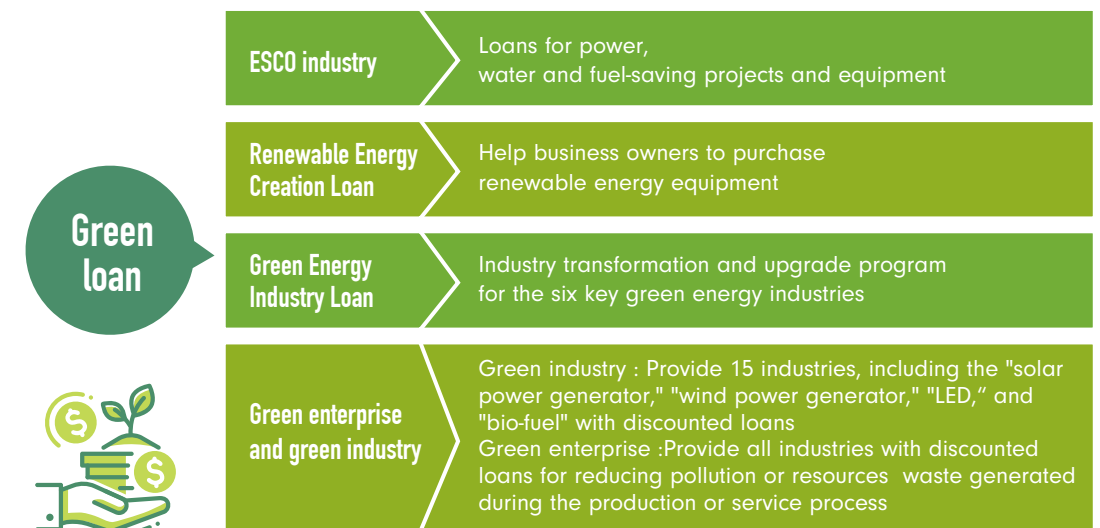


↑ Phase 4 and 5 of the Residential Community Re-development of Shuiyuan Rd., Taipei City will yield massive improvements in terms of seven major indicators – including the greening, water resources, sewage and waste improvement, and CO₂ reduction. – compared to the conditions prior to the urban renewal 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.

	2015	2016	2017
Self-managed urban renewal project	NT\$4.278 billion/5 cases	NT\$4.063 billion / 5 cases	NT\$3.433 billion / 4 cases
Developer-consolidated urban renewal projects	NT\$19.995 billion/19 cases	NT\$23.518 billion / 24 cases	NT\$32.011 billion / 33 cases
Landowners benefited	1,137	1,280	1,722

1-2-2 Green Finance

First Bank combined the ideal of sustainable environment development with core competencies to help green industry operators obtain the funds needed for business development. We have not only launched the "No.1 Promoter in the Energy Industry" financial plans since 2010, supporting the development of Energy Service Companies (or "ESCO Industry"), but also helped business owners purchase renewable energy generation equipment through "Renewable Energy Creation Loan," in line with the "Million Solar Roof" policy by Bureau of Energy, Ministry of Economic Affairs (MOEA). In line with the "Green Energy Industries Prosperity Project" of Executive Yuan, First Bank provided "Green Energy Industry Loan" for six green energy industries including photovoltaics (PV), LED, wind power, bio-fuel, hydrogen energy and fuel cell, electric vehicles. To implement Green Renewable Finance policies and to coordinate with the "Productivity 4.0 Industry Transformation Loan" policy of government, First Bank issued "Loans for Green Sustainability-based Industry Transformation", helping Taiwanese corporations transform, and catch up with the global market trend of low-carbon production. Furthermore, FFHC organized "Green Finance Committee," with our general manager as the chairman. The committee is responsible for setting up policy goals and reviewing the results. Combining with the green industry financing projects mentioned above, the committee Green Finance into "Green Industries" and "Green Corporations," in order to implement environmental and social protection and to react to the risks and the opportunities created by climate change.



Unit: Million NTD

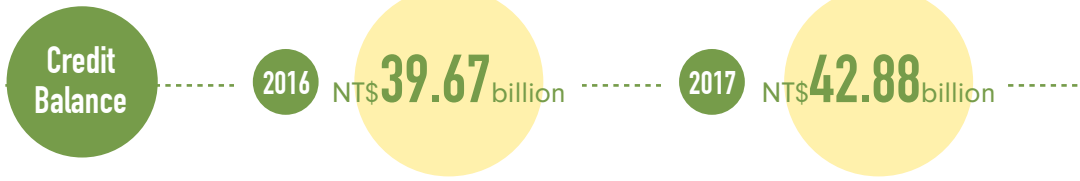
	2015		2016		2017	
	Approved amount	Credit Balance	Approved amount	Credit Balance	Approved amount	Credit Balance
Green loan	29,242	13,960	33,490	15,220	99,549	51,009

In 2016, the government actively promoted preferential loans aimed at supporting the MOEA's "5 Plus 2" key development projects. As a response to the policy, FFHC established long-term partnerships with industries involved in key development projects such as green energy technologies, the Asia Silicon Valley plan, biomedical technology, defense industries, smart machinery, agricultural modernization, and circular economy, helping more companies involved in key developments obtain financing for business operations. In 2017, First Bank was awarded Rank A in , showing our determination to support the continual development of the real economy.



Applicable to

Green technology	Aaia Silicon Villet	biopharma- ceuticals	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 ecology(sensor components, internet transfer, information collection, application in servic) 	<ul style="list-style-type: none"> Biotech Pharmaceuti- cals 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 integra- tion 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



Real Case (Solar Power Plant Syndicated Loan)

Purpose of Funds: Build and operate solar energy generating systems Planned to be 5 billion NTD in total, the investment will be used to build solar power plants with a capacity of 100MW, generating 120 million kWh per year, which is able to satisfy the energy consumption of 33,000 families.

1-2-3 Green Consumer Finance

To implement the ideal of "green finance," First Bank launched "green consumption loan" project, to provide customers with funding for the purchase of green energy or energy-efficient products, such as green buildings, HEVs, electric vehicles, energy-efficient appliances, etc. Increasing customers' incentive to purchase green energy or energy-efficient products by offering fundings with discounted interest rate, First Bank has approved 67 cases since end of December, 2017, which amounts for 500 million dollars.

As a response to the UN's great attention to global warming, in 2017/6/8, First Bank launched the "Green Credit Card - Living Green Card" that provides five major benefits including 0 interest rate for repayment for green consumption in multiple installations and 5% cash rebates for green public transportation to integrate consumption with the green low-carbon economy. In the meantime, First Bank reserved 0.2% of the amounts spent with credit card domestically to support activities pursuing environmental sustainability, so that customers can help protect the environment while purchasing goods. By the end of December 2017, the number of "Green Credit Card - Living Green Card" issued was 17,566, with accumulated amount reserved reaching 269,000 NTD. In December 2017, First Bank also received the Excellent Green Environment Protection Product from VISA.



1-2-4 Green investment

FFHC continued to finance green energy and environmental protection related industries, assist the operation development of such industries, and promote domestic utilization of clean energy to put into practice environmentally sustainable development policies.

Green investment balance in the last three years

Unit: 100 million NTD

	2015	2016	2017
long-term equity investment	23.71	23.61	22.78
stock	1.44	3.26	4
bonds	3.03	12.79	30.84
Total	28.18	39.66	57.62

1-2-5 Organic Agriculture

FFHC founded the "Organic Agriculture Assistance Project" and launched the first charity co-branded card combining the concepts "organic and health" and "land & environmental protection" in 2010. Out of the amounts spent with Leezen cards, 6% will be reserved for charitable purposes, and donated to the Tze-Xin Organic Agriculture Foundation and the Bliss and Wisdom Foundation of Culture and Education in order to promote the idea of organic, pesticide-free vegetables, assist organic agriculture, and restore land. For example, the donation was used to promote the "6-star organic agriculture upgrade" project, the "clean source" project, which encourages organic farming to clean up Reservoirs in water supply regions. Other actions financed by the donation included assisting organic farming in National Parks, tree planting in Taisi Coast, promoting tree planting in campus, and coast forestation, etc. Furthermore, the fund is used to promote projects in different aspects, such as promoting the "Green Conservation" mark and assisting tribal economic development. Through the card, First Bank partners with customers to help small organic farmers that lack manpower and money in order to protect the land of Taiwan.

Number of Leezen cards in circulation and donation amount

Unit: NT\$1,000



	2015	2016	2017
Number of cards in circulation	36,863	40,383	41,332
Accumulated donation amount	49,495	62,939	75,371

Reduction in GHG emissions and energy consumption

Management Guidelines

- 01** **◎ Policies**
Reduction in GHG emissions and energy consumption
- 02** **◎ Commitment**
Our company cooperate with stock holders and business units in and out of the country, dedicated to reduce all kinds of GHG emissions in daily operations.
- 03** **◎ Goals**
 - Reduce the Group's carbon emissions in 2020 by 20% from the baseline levels in 2012 with the offsetting value from purchased external renewable energy or carbon right certificates.
 - Reduce the Group's carbon emissions in 2050 by 50% from the baseline levels in 2012 with the offsetting value from purchased external renewable energy or carbon right certificates.
 - Improve energy efficiency and obtain Green Building Mark for 5 of the company's existing commercial buildings.
 - Adopt different ISO Environmental or Energy Management Systems and get certified.
- 04** **◎ Duties**
 - Assist branch offices to replace old, energy-consuming equipment with energy saving ones and apply for Green Building Mark by improving energy efficiency.
 - Check for abnormal energy usage of company locations, offer repairment or counselling for improvement .
 - Hold Environmental Protection and Energy Conservation Competition in company locations to encourage employees to save energy in daily operations.
 - Promote energy saving, implement training programs, and assist units to adopt different ISO Environmental or Energy Management Systems and get certified.

- 05** **◎ Resources**
 - Our company convenes CSR Committee Working Group Meetings every quarter to keep track of the implementation of carbon-reduction projects.
 - Implement high-efficiency electric equipment, power generators, and ISO Certification documentation, aiming at reduction in GHG emissions and energy consumption.
- 06** **◎ Complaints mechanism**
Release environmental management policies on the website, and set up free phone line for environmental pollution report: 0800-031-111#6 °
- 07** **◎ Specific management practices**
 - Formed the "Green Building Certification Program" team to transform old building into green ones and obtain Green Building Mark.
 - New buildings are designed following Green Building standard. Business Units are required to select products with Green Mark while replacing equipment.
 - Employees working in company locations perform regular checks before leaving to make sure that every operation equipment is turned off.
 - While on business, carpools or public transportation should be taken.
 - To make good use of renewable energy, as of the end of 2017, the Group has installed rooftop solar power generation systems at 4 business locations, Solar-powered Digital Billboards at 6 business locations in Central and Southern Taiwan, and green roof combining solar power with rain collector at Wanhua branch.
 - Implement paperless training, paperless meetings, paperless administrative affairs, and paperless credit checks
 - Hold an annual Environmental Protection and Energy Conservation Competition and encourage more employees to participate in so as to fulfill environmental sustainability policies.
 - Perform annual ISO 14064-1 Greenhouse Gas Inventory and set up carbon-reduction goals for subsidiaries.
 - Continually adopt the "ISO 50001 Energy Management System" certification and "ISO 14001 Environmental Management System" certifications," etc.
 - Keep promoting green purchasing policy by choosing products with green mark, energy label, or water conservation mark and using green architecture materials in reconstructions of company locations.

- 08** **◎ Assessment mechanisms**
 - The goal is to achieve the amount of carbon absorption equals to 30 Daan parks by increasing total carbon reduction of the whole Group, including the reduction of electricity, water, oil, and gas usage, and the benefit of paperless operations.
 - Choose 5 of the company's existing commercial buildings to obtain Green Building Mark.
 - Purchase products with green mark, energy label, or water conservation mark and green architecture materials in priority
 - Build two Solar Power Generating Systems, install Solar-powered Digital Billboards and green roof combining solar power with rain collector to generate and use renewable energy.
 - Formulate the "Guidelines for Incentivizing Employee Proposals" to encourage employees to submit proposals concerning environmental protection and energy conservation and hold Environmental Protection and Energy Conservation Competition to meet the annual goal.
 - Adopt different ISO Environmental or Energy Management Systems and obtain certification every year and expand ISO 14064-1 Greenhouse Gas Inventory to oversea company locations.

- 09** **◎ Results**
 - In 2017, savings in fuel, electricity and gas reduced carbon emissions by 1,889 tons of CO₂e. Paperless operations reduced carbon emissions by 13,933 tons of CO₂e. Total carbon reductions therefore amounted to 15,822 tons of CO₂e, equal to the annual amount of carbon absorption by 40.67 Daan Parks.
 - Our company obtained 5 "Diamond-class" Green Building marks in 2017. By the end of 2017, we refurbished a total 17 of the company's existing commercial buildings and obtained Diamond-class Green Building Mark.
 - In 2017, NT\$177,920,000 was spent on green purchasing in response to government appeals and led to recognition for "excellence in green purchasing" from the Taipei City Government for three consecutive years.
 - The benefit of using renewable energy reached 12.04 tons of CO₂e.
 - In 2017, 25 environmental friendly proposals were submitted, 13 of which were approved as a reference for following environmental protection practices and the proposers were rewarded with 4,100 NTD. On the other hand, we selected 11 of the most outstanding units for their achievements in environmental protection and energy conservation and provided 16 commendations.
 - Environment Management Certifications Received by FFHC by the end of 2017

Item	Certified sites in 2017
ISO 14064-1 Greenhouse Gas Inventory	268 (including 33 oversea company locations)
ISO 50001 Energy Management System	12
ISO 14001 Environmental Management System	7
ISO 14046 Water Footprint	8
ISO 14064-1Other Indirect Emission Inventory (Oversea Travel) Verification	Bank, Securities , Securities Investment Trust, Life Insurance, AMC

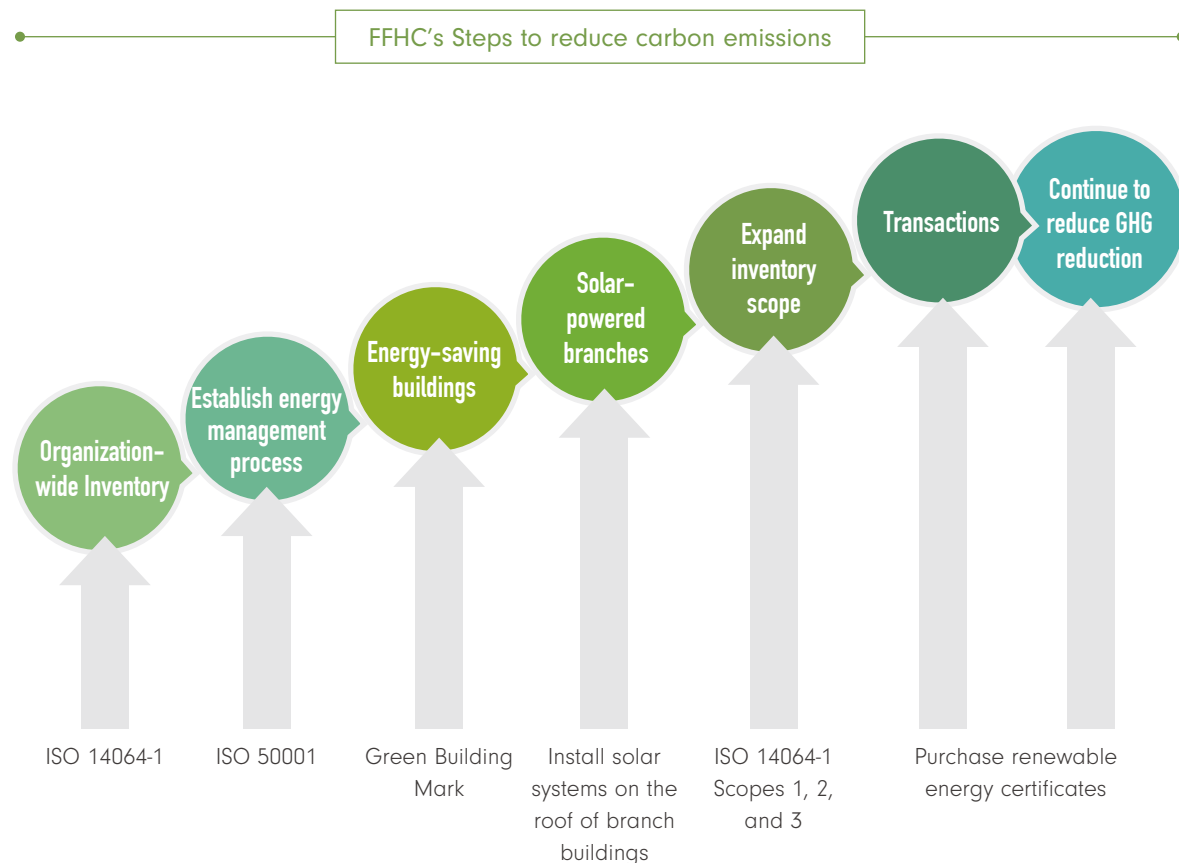


FFHC set up the first action year 2012 as the base year. By means of different projects, the long-term goal is to reduce 50% of the carbon emission in 2025 compared to the base year. FFHC has embraced a policy of environmental sustainability. In 2017, savings in fuel, electricity and gas reduced carbon emissions by 1,889 tons of CO₂e. Paperless operations reduced carbon emissions by 13,933 tons of CO₂e. Total carbon reductions therefore amounted to 15,822 tons of CO₂e, equal to the annual amount of carbon absorption by 40.67 Daan Parks. Related measures and outcomes are described below:

* : According to the standard rate released by Bureau of Energy, MOEA, Daan Park can absorb 389 tons of CO₂e per year.

2-1 Reduce GHG emissions



The FFHC headquarters building was completed in 1982, which means it is over 35 years old. To alleviate the heat island effect of office buildings, the "Green Building Certification Program" team was formed in 2010 to begin converting the 74 old buildings owned by FFHC into green buildings. As of 2017, 17 existing buildings have been certified by the Ministry of Interior as Diamond-class green buildings. In the future, FFHC will continue to select 5 existing buildings aiming at obtaining Green Building certification. In 2017 the company had 268 company locations in and out of the country be regulated "ISO 14064-1 GHG Inventory" in order to handle the carbon emission of the company locations in the Group, dedicated to achieve the goal of reduction of GHG emissions.



FFHC GHG Reduction Steps Carbon Reduction Results in 17 Green Building Company Locations

Unit	Green Building Mark grade	Carbon reduction result		Carbon reduction area
		Total (kWh/yr)	tons CO ₂ e in total (*)	
	Diamond-class	1,274,553	674	<ul style="list-style-type: none"> Enthalpy control Replacement with more efficient chilled water and cooling water pumps Addition of variable speed drive to chilled water pump Addition of variable speed drive to air conditioning unit Addition of variable speed drive to cooling tower Replacement of T8 with LED lamps Implement self-management in electricity usage
Headquarters building				
	Diamond-class	470,196	249	<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 with LED lamps Implement self-management in electricity usage
IT building				
	Diamond-class	173,186	92	<ul style="list-style-type: none"> Replacement with more efficient inverter air-conditioning unit Replacement of T8 with LED lamps Implement self-management in electricity usage
Zhongxiao Road Branch building				
	Diamond-class	55,307	29	<ul style="list-style-type: none"> Replacement with more efficient inverter air-conditioning unit Replacement of T8 with LED lamps Implement self-management in electricity usage
Guangfu Branch building				
	Diamond-class	39,221	21	<ul style="list-style-type: none"> Replacement with more efficient multi-split inverter air-conditioning Replacement of T8 with LED lamps Implement self-management in electricity usage
Wanhua Branch building				
	Diamond-class	45,749	24	<ul style="list-style-type: none"> Replacement with more efficient inverter air-conditioning unit Replacement of T8 with LED lamps Implement self-management in electricity usage
Gangshan Branch building				
	Diamond-class	43,685	23	<ul style="list-style-type: none"> Replacement with more efficient inverter air-conditioning unit Replacement of T8 with LED lamps Implement self-management in electricity usage
Luodong Branch building				

Unit	Green Building Mark grade	Carbon reduction result		Carbon reduction area
		Total (kWh/yr)	tons CO ₂ e in total (*)	
 Taichung Branch building	Diamond-class	529,675	280	<ul style="list-style-type: none"> Replacement with more efficient DC inverter air-conditioning unit Replacement with more efficient chilled water and cooling water pumps Replacement of T8 with LED lamps Implement self-management in electricity usage
 Daxi Branch building	Diamond-class	33,568	18	<ul style="list-style-type: none"> Replacement with more efficient multi-split inverter air-conditioning Replacement of T8 with LED lamps Implement self-management in electricity usage
 Changtai Branch building	Diamond-class	91,175	48	<ul style="list-style-type: none"> Replacement with more efficient DC inverter air-conditioning unit Replacement with more efficient chilled water and cooling water pumps Replacement of T8 with LED lamps Implement self-management in electricity usage
 Longtan Branch building	Diamond-class	42,293	22	<ul style="list-style-type: none"> Replacement with more efficient multi-split inverter air-conditioning Replacement of T8 with LED lamps Implement self-management in electricity usage
 First Financial Office Building	Diamond-class	455,080	241	<ul style="list-style-type: none"> Replacement with more efficient inverter air-conditioning unit Replacement of chilled and cooling water pump and addition of variable speed drive Replacement of Closed Loop Water Pump and addition of variable speed drive Replacement of T8 with LED lamps Implement Energy Management System Implement self-management in electricity usage
 Donggang Branch building	Diamond-class	84,230	45	<ul style="list-style-type: none"> Replacement with more efficient DC inverter air-conditioning unit Replacement with more efficient chilled water and cooling water pumps Replacement of T8 with LED lamps Implement self-management in electricity usage
 Zhunan Branch building	Diamond-class	57,162	30	<ul style="list-style-type: none"> Replacement with more efficient DC inverter air-conditioning unit Replacement with more efficient chilled water and cooling water pumps Implement total heat exchanger system Replacement of T8 with LED lamps Implement self-management in electricity usage
 Zhuxi Branch building	Diamond-class	85,902	45	<ul style="list-style-type: none"> Replacement with more efficient multi-split inverter air-conditioning Implement total heat exchanger system Replacement of T8 with LED lamps Implement self-management in electricity usage

Unit	Green Building Mark grade	Carbon reduction result		Carbon reduction area
		Total (kWh/yr)	tons CO ₂ e in total (*)	
 Taoyuan Branch building	Diamond-class	384,979	204	<ul style="list-style-type: none"> Replacement with more efficient DC inverter air-conditioning unit Replacement of chilled and cooling water pump and addition of variable speed drive Replacement of cooling water tower and addition of variable speed drive Implement total heat exchanger system Implement Energy Management System Replacement of T8 with LED lamps Implement self-management in electricity usage
 Lugang Branch building	Diamond-class	45,868	24	<ul style="list-style-type: none"> Replacement with more efficient multi-split inverter air-conditioning Implement total heat exchanger system Replacement of T8 with LED lamps Implement self-governance in electricity usage
Total		3,911,829	2,069	14082.6 GJ (1kWh=0.0036GJ)

* : "electricity emission factor" of 0.529 as published in 2017 was used.

◆ Environment Management certifications received by FFHC

Item	Certified sites in 2017
"Diamond-class" Green Building	17
ISO 14064-1 Greenhouse Gas Inventory	268
ISO 50001 Energy Management System	12
ISO 14001 Environmental Management System	7
ISO 14046 Water Footprint	8
Air Quality Self-Management	188
Office CO ₂ level measurement	235
Implement Real-time Indoor Air Quality Monitoring System	35
ISO 14064-1 Other Indirect Emission Inventory (Overseas Travel) Verification	Bank, Securities, Securities Investment Trust, Life Insurance, AMC
Environmental educator certification.	4

2-2 Set Clear Carbon Reduction Targets

In 2012, FFHC set a target 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 annual 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 annual carbon reduction targets and gain a clearer insight into the quantity of carbon emissions produced by each of our subsidiaries. In 2017, to encourage paper-saving, FFHC also incorporated the results of the paperless policy aspect of our carbon reduction targets into our management. To this end, we have set a group-wide management policy and paperless carbon reduction target of reducing the company's total carbon emissions by the equivalent of the annual carbon sequestration of 30 Da'an Forest Parks. In 2018, we further purchased carbon offsets, while the carbon reduction target is still the equivalent of the annual carbon sequestration of 30 Da'an Forest Parks.

FFHC is taking the impact of climate change seriously and boosting our risk awareness. We signed on with the Carbon Disclosure Project (CDP) in 2013 and was among the first group of finance companies in Taiwan to express their support for the CDP. In 2017 our CDP survey and water survey both received a grade of B. In 2018, we also set up rooftop solar panels on some of the buildings owned by the group, to replace some of the electric power purchased from external sources, thus fulfilling our goal of carbon reduction.

◆ The energy conservation and carbon reduction performance of FFHC Group companies in 2017:

Unit: %

	First Bank		First Securities		First Securities Investment Trust		First Life Insurance		First Financial Assets Management	
	Compared to 2016 reduction target	Actual Results Effectiveness	Compared to 2016 reduction target	Actual Results Effectiveness	Compared to 2016 reduction target	Actual Results Effectiveness	Compared to 2016 reduction target	Actual Results Effectiveness	Compared to 2016 reduction target	Actual Results Effectiveness
Carbon reduction	2	4.82	0.5	0.30	0.5	5.27	0.5	10.49	0.5	4.84

◆ Total Carbon Reduction Result and Goal for FFHC Group

2017 Carbon Reduction Goal	2017 Total carbon reductions	2018 Goals
Total : 483 tons of CO ₂ e	Total : 1,889 tons of CO ₂ e	Total : 227 tons/ 31,980 (MWh) (*4)

◆ 2017 Greenhouse gas emissions

Greenhouse Gas	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total emissions of 7 Greenhouse gas
Emissions (t-CO ₂ e/year)	22,793.08	356.03	57.31	442.11	0	0	0	23,648.53
Proportion of total emissions	96.38%	1.51%	0.24%	1.87%	0%	0%	0%	100.0%

◆ FFHC Overall Carbon Emissions

	2014	2015	2016	2017	2017 Goals	2017 compared to 2016
Scope 1 Emissions (tons CO ₂ e) * 1						
Self-Reported Carbon Emissions	907	221	—	—	—	—
Carbon Emissions Under ISO -14064 Inventory	572	1,243	2,725	2,670	2,673	-2%
Sub-Total	1,479	1,464	2,725 *7	2,670	2,673	-2%
Scope 2 Emissions (tons CO ₂ e) * 1						
Self-Reported Carbon Emissions	9,347	4,102	—	—	—	—
Carbon Emissions Under ISO -14064 Inventory	9,371	13,585	22,812	20,978	22,381	-8%
Sub-Total	18,718	17,687	22,812 *7	20,978	22,381	-8%
Total Emissions (Scope 1 + Scope 2) (tons CO₂e)	20,197	19,151	25,537 *7	23,648	25,054	-7%
ISO 14064-1 Other Indirect Emission Inventory (tons CO ₂ e)	—	418	347	318	—	-8%
Business sites with inventory	54	104	257	268	268	3%
Total energy consumption (GJ)	330,642 *8	313,926 *8	399,331 *8	366,471	391,784	-8%
Total energy consumption (MWh) *4	38,169.21 *8	36,238.85 *8	46,084.76 *8	42,289.52	45,213.76	-8%
Energy Consumption Per Capita (GJ/person) *2	40.46	37.54	47.78	40.68	—	-15%
Energy intensity (GJ/Net Profit in million NTD)	9.67	7.69	8.86	7.21	—	-19%
Greenhouse gas (GHG) emissions intensity (Tons CO ₂ e/Net Profit in million NTD)	0.59	0.47	0.57	0.47	—	-18%

* 1: Scope 1 emissions consist mainly of fuel used by company cars, generator diesel and natural gas. Scope 2 emissions consist mainly of electricity consumption.

* 2: The number of employees investigated was 8,172 in 2014, 8,362 in 2015, 8,357 in 2016, and 9,008 in 2017.

* 3: In 2017 we received no complaints over environmental impact or penalties for environmental violations.

* 4: MWh (Megawatt Hour)

* 5: New and replacement air-conditioning systems all used the new eco-friendly R134a or R410a refrigerant. There was no use of Ozone Depleting Substances (ODS)

* 6: The goal in 2017 is that First Bank should reduce Carbon Emission by 2% compare to 2016, First Securities, First Securities Investment Trust, First Life Insurance, First Financial Asset Management, First Financial AMC by 0.5% each, with a weighted average of 1.89%.

* 7: It is data verified by ISO 14064 Inventory; the data on P. 79 of the 2016 CSR Report was obtained by self-checking.

* 8: The figures of GJ and MWh for 2014-2015 are different from those indicated in the 2016 CSR Report because of adjustment in the conversion factor. The figures of GJ and MWh for 2016 are different from those indicated in the 2016 CSR Report because of adjustment in the conversion factor and the reason as shown in Note 7.

2-3 Green transportation

To help reduce the FFHC's carbon 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. When company cars needs replacement, we will evaluate the possibility of change for electric vehicles, hybrid vehicles or vehicles with high energy conversion efficiency. In addition, we have set up 13 employees dormitories at company sites located in high population density areas as well as rural regions, such as 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. In addition, in order to understand employees' carbon emissions from business travel by plane, First Bank, First Securities, First Securities Investment Trust, First Life Insurance, and First Financial AMC all obtained ISO 14064-1 certification on the other indirect emissions inventory (Overseas Travel) for 2017. So,

our overseas travels in 2017 were verified to total **5,399,652** kilometers, **318** which emitted a total of **318** metric tons of CO₂e.

The distance of business travels made by the FFHC in the past years

Unit : Km

	2014	2015	2016	2017	2017 Goals
Total distance of business travels (including transport over land, sea, etc.)	5,521,213	5,416,418	3,873,960	5,399,652	5,500,000

* 1: The figure for 2014 was obtained by a self-check on First Bank only. Those figures for 2015-2017 were obtained by ISO 14064 inventory. The inventory scope for 2015 was First Bank only, and for 2016-2017, the scope was extended to cover First Securities, First Securities Investment Trust, First Life Insurance, and First Financial AMC.

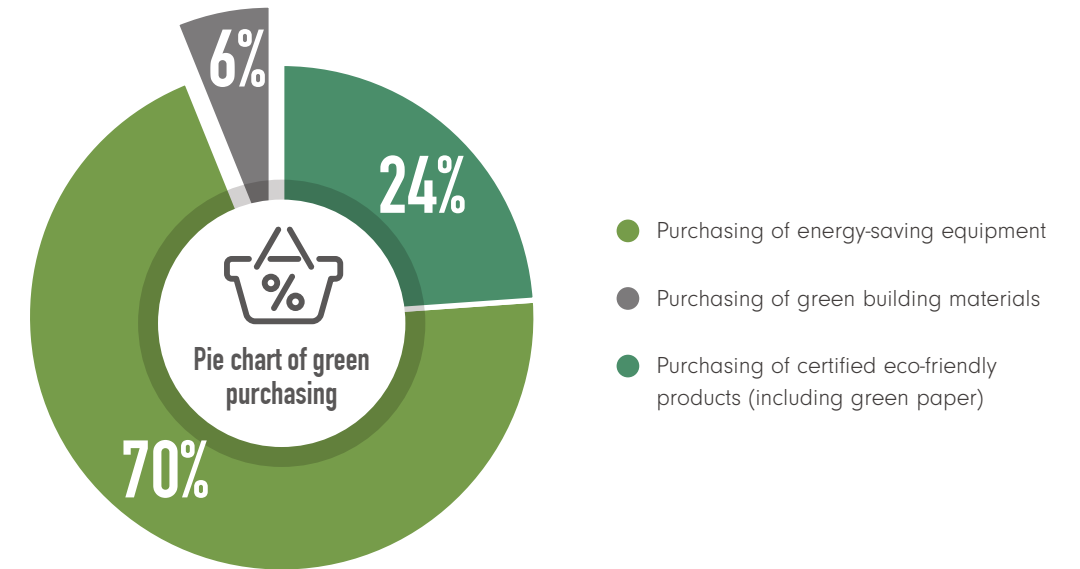
* 2: The lower mileage in 2016 was mainly due to the punishment by local authorities in our overseas branches during the same year. As a result, our overseas colleagues stayed most of the time in offices to strengthen legal compliance operations, which lead to a decrease in the total business travel mileage.

Eco-Friendly Electric scooters



2-4 Green Procurement

The FFHC is continuing to promote our green procurement policy in numerous ways, including giving priority to environment-friendly products when selecting office paper, bathroom tissue, IT equipment and consumables, A/C and other electronic appliances, lighting fixtures, and environmental 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, and we also take the initiative to procure products that have been certified by the EPA for recycling, recycled materials, low-pollution or energy-saving in order to help achieve environmental sustainability. In addition, we cooperated with Fuji Xerox Taiwan Corporation in 2016 to consolidate and reduce the quantity of office equipment in our 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. In 2017, NT\$177.92 million was spent on green purchasing in response to government appeals, which made possible for us to receive the award of "Benchmark Private Businesses and Groups in Green Purchasing" from the Taipei City Government for three years solid.



Green Procurement Standards

- 01 Priority is given to the procurement of eco-friendly products which feature government-approved environmental labels including the Green Mark, Energy Label, Water Conservation Mark, and Green Building Material Label.
- 02 When making purchases, we actively seek out EPA-approved products made from recycled materials which are recyclable, generate low amounts of pollution, and offer energy savings benefits.
- 03 When making purchases, we do not select products which have excessive packaging, cause environmental damage, or are non-biodegradable, and we do not purchase machinery which consumes large quantities of energy.
- 04 Our purchasing policy emphasizes cross-compatibility, ensuring that items procured for remodeling company locations, such as mechanical equipment and other products, can be re-used alongside existing hardware.



2-6 Reducing Water Use and Conserving Water Resources

In 2012, the 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 Headquarters building basement's overflow and rainwater. Water consumption at each operating site was regularly investigated to see if there was any leakage in the piping and facilities. Speedy repair was a must in case of leakage. 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 shown a downward trend. Up to the end of 2017, the FFHC had the "ISO 14046 Water Footprint Inventory" introduced to eight of its operating sites, which obtained the relevant certification.

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



1 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 2017, the gray water reclamation system helped conserve 33,757 MT of tap water, accounting for 14.5% of the FFHC's total water consumption.

◆ The FFHC's Consumption of Municipal Water Supplies

Unit : m³

	2014	2015	2016	2017	2017 Goals
Total water consumption	208,913	201,143	193,503	199,352	189,846

* 1 : The increase in the total and per capita water consumption in 2017 over the previous year was mainly due to the provision of supports for the personnel in First Bank headquarters building starting from the same year to implement our employees care.

* 2 : The total water use target in 2017 was 189,846 cubic meters. The target calculation method was that First Bank should reduce water consumption by 2% from 2016, and First Securities, First Securities Investment Trust, First Life Insurance, and First Financial AMC should reduce their water consumption by 0.5%. Thus, the weighted average came to 1.89%.



2-7 Upgrading IT Equipment: Paperless Operations

Through the building of a green data center, the FFHC upgraded its information equipment, replaced the old servers, and implemented paperless teaching, meetings, transactions, and processing. The core business system development has also been oriented towards the concept of energy saving and carbon reduction. Since 2008, the review system has been continuously optimized, and the credit checking/giving operation process has been changed from manual/paper operations to full implementation on the system. And the automatic import of the data from Joint Credit Information Center, the group-based operations for accounts of groups at home and abroad, etc. have been introduced one after another, thereby saving much paper printing. Furthermore, it has encouraged customers to use online banking, electronic ordering, and mobile payment services, and also issued the billing and statements by e-mail, which have replaced the use of traditional paper bills and mailing.

Paperless learning

The development of the "First e-Academy" online learning system, collaborative system cloud and data cloud have effectively reduced electricity consumption.

Helping to create a paperless world

Encouraged customers to make transfers or transactions via E-ATM, voice transfer, online banking, and other automated equipment.

Paperless meeting

Printed materials no longer provided at most meetings. They are instead compiled into electronic files and transmitted to the meeting server.
All business announcements, and sales reviews are conducted through video conferencing where possible to reduce fuel consumption and carbon emissions from business travel. This improved administrative efficiency and reduced carbon emissions.

Paperless administration

Employees' pay slip are in electronic form, and both sides of a paper are used where possible.
Internal documents are now in electronic form. Recycled envelopes are used for sending printed documents.
Use of Internet bulletin board for announcements.
Reduced the use of paper cups and meal boxes.
Recycled paper packaging for bills; eco-friendly ink used for printing envelopes and annual reports.

Paperless statement

Encouraged customers to use Internet banking, electronic ordering, and mobile payment services, and sent electronic statement and e-bank statements via email instead of using and posting printed statements.

Paperless credit review

Implemented the "New Enterprise e-Loan System" and "Consumer e-Loan System" for credit checks and reviews, resulting in a computerized system that reduces paper consumption.
Joint credit information are now automatically imported. Borrower/policy-holder credit information can be queried online making printed paperwork unnecessary.
Implemented an account-keeping database for the group to automatically import domestic and overseas group data.

◆ Carbon reduction at FFHC from paperless initiative

	2014	2015	2016	2017	Growth in 2017 compared with 2016 in carbon reduction
Number of official documents issued electronically/carbon quantity reduced	128,530 9,841 MT of CO ₂ e	130,489 10,009 MT of CO ₂ e	143,108 11,067 MT of CO ₂ e	288,101 11,738 MT of CO ₂ e	6%
Number of electronic bills and DM/carbon quantity reduced	138,897,208 1,250.07 MT of CO ₂ e	149,840,717 1,348.57 MT of CO ₂ e	152,618,012 1,373.56 MT of CO ₂ e	209,614,034 1,886.53 MT of CO ₂ e	37%
Hours of online teaching/carbon quantity reduced	235,105 26.33 MT of CO ₂ e	299,118 33.50 MT of CO ₂ e	330,031 36.96 MT of CO ₂ e	244,676 27.40 MT of CO ₂ e	-26%
Number of electronic automated transactions/carbon quantity reduced	45,908,886 257.09 MT of CO ₂ e	48,149,462 269.64 MT of CO ₂ e	47,050,208 263.48 MT of CO ₂ e	50,248,204 /281.39 MT of CO ₂ e	7%
Total carbon reductions from paperless initiative	11,374 MT of CO ₂ e See *	11,661 MT of CO ₂ e See *	12,741 MT of CO ₂ e See *	13,933 MT of CO ₂ e	9%

* 1: The difference between the total carbon reduction from paperless initiative of 2014-2016 and that of the 2016 CSR Report is mainly due to the inclusion of the numbers of teaching hours and electronic automated transactions into the basis of calculations this year.

* 2: The carbon quantity reduced from electronic billing and DM was calculated based on the Taiwan Products Footprints Information Network on the official website of EPA, Executive Yuan: one sheet of B4-sized paper meant 0.009 kg of CO₂e emissions; the carbon quantity reduced from electronic automated transactions was based on the same source: one sheet of A4-sized paper meant 0.0056 kg of CO₂e emission.

Carbon quantity reduced from official documents issued electronically

Company	Quantity Utilized	No. of Users	Calculation Method	Carbon reduction result (Unit: MT of CO ₂ e)
First Bank	276,880	7,550	$276,880 \times 7,550 \times 0.0056 / 1,000$	11,706.49
First Securities	5,717	797	$5,717 \times 797 \times 0.0056 / 1,000$	25.52
First Securities Investment Trust	3,169	140	$3,169 \times 140 \times 0.0056 / 1,000$	2.48
First Life Insurance	2,114	289	$2,114 \times 289 \times 0.0056 / 1,000$	3.42
First Financial AMC	221	76	$221 \times 76 \times 0.0056 / 1,000$	0.09
Total	288,101	8,852		11,738.00

* The carbon quantity reduced from electronic official documents was calculated based on the Taiwan Products Footprints Information Network on the official website of EPA, Executive Yuan: one sheet of A4-sized paper meant 0.0056 kg of CO₂e emission.

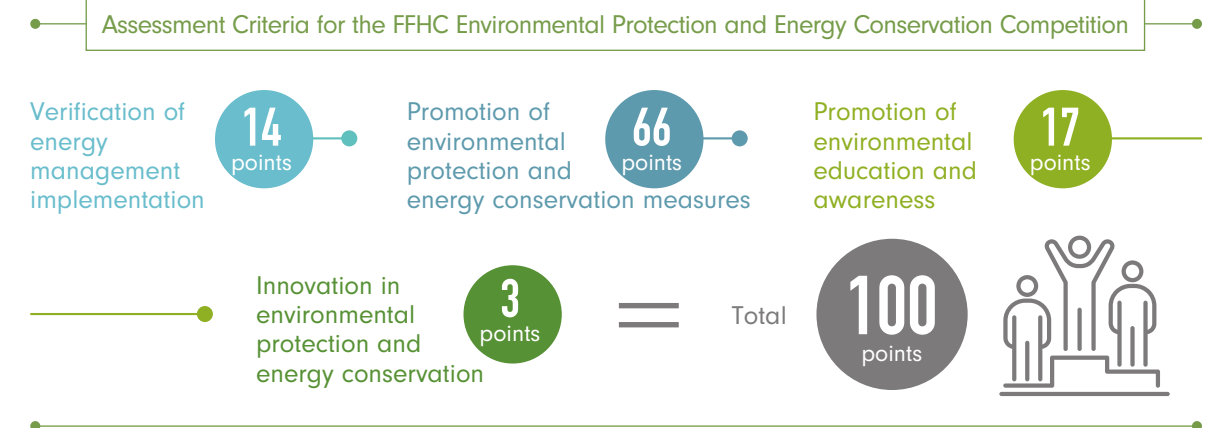
Carbon quantity reduced from online teaching

Company	Hours of online teaching	Calculation Method	Carbon reduction result (Unit: MT of CO ₂ e)
First Bank	203,330	$203,330 \times 20 \times 0.0056 / 1,000$	22.77
First Securities	37,333	$37,333 \times 20 \times 0.0056 / 1,000$	4.18
First Securities Investment Trust	444	$444 \times 20 \times 0.0056 / 1,000$	0.05
First Life Insurance	2,844	$2,844 \times 20 \times 0.0056 / 1,000$	0.32
First Financial AMC	725	$725 \times 20 \times 0.0056 / 1,000$	0.08
Total	244,676		27.40

* Let's assume that one hour of online teaching saves 20 sheets of paper.

2-8 Held the Environmental Protection Competition and Presented Awards to Outstanding Departments and Employees

Since 2015, the FFHC has held an annual Environmental Protection and Energy Conservation Competition for all operating sites, which encourages employees to actively participate in the implementation of our environmental sustainability development policies to meet annual energy conservation and carbon reduction targets. In 2017, we selected 11 of the most outstanding units for their achievements in environmental protection and energy conservation and provided 16 commendations.



2-9 Established an Employees Proposal System for Energy Conservation Measures Benchmarks

To heighten awareness of the topics of environmental protection, energy conservation, and reducing carbon emissions, we formulated the "Guidelines for Incentivizing Employees Proposals" in 2014 to encourage employees to submit proposals concerning environmental protection and energy conservation. If an employee proposal demonstrates positive results and has a wide impact, the proposal will be reviewed by related business units and bonuses are issued to the employee. In 2017, a total of 25 proposals related to environmental protection and energy conservation were submitted, wherein 13 were approved for implementation. A reward of NT\$4,100 was provided as a way to inspire the advancement of environmental protection and energy conservation measures.

Responsible investment, due diligence, and supplier management

Management Guidelines

01

© Policies

- First Securities Investment Consulting prepares a "List of non-investees that violate social responsibility" every two weeks for the review reference of the six companies of the FFHC, First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Investment Consulting through the Group's securities investment platform.
- The checking and review for corporate credit releases should adopt the "Green Financing Review Principles" to assess the influence of the borrower on environmental and social sustainability.
- The insurance or fund company that will list their products in the channels of our subsidiaries shall prepare a CSR Report or sign a CSR Declaration.
- To establish three steps of supply chain management of pre-event screening, commitment in the event, and post-event management; to require suppliers to issue a commitment letter for observing the basic laborers human rights principles which are provided by the International Bill of Human Rights or laws or well recognized by people, and the law & international norms relevant to the environment.

02

© Commitment

- To fulfill the social responsibility of the financial industry in the financial supply chain.
- The FFHC attaches great importance to the fairness and openness of the procurement process when formulating tender guidelines for purchases. It also requires suppliers to sign a "Declaration on Human Rights and Environmental Sustainability Clauses" and promise to establish a specific environmental protection and energy conservation management system to adopt the best pollution prevention and control technology, so that suppliers may appropriately protect the natural environment for the achievement of environmental sustainability goals.

03

© Goals

- To adopt the "Green Financing Review Principles" for all corporate credit checking and review.
- To implement and promote responsible investment and guide customers to fully implement CSR.
- All suppliers shall sign the commitment letter and we shall regularly audit them for any violations of commitments.



04

© Duties

- First Bank shall adopt the "Green Financing Review Principles" to check and review its corporate credit cases to assess the influence of the borrower on environmental and social sustainability, and to avoid providing funds for the borrower to engage in business harmful to the environment or social welfare, so that First Bank may reduce the environmental and social risks caused by its credit loans.
- First Securities Investment Trust will not make any investment in the companies indicated in the "List of non-investees that violate social responsibility" for the equity funds (including domestic equity, foreign equity, and balanced types) under its flag, so as to implement and promote the responsible investment.
- All the insurance companies that sell insurance products in First Bank's channels or all the fund companies which handle new fund custody or are selected to be listed are required to issue CSR Declarations or prepare their CSR Reports in accordance with the regulations of the Competent Authority.
- Before bidding or purchasing, we shall ensure that all the suppliers are aware of and have not made a breach of law and regulations related to the human rights and environmental protection; when signing a contract, they are required to sign the "Declaration on Human Rights and Environmental Sustainability Clauses", and we shall regularly audit them for any violations of law and regulations related to environmental protection, occupational safety, labor, etc., and include qualified suppliers in the database for the reference of procurement colleagues in all units.
- We shall introduce the suppliers to our CSR policy, and require suppliers to commit to abiding by law and regulations relevant to environmental protection, labor, and human rights, properly protect the natural environment, emphasize international human rights, and protect the rights of laborers.

05

© Resources

- To utilize and play properly the role of a fund provider and financial product channel to influence customers or partners to fulfill CSR.
- Our CSR Committee's group meeting is held each quarter to track and review the implementations of relevant objectives.

06

© Complaints mechanism

- For transparency of tender information, we publish such information, if any, on our website.
- We regularly hold meetings for suppliers sharing, so that they and we may jointly pay attention to environmental, labor and human rights issues and learn from benchmarking and sharing.
- To set up "Reporting Zone" and "Audit Division Mailbox" on our website for the public to report any wrongdoing.

07

© Specific management practices

- We shall adopt the "Green Financing Review Principles" to check and review the corporate credit cases to assess the influence of the borrower on environmental and social sustainability. And the domestic business units shall obtain the "CSR Declaration" issued by such borrower. With the exception of participation in a syndicated loan, our overseas branches are required to fill in a "CSR Assessment Form", assessing environmental and social risks and guiding customers to the full implementation of CSR. In addition, the relevant contents of

08

© Assessment mechanisms

- To implement the "Green Financing Review Principles" for all corporate credit checking and review.
- To examine 6 domestic equity funds' stock pools each quarter and at least 30% of the included individual stocks need to have prepared and filed their CSR reports.
- To use the "List of non-investees that violate CSR" to screen out the do-not-invest individual stocks due to: non-conformity with product sustainability, non-conformity with human rights, non-conformity with environmental protection, major social controversy, and recent investigation by prosecutors.
- To require all the insurance companies with listed products and all the fund companies which handle new fund custody or are

- the International Bill of Human Rights are included in the "CSR Assessment Form", and the relevant contents of the compliance with the International Bill of Human Rights are incorporated into the "CSR Declaration and "CSR Assessment Form" in order to strengthen the implementation of human rights protection required by the UN sustainable development goals.
- To the Credit Report and the Credit Application Letter, is added the disclosure of whether the corporate borrower has been engaged in the green industry layout and environmental or social protection practices as a matter of consideration for better credit conditions and interest rates.
- We will not make any investment in the companies indicated in the "List of non-investees that violate social responsibility" for the equity funds (including domestic equity, foreign equity and balanced types) under our flag, and will inspect the domestic equity fund investment on a quarterly basis to see if 30% minimum of the companies invested have prepared and filed their CSR reports.
- To require all insurance companies with products listed in our bank's channels to fulfill their CSR and issue the CSR Declarations or prepare their CSR Reports in accordance with the regulations of the Competent Authority and issue a compliance statement for the "Stewardship Principles".
- All of our suppliers shall sign the "Declaration on Human Rights and Environmental Sustainability Clauses", and we will introduce them to our CSR policy and share with them our electronic version of CSR Report.
- To regularly inquire whether the suppliers whose partnerships are still in existence have been punished due to violations of laws and regulations related to environmental protection and labor. The supplier who has been punished shall submit an improvement plan and its result to us; otherwise, the supplier can't do any more business with us.

09

© Results

- In 2017, we reviewed 38,463 financing projects according to the "Green Financing Review Principles"; these projects accounted for 100% of the corporation's financing projects. Therein, 33,530 projects 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 profit and risk, or other factors, a total of 4,653 cases passed the review process with qualifications and 280 cases resulted in loan rejections.
- As of the end of December 2017, 51.48% of the domestic stocks invested by First Securities Investment Trust through six equity funds had prepared and filed their CSR Reports; based on the "List of non-investees that violate social responsibility", five individual stocks had been excluded for any investment.
- As of the end of December 2017, there were a total of 12 insurance companies selling products in First Bank's channels, of which two had signed the CSR Declaration, and the remaining ten had prepared and filed their CSR Reports. Additionally, three insurance companies had signed the compliance statement for the "Corporate Investors Stewardship Principles".
- As of the end of December 2017, there were a total of 41 fund companies selling products in First Bank's channels. All of them had signed the "CSR Declaration". Additionally, seven fund companies had signed the compliance statement for the "Corporate Investors Stewardship Principles".
- As of the end of 2017, 100% of the 1,187 suppliers had signed the "Declaration on Human Rights and Environmental Sustainability Clauses". Nine suppliers had been punished by environmental sanctions but they already provided our company with the improvement plan and results, and thereafter there were no such sanctions imposed on them. But there were four suppliers with whom our company stopped dealing with them because they had not submitted any explanation on improvements to us.

Responsible investment, due diligence and credit

3-1 Responsible investment

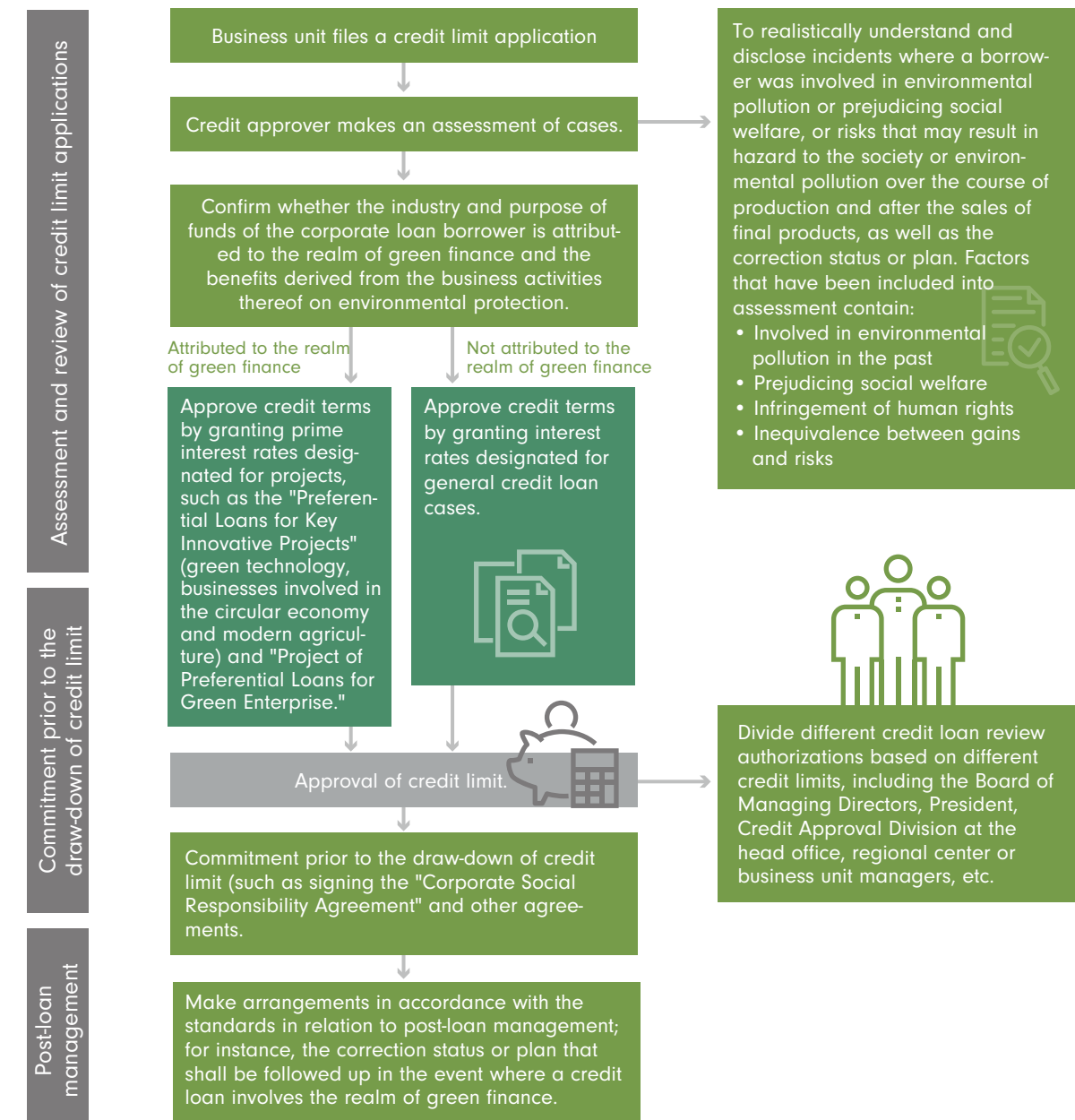
Since 2015, First Capital Management has worked to ensure that all FFHC subsidiaries undertake responsible investment solutions by carefully inspecting our "Do-Not-Invest List for CSR Violations" twice each month and making revisions when necessary. The list is created by screening current and potential 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, 2017, a total of 31 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 Life Insurance, and First Capital Management for reference purposes. Thus, the six domestic funds (Small Capital, Innovation, Great China, High-Tech, OTC and Greater China Balanced) of FSITC exclude five individual stocks from the investment pool. 51.48% of the individual stocks that the said six funds have invested in have formulated and filed CSR reports. The subsidiaries FSITC, First Securities and First Life Insurance have all signed the statement of compliance with the "Institutional Investor Stewardship Code" and disclosed the status of stewardship on the websites. Responsible investment has been implemented.

Currently 41 fund managers that sell products through First Bank's channels have all signed the "CSR Commitment," 7 of which have completed the signing of the statement of compliance with the "Institutional Investor Stewardship Code"; 10 out of the 12 insurance companies have provided their CSR reports, 2 have signed the "CSR Commitment," and 3 have completed the signing of the statement of compliance with the "Institutional Investor Stewardship Code." First Bank teamed up with its partners to make efforts to develop sustainable environment and safeguard customers' rights and interests.

Screening Standards	Main Basis	No. of individual stocks excluded from the investment pool
Screening criteria for product sustainability	Excluding enterprises involving animal welfare, climate change, ozone layer destruction, betting games, genetic engineering, nuclear energy, the sex industry, tobacco, and weapons systems.	6
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." 	0
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. Those which have legal actions taken against them by the prosecutor are entered on the watchlist. 	0
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.	18
Entities Having Been Investigated by the Law Enforcement Agency Recently.	Incidents involving corporate embezzlement, food safety violations, accounting fraud and market manipulation, and other controversial social issues in the most recent six months, leading to being investigated by the law enforcement agency.	7
Total		31

3-2 Due diligence and credit

In order to best fulfill the social responsibility of the financial industry in the financial supply chain, First Bank applied the finance industry's ability to direct cash flow to safeguarding the environment. First Bank adopted the "Green Financing Review Principles" to all corporate loans regardless of credit amount. Through three phases consisting of assessment and review of credit limit applications, commitment prior to the draw-down of credit limit and post-loan management, First Bank guided customers to fully perform the responsibility of environmental protection and social sustainability. The procedures under the system are as follows:



First Bank also adhered to the spirit of the Equator Principles, incorporated environmental risk assessment and industries that are generally excluded (industries ranging from sex, tobacco, alcohol, weapon to betting games), and included whether the corporate credit loan borrower has fulfilled the environmental protection, corporate ethical management and social responsibilities into the essence of financing evaluation. In addition, it also included high pollution/energy consumption industries (electricity supply industry, steel and alumina/cooper refining, petrochemical industry (including manmade fiber), cement, paper making, semi-conductor and LCD panels, printing and dyeing, leather, metal second-processing, printed circuit board and battery manufacturing) into industries under watch, thereby serving as a basis and reference of risk management by industries.

In 2017, we reviewed 38,463 financing cases (2,479 cases were overseas cases) according to the "Green Financing Review Principles"; these cases accounted for 100% of the corporation's financing cases. 33,530 cases (2,236 cases were overseas cases) passed the review process. In terms of cases in which a borrower was implicated in environmental pollution, prejudicing social welfare, infringement of human rights, inequivalence between gains and risks, or other factors, a total of 4,653 cases were passed with conditions and 280 cases resulted in loan rejections. Classified as the table below:

Unit: Case

Factors of controversial issues	Review result	
	Conditional pass	Refusal of credit loans
Involved in environmental pollution in the past	1,123	114
Prejudicing social welfare	2	0
Infringement of human rights	42	2
Inequivalence between gains and risks	3,486	164
Total	4,653	280

Among credit loans that have been rejected, the following are the top three borrowers that have been involved in controversial issues in the past, such as environmental pollution, prejudicing social welfare and infringement of human rights based on the amount:

Unit: NTD thousands

Name of borrower	Controversial issues	Amount of credit loans that have been rejected
XXXX Engineering Co., Ltd.	Involved in environmental pollution- Pollution source as announced by the Environmental Protection Administration, Executive Yuan - Waste	1,680,950
XXXX Development Co., Ltd.	Involved in environmental pollution- Pollution source as announced by the Environmental Protection Administration, Executive Yuan - Water pollution, waste	1,600,000
XXXX Construction Co., Ltd.	Involved in environmental pollution- Pollution source as announced by the Environmental Protection Administration, Executive Yuan - Water pollution	1,065,000
Total		4,345,950

In 2015 FFHC extended the scope of "Green Financing Review Principles" to First Bank's overseas sites, FCB Leasing, First Financial Leasing (Chengdu), and fund managers and insurance companies which offer products through the bank channels. Except for syndicated loans, for business loans overseas branches must now explicitly state in the "CSR Evaluation Form for Overseas Branches" the basic scope of their review and assessment. The loan documents must also be annotated with text to the effect that "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." In this way, FFHC partnered with the borrowers on protecting the local environment. Of which, First Bank succeeded in soliciting the CSR commitment from 97.64% of its borrowers.

CSR commitment signed by domestic and foreign borrowers over recent three

	2015	2016	2017
Social responsibility commitment (no. of borrowers signing the commitment)	15,159	16,615	16,525
CSR Evaluation Form for Overseas Branches (no. of borrowers signing the commitment)	746	1,430	2,133

In correspondence with the promotion of green finance, First Bank added the remark columns of "whether the borrower engages in planning and category of green industry" and "whether the case complies with the purpose and category of green funds" to the credit loan system and added mandatory fields, such as "disclosure of items related to green industry" and "purpose of green funds" respectively to the "Credit Investigation Report" and "Credit Loan Application" of domestic corporate borrowers. Credit investigation personnel must disclose whether the borrower engages in planning of green industry; if it does, credit investigation personnel shall further disclose information such as the category of industry it belongs to or the weight of green products to its total revenue. Meanwhile, First Bank also announced the implementation of the "Project of Preferential Loans for Green Enterprise" through letter and requested business units to increase in the credit loan application the descriptions on the environmental benefits or effectiveness of energy conservation derived from the borrower's business activities, as well as the practices of environmental or social protection, which serve as a reference of credit approvers in granting credit terms and preferential interest rates. First Bank also communicated and explained ideas and relevant information of green finance to credit approvers at two risk control business review meetings in order to carry out the group's idea of assisting in green enterprise development.

3-3 3-Step Supply Chain Management Process - Preliminary screening, concurrent declaration, post hoc 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: Suppliers involved with the energy conservation, IT equipment, construction and interior design, business-related OA equipment and consumables, and building maintenance, as well as local vendors in the country in which operations take place, are selected for cooperation. In 2017, with the exception of very few items which were 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 human rights and labor management. Suppliers must commit to establishing concrete environmental and energy management systems, adopting the best pollution prevention and control technologies to protect the natural environment appropriately and striving to realize the goal of environmental sustainability. In 2016, additional requirements were introduced for vendors including a non-discriminatory hiring policy and basic labor and human rights protections; in 2017, suppliers were invited to take part in a sharing session on "Thoughts and Execution Experiences to be Possessed by Enterprises on Pace to Circular Economic Era." The goal was to lead suppliers to focus on environmental and circular economic issues, and emphasize international human rights and labor rights protections, allowing us to work together with vendors to create a sustainable future. FFHC expects to establish the supplier code of conduct in 2018 in order to further strengthen the supplier management.

Management Strategy	Tangible Actions Taken	Implementation Results
 Preliminary Screening	<ul style="list-style-type: none"> 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. 	<p>Completed 1,187 vendor inquiries. (accounting for 100% of all vendors)</p> <p>FFHC's overseas locations completed "Human Rights and Environmental Sustainability Evaluations" for 432 vendors.</p> <p>1,057 vendors made an effort to observe the Company's CSR policy.</p>
 Concurrent declaration	<ul style="list-style-type: none"> Education and Compliance Declaration: When entering into an agreement, we request vendors to sign a "Declaration on Human Rights and Environmental Sustainability Clauses." We advocate to suppliers and request them to 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. 	<p>"Declaration on Human Rights and Environmental Sustainability Clauses" was signed with 1,187 vendors, and we have advocated ideas of human rights protection and implementation of environmental sustainability to them.</p> <p>100% of new vendors signed the declaration.</p> <p>85 tenants pledged to use green building materials.</p> <p>17 pieces of high-energy consumption equipment were purchased with high coefficient of performance (COP) A/C systems.</p>
 Post hoc management	<ul style="list-style-type: none"> 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. 	<p>Held 1 sessions of energy management awareness training to train a total of 20 employees.</p> <p>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.</p> <p>Established 30 categories of information for qualified vendors; revise the list on a regular basis including making additions or subtractions as needed.</p>

Assessed whether vendors have violated issues related to human rights and percentage of mitigation measures that have been implemented.

	2015	2016	2017
(a) Percentage of no. of current vendors based on assessments over past three years (%)	100%	100%	100%
(b) Ratio of identified risks to items (a) that have been assessed over past three years	0%	31% *1	45% *2
(c) Ratio of mitigation procedures that have been implemented to items with identified risks among (b)		100%	100%








* 1 : In the 2016 statistics based on the classification of vendors, 9 out of 29 categories were identified as risks in violation of human rights.
 * 2 : In the 2017 statistics based on the no. of vendors, 278 out of 618 vendors were identified as risks in violation of human rights.

"Declaration on Human Rights and Environmental Sustainability Clauses" – Forming partnerships for environmental and social responsibilities.

- 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 Company 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 Company, and provided that the vendor presents relevant transaction records or proof thereof, the Company shall, upon confirmation of the same, pay in lump sum the outstanding purchase amount.

FFHC Purchasing Policy for Vendors

Item	Specifications
IT Equipment and consumables 	<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. 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.
Environmental and cleaning products 	<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.
Air conditioning and other electronic appliances 	<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.
Paper products 	<ul style="list-style-type: none"> Thermal paper used for take-a-number ticket dispensers and ATM receipts may not contain Bisphenol A (BPA).
Lighting 	<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".
Remodeling Materials 	<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 (TTF), 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.
Corporate fleet 	<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.

Digital finance technologies and development

Management Guidelines

01

◎ Policies

- In response to the trend of financial digitization, to build up digital branches that incorporate digital financial elements.
- Constantly promote the transformation of digital innovation and provide a variety of safe and convenient financial services.

02

◎ Commitment

Endeavor to expand applications pertaining to digital finance and provide professional financial integrated services.

03

◎ Goals

Develop AI applications, combine emerging technologies and upgrade digital channels based on data techniques, as well as develop innovative services through partnership with external parties.

04

◎ Duties

Develop financial services oriented on digital, data-related and smart technologies in an orderly fashion to enhance the security certification mechanism of information and internet systems, thereby providing customers with more secure and protective smart financial services.

05

◎ Resources

- FFHC invested in "Turn Cloud Technology Service Inc.," which in 2017 launched the TC-8 smart device that integrates bank cards, credit cards, WeChat payment and third-party payment into a "smart credit card reader."
- An information security responsible unit has been established to enhance the information security and protection of financial services, thereby safeguarding customers' rights and interests.

06

◎ Complaints mechanism

- Press conferences have been held and press releases have been made, allowing the public to understand the actions taken by the group in order to satisfy a variety of customers' needs for payment applications.
- "Technical Innovation and Startup Demonstration Base" has been established to provide a stage for Fintech talents, thereby establishing a one-stop shop model for the development of the industry.
- The "Stakeholder Communications" zone set up on our official website discloses communication channels such as the complaints hotline number, e-mail box, etc. for our employees, investors and customers to file their complaints.

07

◎ Specific management practices

- Encourage customers to use electronic channels through electronic marketing and advertising.
- Keep optimizing the "Personal e-Bank," user interfaces of mobile apps of different companies, and transaction procedures amid system functions, in order to provide customers with more convenient online inquiries and transaction services, and corporate customers with secure and stable online transaction services; to constantly increase functions of corporate internet banking and improve user interfaces, thereby facilitating customers' transactions, such as speedy transfers of a large number of NTD and foreign currencies, import/export trade services and online financing.
- Launch a smart customer service system that facilitates response to customers' questions or provision of financial services at all times.
- Assist the least developed countries in launching internet banking and providing diverse and accessible Fintech services.

08

◎ Assessment mechanisms

- Encourage customers to use electronic channels and achieve a utilization rate of 75% for electronic channels.
- Actively apply for invention and new utility model patents for Fintech and acquire 20 patents for Fintech.
- Through the customer satisfaction survey, we have understood our customers' demand for digital financial technology, and we are planning the digital welcome system and the new functions of Robot Pepper, so as to enhance related applications, and optimize our overall service quality.

09

◎ Results

- As of late December 2017, the use rate of electronic channels reached as high as 76.04% through electronic marketing and advertising, recording an 8.13% growth over recent 5 years.
- The Company endeavors to apply for Fintech patents. As of late December 2017, it has obtained 2 patents and 31 new utility model patents for Fintech.
- Integrate the new-generation customer service multimedia and digital reception system, improve applications for the Pepper reception robot, and roll out 20 digital branches (2 of which are upgraded to digital branches for senior citizens) and establish the "digital banking experience area" in 49 branches, thereby providing digital experiences for customers at different ages. The customer satisfaction rate was 84.89% for the related actions as above done by First Bank in 2017.

In the face of the digital financial era, we gradually adjust the operating model for different enterprises within the group. First Bank has rolled out 20 digital branches (2 of which have been upgraded to digital branches for senior citizens) and established the "digital banking experience area" in 49 branches (4 of which have been upgraded to digital branches for senior citizens) nationwide, thereby providing digital experiences for customers at different ages. First Bank has also planned for the enhancement of digital reception system and applications for the Pepper reception robot, built up the system of "new-generation customer service multimedia through integrated smart customer service," integrated services ranging from First Bank's existing official website, Personal e-Bank, and mobile apps, and actively applied for Fintech patents. As of late December 2017, it has obtained 2 patents and 31 new utility model patents for Fintech.

Turn Cloud Technology Service Inc., which was invested in by FFHC, held a product launch on June 28, 2017, during which it released a "diverse payment POS machine" that integrates a variety of payment functions

to combine customers' demands for receipt and payment of money, account affair management, member marketing, and consumer behavior analysis, thereby providing an all-in-one financial solution for general merchants. Starting from H2, 2017, First Bank teamed up with Turn Cloud Technology Service Inc. in promoting the diverse payment POS machine across its network of branches nationwide with its broad base of corporate customers. This not only helped customers upgrade systems, but also further laid the foundations for the Bank's leadership in Fintech and emerging payment realms. Moreover, First Bank was ranked in the top 25% in the "Bank Innovation Index" by Taiwan Academy of Banking and Finance for two consecutive years. The Company also expanded the use of electronic sales channels at First Securities, First Securities Investment Trust, and First Life Insurance. Also, First Securities Investment Trust also expected to launch funds pertaining to innovative medical treatment and technology and AI in 2018, underscoring its bid to provide diverse and innovative financial products and services in order to become the most considerate, convenient, and professional partner for customers.

4-1 Optimizing Online Banking Services

Since 2016, First Bank has been continually working on developing the next generation of an online banking system for corporate customers which will provide an authorization center, receipts and payments for NTD and foreign currencies, import/export trade services, overseas online banking, and global asset management. 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 provided 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, Google Chrome and Firefox. As of late 2017, we have completed the installation of the authorization center and system for receipts and payments for NTD and foreign currencies. After the installation of the system is completed in 2018, we will transfer customers to the next-generation online banking system for corporate customers by stages based on the nature of operations and usage.

FTSI Golden, the online order placement system, provides customers with flexible functions and tab notifications, allowing them to grasp the latest topics and market movements from time to time. To enhance the prevalence and accessibility of financial services, First Life Insurance constantly promotes the internet insurance application business. As of late 2017, it has released the Easy Go Travel Insurance and E-Rate Interest Sensitive Annuity Insurance online, allowing the public to obtain sufficient protection through the simplest and fastest insurance application procedures.



4-2 Optimizing Service Procedures Through the Use of Mobile Apps

A. e-Mobile App

To enhance customers' mobile financial experiences, First Bank constantly adds services such as online card application and online wealth management consultation reservation in the "e-mobile" app, and optimizes all transaction processes. In addition to keeping expanding the account transaction function, First Bank has become the pioneer in the industry to apply AR technology to launch smart search functions at the branches. In order to meet the digital needs of young

generation, First Bank provides the chatting function with e-customer service and smart robot e, and uses the 3D Touch technology to provide the speedy application of frequently-used transactions. To augment the applicable fields in daily life, First Bank provides the e-receipt pairing function enabled by QR Code scanning and continues to expand personalized account affair PUSH notifications, including 12 account affair notifications such as wealth management, consumer finance, gold and credit card. Furthermore, in order to expand the diversity of the applications of mobile payment, it offers functions like Taiwan Pay QR Code payment transfer, debit transaction and payment of bills. It hopes to integrate and optimize customers' digital mobile experiences and services.



B. Financing e-Bank App

In response to the connection with the "New Business Online Banking" system, it has completed the adjustment of functions, such as inquiries of handling status of foreign currency payments and details of credit limit, as well as established the framework of the fundamental system of push notification services. To correspond to the launch of the "New

Business Online Banking" in 2018, it will plan for the release of services, including password (including to-expire password) change at login for the first time and single NTD payment (including cancellation of pre-arranged payment).

A. Inquiries of handling status of foreign currency payments:

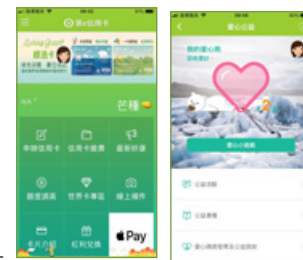


B. Inquiries of details of credit limit:



C. First Card Mobile App

First Bank's mobile credit card app supports push notification services and integrates 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, make account inquiries, and enjoy enhanced identity confirmation.



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

First Securities Investment Trust carries out the concepts of environmental protection and continues to promote paperless services, allowing customers to engage in transactions and make inquiries via computers, voice recording system and mobile apps with ease. Meanwhile, for the purpose of enhancing friendly financial services, in 2017 it upgraded its customer service and voice recording systems, as well as optimized the official website, improved and simplified the presentation of information on the website, thereby enabling users to browse the information needed on whether computers or mobile devices and offering more considerate services.



F. First Life Insurance e-Services App

First Life Insurance e-Services App provides abundant services and wealth management information ranging from latest news, customer service section, Freshmint, financial information, daily information to wealth management journal. It also links to an online insurance application section, allowing users to check the contents of the insurance policy via cell phones, obtain wealth management knowledge, as well as enjoy the simplest, rapidest and paperless insurance application procedures that secure instant and sufficient protection.

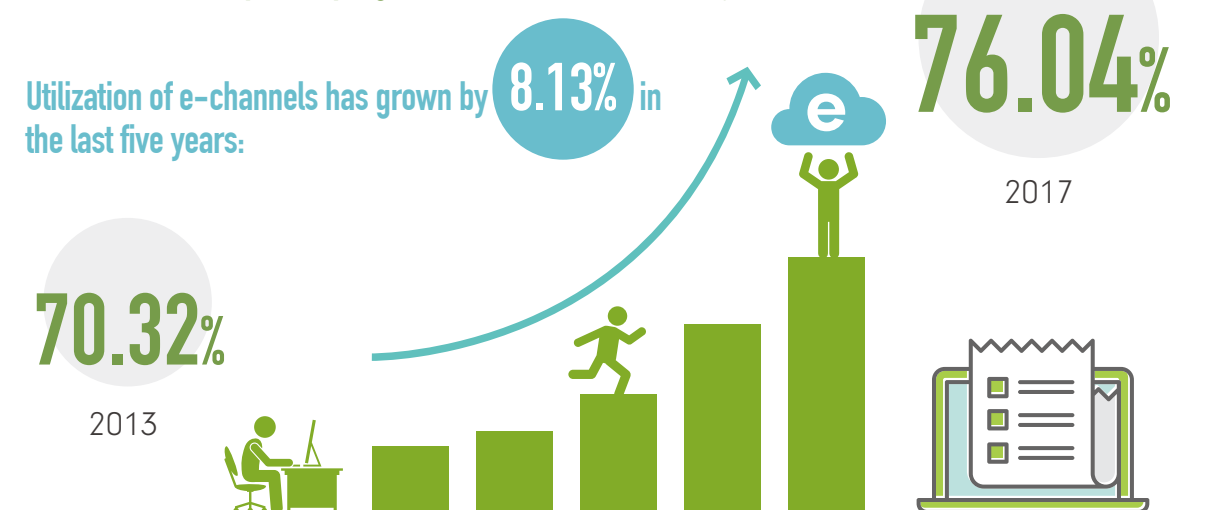


G. EMM management platform for mobile devices

Our Enterprise Mobility Management (EMM) platform uses a mobile app to conduct "selling by wandering around" (SBWA). A trial-run was conducted 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 5 years:



4-3 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 used a big data analytics system and completed the establishment of a big data platform. 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 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 2017, we executed 20 marketing schemes. The response rate of marketing activities grew at least twofold as compared with that before the application of models, and the total annual portfolio size was about NT\$16 billion. In addition, potential new corporate customers are identified through the use of big data analytics, allowing business units to conduct subsequent solicitation activities. Moreover, data gathered through sales promotions are 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.

4-4 Digital Money Transfers

First Bank's leading position in corporate banking as well as comprehensive overseas network have been used to set up the First Bank International e-Banking (including "Financing e-Bank App - Overseas Branch Internet Banking" and "Financing e-Bank App - 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 The Least Developed Countries

In order to assist the least developed countries in launching internet banking and boosting the prevalence of internet technology, First Bank has provided account affairs inquiries and fund transfers on the internet banking of the Phnom Penh Branch in Cambodia. It has also planned for adding a variety of internet banking functions that support and optimize multiple operating systems, multiple browsers, and multiple languages, thereby providing diverse and convenient Fintech services.

B Bar-code scanning payment:

First Bank has fully introduced the shared QR Code service of "Taiwan Pay." Both its "First e-Mobility" or "Taiwan Pay t wallet +" facilitate mobile payment, shopping, payment, fund transfer, and tax payment through scanning QR codes, thereby infinitely extending the convenience of smart life.

C Payment Facilitated by Pre-arranged Deposit Account Link:

In order to offer speedy and convenient payment services, First Bank teams up with "JKOS Network CO., LTD." When a First Bank depositor makes a one-off linking of his/her First Bank account through the e-wallet app "JKOPAY," he or she may instantly complete payments for spending at four major convenience stores, restaurants, supermarkets, commercial centers and other places where daily spending takes place. First Bank keeps cooperating with other electronic payment vendors in order to expand applicable realms.



↑ A stall set up under the cooperation between First Bank and Yuan Soap with a theme of "Say Farewell to Green Bank Cards and Catch the Trend of QR Code Scanning."



4-5 Social Media

Social network management (e.g. Facebook) is constantly used to increase the channels for customer communication. It is used to provide customers with information about promotions and daily life and to gauge customer identification with First Bank and their service requirements. Apart from customer relations management, it can also be used to reach out to younger customers. The First Bank fan page on Facebook, "First Bank Fan Page," now has more than 640,000 fans, making it the third most popular social media fan page managed by a domestic financial institution.

To deeply expand the presence of First Securities Investment Trust, it launched social media (Line official account and Facebook fanpage) to reach more users, as well as communicated with fans by providing market movements, fund information, new technology, activity information and English financial news. The contents are interesting and well received. Currently as many as 14,000 users clicked thumb-up on First Securities Investment Trust's Facebook fanpage.



4-6 "Technical Innovation and Startup Demonstration Base"

First Bank established the "Technical Innovation and Startup Demonstration Base" under the cooperation with National Taipei University of Technology. It hopes the establishment of the base may draw more creative youngsters with ideas to engage in startups, promote the development of Fintech, as well as reserve talents, connect needs of industries and further create business opportunities.



First Bank has provided its valuable land at Xinyi Road for the industrial-academic collaboration, so as to cultivate startup teams of AI, Fintech, IoT and smart services. The Innovation and Incubation Center guided by Li Da-Sheng of National Taipei University of Technology is responsible for recruiting domestic and foreign teams dedicated to AI, Fintech and IoT projects. First Bank plays the role of enterprise lecturer through coworking and provides preferential financial schemes, while National Taipei University of Technology supports research technology and establishes consistent cooperation from drafting talent training courses, establishing talents cultivation, developing technology and linking up the industry chain, thereby building up a new model for incubation centers at domestic schools to incubate new startup teams. First Bank also responded to the Financial Supervisory Commission (FSC)'s calling for forming a physical cluster of Fintech in Taipei by taking part in cultivating startups in reality.

4-7 Smart customer service

For the transformation of digital finance, First Bank launched the integrated digital financial e-customer service, a well-rounded smart customer service, allowing users to not only contact customer service personnel by hot line, but also to choose multiple channels such as internet phones, text-enabled dialogue or internet messages to connect the e-customer service without limitations on time or place. Customers may interact with First Bank's customer service center with ease anytime and anywhere to receive answers and get other financial services.

In order to enhance the quality and efficiency of customer services, First Bank has adapted to the habit of engaging in text-enabled dialogue on handheld devices. This time it provides the e-customer service - smart text customer service that combines AI. Such service adopts advanced natural language analysis and machine learning techniques to combine the bank's business knowledge with the manmade smart platform. If a customer still has doubts about the reply made by e-customer service, he or she may instantly switch to the human service via the internet phone, which boosts the service efficiency.



Ecological and environmental sustainability

Management Guidelines

01

◎ Policies

Use energy-saving and green products, reduce and properly dispose of wastes, regularly organize internal/external environmental courses and activities, promote and implement ecological and environmental sustainability concepts.

02

◎ Commitment

- Endeavor to protect the natural environment through volunteering services and charitable activities to achieve the goal of environmental sustainability.
- Select and use green-label or recyclable materials in operating activities and commit to resource recycling and domestic waste reduction.

03

◎ Goals

- Promote ecological and environmental sustainability through comprehensive range of environmental education and green volunteer activities.
- Cooperate with the industrial and academic sectors to build a low-carbon economy dialog channel for younger generations to brainstorm a diverse range of low-carbon economy innovative action plans.

04

◎ Duties

- Raise the awareness of employees and the general public on the importance of ecological and environmental sustainability.
- Raise the awareness of employees on waste and plastic reduction, and introduce reusable eating utensils and office suppliers.

05

◎ Resources

- We promoted the Campus Environment Educational Lectures at 30 schools. Lesson plans were designed by four of our employees who are qualified to provide environmental education. These employees also held environmental educational promotion activities to convey the importance of environmental conservation to Grade 3-6 elementary school students. A total of 1,590 students benefited from these activities.
- A total of 49 Green Volunteer events were held in 2017, attracting 1,639 volunteers. The total investment was NT\$1,523,377.
- We launched the Green Light Sustainability Program, joining forces with our customers and suppliers to realize cross-industry charitable events such as assisting disadvantaged groups with installing LED lights to build a green sustainable homeland.

06

◎ Complaints mechanism

- The "Stakeholder Communications" zone set up on our official website discloses communication channels such as the complaints hotline number or e-mail box, etc. for our employees, investors and

07

customers to file their complaints.

- We have used online questionnaires on our official website to establish how important sustainability issues are to each kind of stakeholders.

◎ Specific management practices

- We participated in the EPA 422 National Coastal Clean-Up activity and cleared 1,392 kg of plastic bottles and glass waste in an effort to protect the environment of our homeland.
- We invited financial industry peers to discuss and develop product category rules for Counter Service Carbon Footprint Calculation. These rules have been reviewed and approved by the EPA and are provided to financial industry peers as regulations for calculating counter service carbon footprint.
- Since 2014, our company locations located throughout Taiwan have shut off their lights for one hour on the evenings of Earth Hour and Earth Day, demonstrating our joint commitment to doing our part for energy conservation and reducing carbon emissions.
- FFHC implemented the zero waste basket policy in the office to raise employees' awareness on waste classification and achieve the goals of domestic waste reduction.
- We raised employees' awareness on plastic and waste reduction, encouraged employees to bring their own lunch boxes, eating utensils, stainless steel straw, and reusable grocery bags, and rejected the use of disposable utensils and plastic bags provided by store vendors.

08

◎ Assessment mechanisms

- Launch the "Green Volunteer Sustainability Program" to support organic farms, protect coastlines, plant trees for carbon reduction, adopt contract growers, implement the Green Light Sustainability Program, promote environmental sustainability, ecological protection, and other ideals to create a "Green Finance" brand image. Our goal is to organize 40 events.
- Organize environmental protection-related classes. Each person on average undertook more than 2 hours of training.
- Implement controls for domestic waste produced by company headquarters. Set a cap of 70.3 tons on the amount of the entire group.
- Send personnel for environmental educator training and certification.
- Donate 213 recycled personal computers and laptop computers to remote areas or disadvantaged groups, thereby helping to bridge the urban-rural gap.

09

◎ Results

- A total of 49 Green Volunteer events were held in 2017, attracting 1,639 volunteers and benefiting 4,423 people.
- Throughout the year, 558 sessions of environmental protection-related training were held and attended by 16,245 people. Each person on average received 4.75 hours of training.
- The total amount of recycled resources of all company headquarters was 60.7 metric tons, attaining the reduction target.
- Four employees received certification as environmental educators, designed lesson plans and organized 8 sessions of environmental education promotion activities.
- Donated 216 recycled personal computers and laptop computers to 16 social welfare groups, hence enriching the educational resources for students living in rural areas.

5-1 Recycled Wastes

To maximize resource recycling, annual recycling targets have been set by FFHC for all group companies to implement waste sorting practices. A zero waste basket policy is also rigorously enforced with no personal waste baskets placed in the office. This policy encourages employees to take their trash to the recycling bins to be sorted. In 2017, the amount of waste recycled was 17% higher than 2016. In 2017, First Securities, First Securities Investment Trust, First Life Insurance, and AMC headquarter buildings were included in the domestic waste goal. For 2018, we set a target for trash output to not exceed 64.2 metric tons for the headquarters of each subsidiary as a part of a push toward achieving our ultimate goal of zero trash output.



FFHC recycles all kitchen scraps and leftovers after each meal and promotes numerous recycling programs. Recycling bins are placed on each floor level – all waste must go through the recycling process. We also commission 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 2017

unit: kg

	2014	2015	2016	2017	Magnitude of change from previous year (%)
Paper and paper containers	19,326	20,195	25,003	29,228	17
Plastic and PET bottles	641	935	1,515	2,535	67
Aluminum, other metals, glass	560	1,972	1,864	2,580	38
Batteries and electronic devices	2,405	1,176	788	58	-93
Cooking oils	211	547	900	774	-14
Total	23,143	24,825	30,070	35,175	17

* : In 2017, FFHC donated 216 recycled personal computers and laptop computers to rural schools and social welfare groups. In 2015, the IT Building of First Bank also switched over to using only rechargeable AA and AAA batteries (except for clock batteries).

Domestic Waste Amount of Subsidiary HQ Buildings and First Bank IT Building in 2017

	2014	2015	2016	2017	2017 Goals
Domestic waste (metric tons)	54.76	36.47	36.11	60.70	Below 70.3

* : Statistics for 2014-2016 included First Bank HQ Building and First Bank IT Building, and apart from these buildings, First Securities, First Securities Investment Trust, First Life Insurance, and AMC HQ Building were also included in the statistics of 2017.



5-2 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 235 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 3/25 in 2017, but normally falls on the last Saturday of March each year) and Earth Day (4/22). Through both events, we reduced 0.334 metric tonnes CO₂e, demonstrating our joint commitment to doing our part for energy conservation and reducing carbon emissions.



5-3 First Financial Green Living Fun — Advocating Green Living

FFHC held the First Financial Green Living Fun carnival event on September 16, 2017 in the Central Art Park in an effort to deliver messages regarding environmental sustainability and caring for our land. Popular celebrities such as internationally acclaimed pianist Yi-Chih Lu and well-known singers Eve Ai, Miu Chu, Bii, and Lala Hsu were invited to perform on stage. The event was aimed at encouraging everyone to protect the earth when performing their daily activities and work together in leading a green lifestyle. We also invited 20 cultural and creative markets and green farmers to set up booths during the "Cycle Green Life" series of DIY events where they teach the public how to make kites out of recyclable papers, bangles out of plant fibers as well as printed green grocery bags, and handmade leather accessories. In these events, participants were given the opportunity to make useful objects with green materials and play environment awareness games. A total of 12,000 people were attracted to these edutainment activities that advocate green living.



5-4 Environmental Education

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. The Company also continued to review environment-related laws and regulations and communicate environmental information through internal systems, thereby ensuring compliance with environmental laws and regulations.

FFHC believes that a better environment starts with education, which is why we arrange for personnel to attend professional environmental education training courses. Four 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. In 2015, we began organizing online environmental education courses for employees to enhance their understanding of environmental sustainability. In 2017, 2 hours and 17 minutes of environmental online courses were recorded (content of courses are as shown

Course Content	Course Duration
1 Climate Change and Industrial Development Under International Environmental Protection Policies	26 points
2 Global Carbon Reduction Trends and the Next Step for Corporates and Urban Cities After the Paris Agreement	26 points
3 Resilience of an Organization in Long-Term Management of Environmental Sustainability: Evidence of Our Efforts	23 points
4 Start Now! How to Protect the Environment	24 points
5 Sharing Experiences in Constructing Energy-Saving and Carbon-Reducing Buildings and Obtaining Green Building Labels	38 points
Total	2 hours and 17 minutes

below) and made available for employees to learn online. Throughout the year, 558 sessions of environmental protection-related training were held and attended by 16,245 people. Each person on average received 4.75 hours of training.

FFHC launched the low-carbon vegetarian "1 Movement" in 2013, where employees are asked to not eat red meat one day a week. Red meat is not served at the employee cafeteria on this day. As of 2017, the number of red meat-free days was increased to two days a week. This movement purports to promote the eco-friendly concept of "eat more vegetables for health and consume less red meat" thereby achieving the benefit of promoting healthy eating while simultaneously reducing carbon emissions.

FFHC introduced a new procurement platform for purchasing green products and social enterprise merchandise. In 2017, employees purchased eco-friendly cleaning products, re-usable drinking straws, and other items amounting to a total of NT\$51,800 in spending. A total of NT\$290,000 was spent to purchase 4,325 Tkg 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. To promote the concept of environmental sustainability, the annual mountain hike for First Bank employees was combined with environmental awareness activities. Employees are encouraged to bring their own water bottle and donate batteries and compact discs. These efforts not only received positive feedback but also reduced the use of mineral water bottles, thus reducing plastic use. Moreover, 131 kg of batteries and 8 kg of optical disks were also recycled. These activities enabled employees and their families to take concrete actions in protecting the environment.



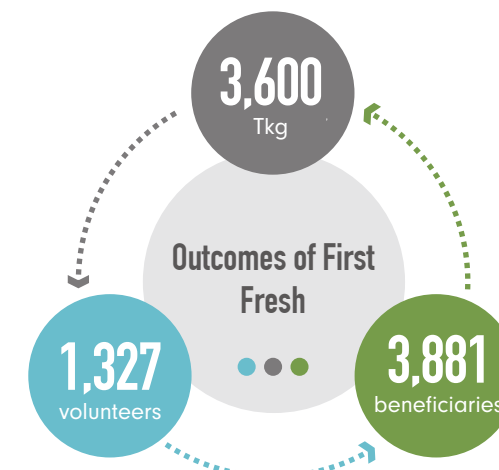
Left : Annual mountain hike was combined with environmental awareness activities, during which water-filling stations were set up to encourage employees to bring their own water bottles and reduce the use of plastic bottles. Right : Every dish is labeled with their calorie count and employees can pick the dishes they like. The organic vegetables are always the most popular dishes with employees.

5-5 Green Volunteering and Environmental Sustainability

As a strong proponent of environmental sustainability and ecological conservation, FFHC launched the "Green Volunteer Recruiting Program" in 2017 to support organic farms, protect coastlines, plant trees for carbon reduction, adopt contract growers, and implement the Green Volunteer Sustainability Program. We have held 49 green volunteering events involving 1,639 volunteers, 4,423 beneficiaries, and a total NT\$1,523,377 in investments.

First Fresh

Organic agriculture requires a significant amount of manpower and financial resources in order to sustain its business. For this end, FFHC has located 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 from employees who were asked to act as Green Volunteers and work with children from disadvantaged families to protect the land. In 2017, 3,600 Tkg of organic produce was sold using our mobile payment system, thereby laying down stronger foundation for organic practices. We also built a "Green Classroom" at the Linkou Journey to the West Organic Farm to promote organic chemical-free cultivation knowledge as well as the ideals of environmental sustainability and LOHAS.



To practice environmental sustainability, FFHC participated in the EPA 422 National Coastal Clean-Up activity, which involved adopting the Chiabao Beach in Linkou where three sessions of coastal clean-up activities were held. Almost a hundred of our employees and their families participated in removing 1,392 kg of plastic bottles and glass wastes in an effort to protect the environment of our homeland and restore the beauty of the coastlines.



Planting Trees to Curb Carbon Emissions

To help promote care for our forests and awareness of environmental restoration efforts, FFHC has worked with customers to plant trees and conserve the forest. In addition, we invited children from disadvantaged families to plant new seeds of hope, thereby raising their awareness on environmental protection. A total of 2,785 trees were planted during 2016-2017, which is expected to reduce 27.85 metric tons in carbon emissions each year.

Expected to reduce **27.85** MT of CO₂e

Teaming Up with Farmers through Community Supported Agriculture



To facilitate farmers' transition into organic farming, FFHC has adopted organic sweet potato farms for the second consecutive year since 2016 as part of its Family Day activity and cooperated with local small farmers to harvest almost 1,600 Tkg of the TNG66 organic sweet potatoes and support their use of environmentally friendly farming methods. All of the harvests are donated to the Genesis Social Welfare Foundation to help single mothers to become self-sufficient and advocate a virtuous cycle that embraces charity philosophies. Over 30 families had benefited from these donations.



5-6 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, suppliers, and customers to promote green living and increase the impact of our efforts.

Government Units

The Company has promoted the EPA "Green Point" event through the electronic media to inform the public that they can earn green points by traveling on public transport, buying green products and participating in environmental charity events. The green points earned can be redeemed to receive discounts or green products or enjoy special offers and promotions offered by green service sectors, recreational areas, and environmental education facilities. As at the end of 2017, the Company has assisted and recommended 3,541 people to become Green Point members.



Financial Institutions

FFHC has launched and invited industry peers to discuss and establish the "Counter Service Carbon Footprint Calculation" product category rules (PCR), which were approved by the Environmental Protection Administration on June 9, 2017 and announced on the Carbon Footprint Labeling website, providing financial industry peers with a set of regulations for calculating counter service carbon footprint. On July 5, 2017, we obtained the SGS-certified Carbon Footprint Verification Statement and received the EPA Service Carbon Footprint Label Certificate on September 28, 2017. According to our research, the First Bank HQ Sales Department and Wanhua Branch produce 2 kg and 800 g of CO₂e when providing counter service to a single person. The results provided a more explicit insight into the amount of carbon emitted during the service process, thus enabling us to develop effective carbon reduction measures.



Academic Institutions

To develop children's awareness on environmental sustainability, FFHC and the Taiwan Indigo Association collectively launched the Campus Environment Educational Lectures at 30 schools. The lectures were mostly about environmental knowledge and an exploration of the meaning of life to raise students' awareness on environmental protection. Approximately 4,680 students benefited from the lectures. In addition, Wanhua Branch was renovated to meet the criteria of an environmental education facility, and academic institutions were invited to assist with evaluations for certifying environmental education facilities and venues. 8 Lesson plans were designed by four of our employees who are certified environmental educators. These employees have also held environmental educational promotion activities to convey the importance of environmental conservation to Grade 3-6 elementary school students. A total of 1,590 students benefited from these activities.



In the environmental education promotion activity, FFHC representative communicated the importance of environmental conservation to Grade 3-6 elementary school students and actively interacted with students.

Non-profit organization

The Global Initiatives Symposium in Taiwan invited First Bank managers in 2017 to provide lectures on the research and development of innovative action plans for a low-carbon economy. FFHC President Mei-Ling Cheng was also invited to give a speech at the closing ceremony and talk about the strategies and outcomes achieved by FFHC in a low-carbon economy. Representatives at the symposium were able to gain a profound understanding of the implications and applications of low-carbon economy and create opportunities to engage in a dialog with younger generations regarding low-carbon economy, thereby brainstorming more diverse and beneficial response strategies for sustainable development.



FFHC President Mei-Ling Cheng was invited to give a speech at the closing ceremony of the Global Initiatives Symposium and talk about the strategies and outcomes achieved by FFHC in a low-carbon economy.

Suppliers and Customers

As the number one brand in green finance, FFHC is fully aware that disadvantaged groups typically use affordable lighting instruments which are energy-consuming and cause glares. Considering these problems, FFHC joined forces with its supplier Zhenxiang Engineering and customer Energyled Corporation to implement cross-industry charitable programs. For example, the Green Light Sustainability Program in 2017 involved assisting disadvantaged groups (e.g., Taoyuan Kind Garden and Hung-Chia Sanctuary Center) to install LED lights; 757 sets of energy-saving products were used to build a brighter living space. We took actions to realize environmental sustainability. These actions are expected to save roughly 60,000 kWh of electricity per year, cut electricity bills by approximately NT\$240,000, and simultaneously reduce 31.74 metric tons of CO₂e, which is equivalent to sequestering carbon in 3,400 trees. We aim to strive toward building a low-carbon sustainable homeland, thereby achieving the three long-term benefits of "improved lighting, lower electricity bills, and carbon reduction"



Social Welfare Organizations

Over the past seven 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 2017, a total of 216 computers were donated to 16 social welfare organizations including the Tainan Ren-Ai Home Affiliated Children's Home, and the Taitung Chinese Christian Network Development Association. Accumulated donations totaled 913 units. Our efforts enable disadvantaged schoolchildren to participate in distance learning programs, thereby broadening their access to educational resources and helping to bridge the urban-rural gap.

Accumulated donations totaled **913** units



HAPPY WORK PLACE



Professional Development and Management Reform

Management Guidelines

01

◎ Policies

Employees are the core of the financial service industry. From recruiting, cultivation, retention thro to protection, we are committed to building up a comprehensive compensation, benefits and care system to create a happy workplace at FFHC.

02

◎ Commitment

Adhering to our philosophy of "employees are the company's most valuable asset," we are committed to providing excellent benefits that cater to the needs of employees and facilitate employee development. Employees are also encouraged to realize their full potential and create value.

03

◎ Goals

- Carry out personnel competency and talent evaluations, in order to strengthen career planning for employees
- Optimize education and training programs to improve employee competency
- Promote interpersonal interactions for employees, to achieve a balance between work and life
- Develop diversified benefit systems for employees, in order to fulfill employee care responsibilities
- Refine the remuneration system, increase the competitiveness of wages and achieving better results through incentives.
- Providing a work life balance for employees by organizing family gatherings while raising environmental awareness, organizing physical and arts activities as well as forming employee groups.

04

◎ Duties

The human resources department of each subsidiary is responsible for employee recruitment, training, and employment. The department assists with talent transformation to create a happy workplace that promotes a balance between work and life.

05

◎ Resources

We provide fair and open recruitment channels and selection processes, regularly examine changes in the financial market and amendments to labor laws, and create an environment in which employees can develop the practical skills and mindset needed for their work.

06

◎ Complaints mechanism

- 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.
- A range of transparent, equal and convenient complaints channels have been established including the "President's Mailbox", "Ideas Mailbox", "Employee Support Hotline", and "CEO Weekly" on the company intranet, as well as public forums on a diverse range of topics to ensure that complaints are handled properly.
- Encourage employees to suggest procedural improvements through the case proposal system or theme competition.
- Conduct surveys on employees' professionalism and provide avenues for airing of opinions to serve as policy making reference.

07

◎ Specific management practices

- Digital Finance Talent Transformation Program - Strengthening the financial literacy of employees, enhancing their marketing competency and professional knowledge of digital financial products.
- Overseas Associate Talent Program - select and send outstanding employees who intend to be posted in overseas branches, providing professional training based on their experiences and background, in order to ensure both quality and quantity in the overseas branches' talent pool.
- Securities Salesperson Transformation Program - strengthening the role of the securities salesperson and based on the company's requirements in digital development, enable the evolution of their role into a all-rounded financial management advisor.

08

◎ Assessment mechanisms

- The full amount is to be used on employees with disabilities
- New recruitment rate and resignation rate
- Follow up on certification and licensing status
- No. of employees on unpaid child care leave and reinstatement rate
- No. of employees receiving and amount of subsidies for marriage and parenting
- Training hour and no. of trainee
- "The survey on employee professionalism" included topics on health risks, posting a >75% score on overall professionalism.

09

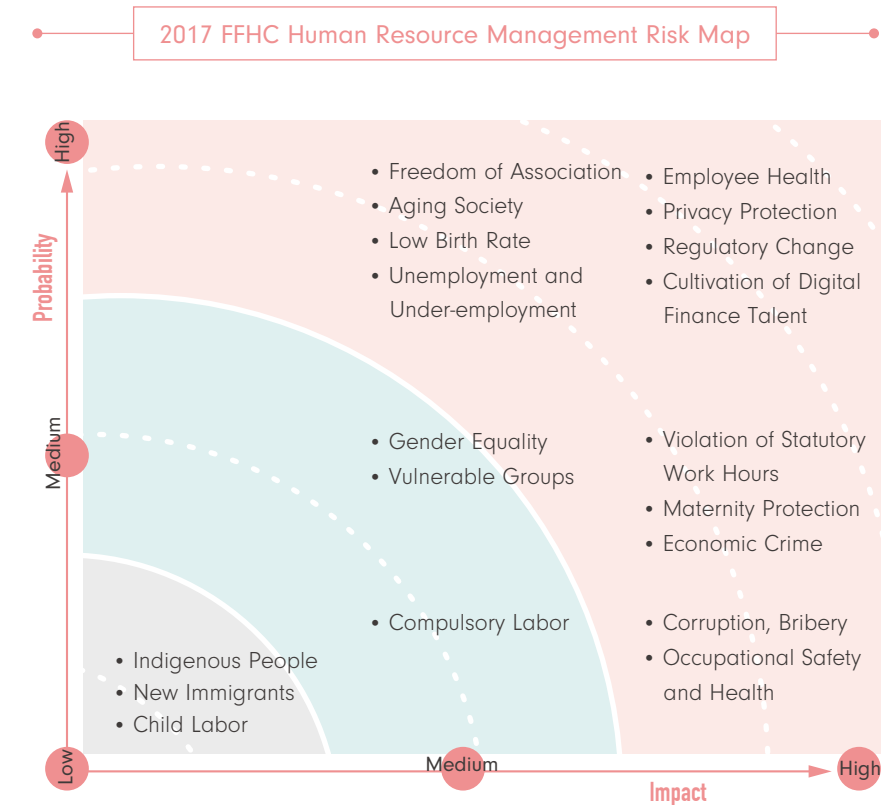
◎ Results

- 1,418 employees received the "Digital Financial Knowledge" certificate.
- The percentage of employees with disabilities was 1.1%, exceeding the benchmark amount and awarded the "Excellent enterprise award for hiring of employees with disabilities and a friendly work environment" by the Taipei City Foreign and Disabled Labor Office.
- The average number of training hours per person for both physical and online training amounted to 54.95 hours, costing a total of 67.49 million NT or an average of 7347 NT per person in training fees; awarded the TCSA (Taiwan Corporate Sustainability Awards) - Talent Development Award twice in a row and the Commonwealth Innovation School's "Annual Best Learning Organization Award".
- Between 2015 and 2017, a total of 139 employee proposals were adopted and NT\$51,300 in bonuses issued.
- In 2017, 129 employees applied for unpaid maternity leave and the reinstatement rate reached 85.4%; the retention rate one year after reinstatement for employees who went on unpaid child care leave was 95.28%.
- To encourage child birth, FFHC raised the child birth subsidy considerably in 2017, offering NT\$50,000 for the first child, NT\$80,000 for the second child, and NT\$100,000 for the third child and every child thereafter. We also offer an employee marriage subsidy to the value of NT\$30,000. In 2017, a total of NT\$7,374,000 in subsidies was provided for child birth and marriage.
- 808 new employees were recruited in 2017 and FFHC was chosen for inclusion in the "Taiwan Employment Creation Index 99" for the eighth consecutive year.
- Selected as once of the indexes of the "Taiwan High Compensation 100 Index (HC100)" for 3 years in a row.
- The overall professionalism score for group employees in 2017 was 79.77%, with male employees achieving a score of 82.56% and female employees 78.07%.
- A total of 106 employee recommendations were proposed in 2017 including enhancing service standards, reducing operational procedures, improving automated services and others, all of which were studied closely by the relevant departments. 44 of them were eventually accepted.



1-1 Human Resource Management Risk Map

First Financial Holding takes reference from the impact on society, human rights and environment according to the annual risk graph and specifically assesses employees \ children \ migrant labor \ Indigenous people \ third-party contracted labor ,and local communities before setting up operational bases, developing new business types, investing in trust funds, procuring, planning operational strategies and developing human resources. The human resource management risk graph drawn up based on the 19 selected evaluated factors, with the vertical axis as incidence probability and horizontal axis as the impact on company operations, is as follows. The 16 factors designated as medium to high probability incidence were categorized as those requiring risk management.



Conduct due diligence checks for higher risk critical issues such as "nurturing of digital finance talent", "safeguarding of privacy" and "work safety", in concert with various mitigation plans so as to reduce any negative impact on the group. In particular, implement improvements to various critical issues such as including mandatory notification on the collection and use of employee information in the updated employee's consent form, encourage employees to acquire certification on the "Financial Digital Knowledge Test" and promoting a work friendly environment, in order to mitigate relevant risks.

1-2 Employee Composition and Diversity

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. At the end of 2017, our Group had 9,075 regular employees including 460 foreign nationals. FFHC has 5,384 female employees (including 1 part-time employee working overseas) and 3,691 male employees, for a female:male ratio of 59:41; 19% of all positions are management positions with 53% being female managers. There are more women than there are men in management and general positions, demonstrating gender equality and equal opportunity in our workplace. In 2017, FFHC employed a total of 120 senior executives (job grades 15 and 14), of whom 50 are female, accounting for 41.67% of all senior executives; 49.3% of female employees are in a job position that has the potential for salary increase.

Data of Female Executives and Employees

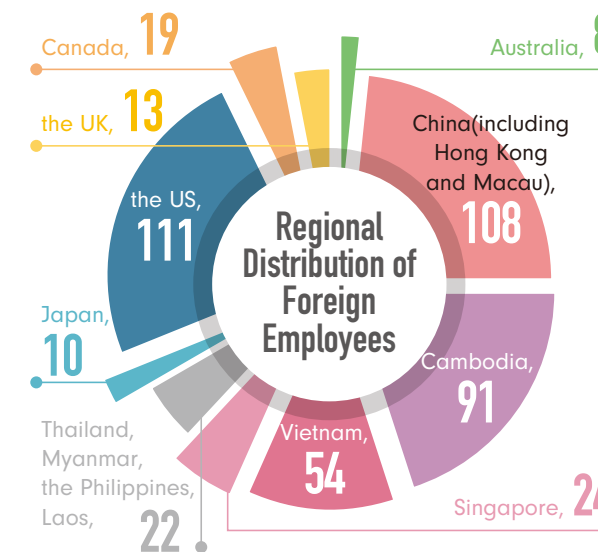
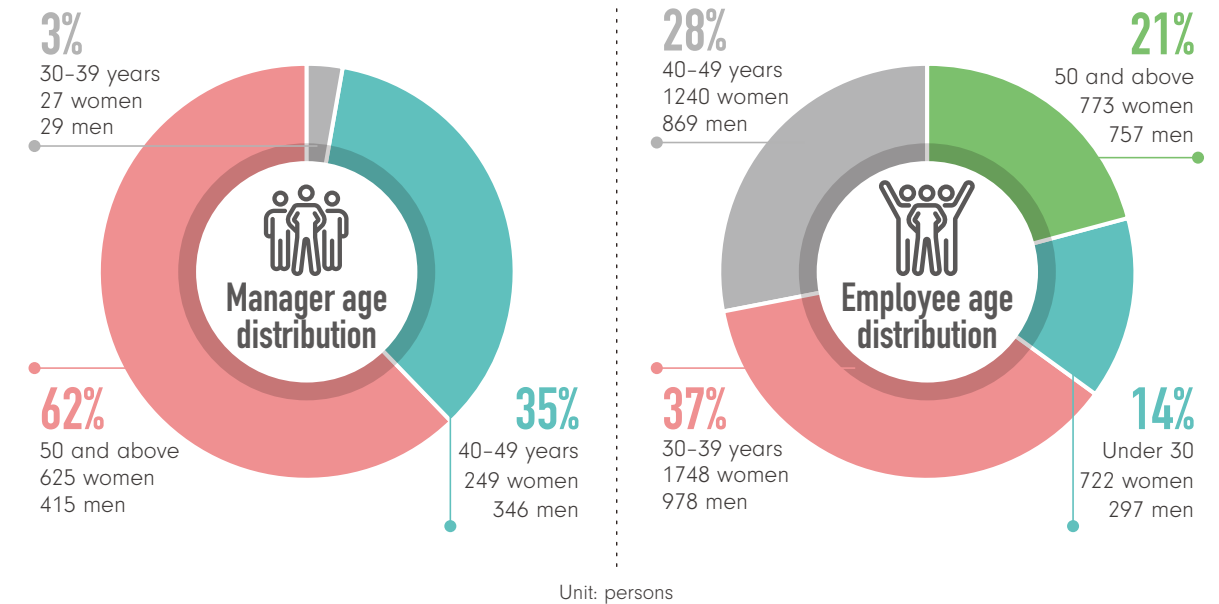
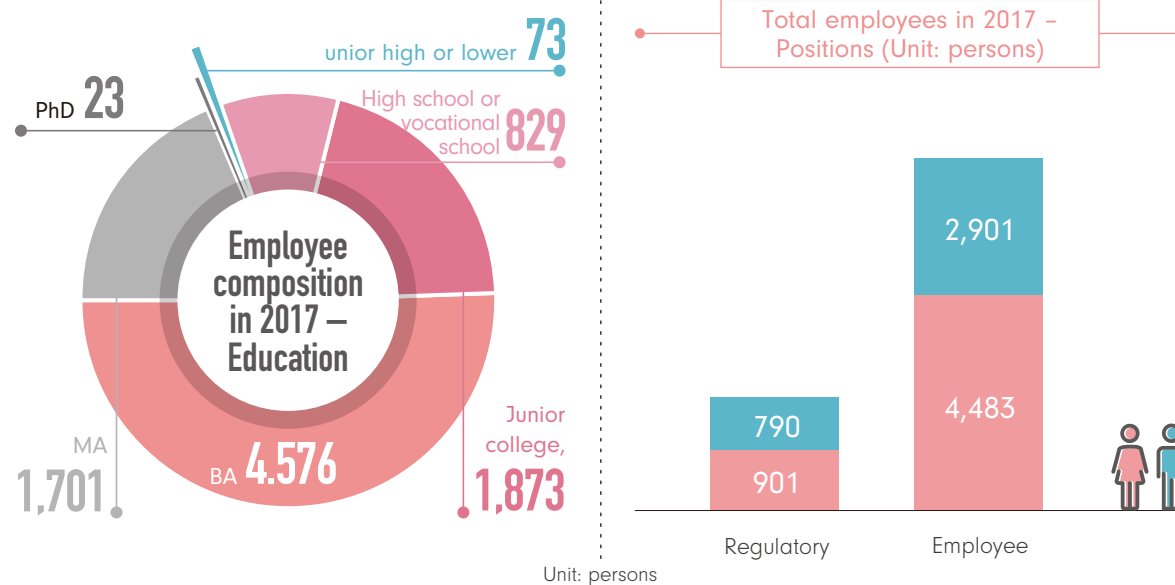
	2015	2016	2017
Percentage of female employees (%)	58%	59%	59%
Percentage of female executives (%)	47.2%	53%	53%
Percentage of junior female executives (%) (junior female executives/total no. of junior executives) * 1	53%	54.2%	53.6%
Percentage of senior female executives among all senior executives (%) *2	41.8%	36.5%	41.67%
Percentage of female employees in revenue generating positions (such as sales) (e.g., sales; excluding supporting departments such as human resources, IT, and legal affairs) * 3	44.1%	50.2%	49.3%

* 1 : Definition of executive: Employees who assume managerial roles and administrative duties.

* 2 : Definition of junior executive: Branch assistant manager or department assistant manager with job grade 10 and 11.

* 3 : Female manager/all branches (including overseas regions)

Our Group employed 457 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 2017, a total of 8 atypical employees became regular employees.



Number of Atypical Employees during the Year

2017	Administration	Security	Driver
Female	157	0	0
Male	49	204	47
Sub-Total	206	204	47
Total	457		

* : The labor contract region is Taiwan Unit: persons

1-3 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 the corporate vision of FFHC, 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. The year 2017 marked the 13th year of the MA program. To adapt to the financial age and to achieve our regional operational strategy in the global financial markets, we welcome talent from diversified backgrounds. Technical and Psychological major related talents are in particular our priority, in addition to talents with strong linguistic capabilities, as a means to continue our policy of nurturing talents from diversified backgrounds.

In view of the developing trend of digital finance, the Group has, since 2015, engaged external professional headhunters and used cloud based social platforms in conjunction with traditional avenues to recruit middle to senior level managers, in addition to professional talents in Big Data Analysis, Internet Management, Information Safety Management, Fintech Research and Development as well as Digital Banking Business Planning recruited through internal and external processes. This allows for enhancing employee competency and competitiveness, adapting to the evolutions in digital finance and responding to human resource requirements in information safety.

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 2017, we employed 99 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. The 2017 percentage of employees with disabilities is 1.1%, exceeding the benchmark set by the competent authority and hence winning the "Excellent enterprise award for hiring of employees with disabilities and a friendly work environment" by the Taipei City Foreign and Disabled Labor Office. Hired 44 summer interns in response to the Ministry of Education - Youth Development Council's "Internship Plan for Youth from Economically Disadvantaged Families", and provided 10 internship opportunities in conjunction with the 2017 summer "University Students' Banking Internship" activity organized by the China Youth Corps, as well as 37 internship positions under the University Internship Project so as to provide opportunities for financial education, reducing the number of youths that are unemployed and without access to education or training.

Overview of employee diversity for the past 3 years

	No. of persons with physical and mental disabilities	Indigenous People	No. of Nationalities
2015	95	5	13
2016	90	5	14
2017	99	5	14

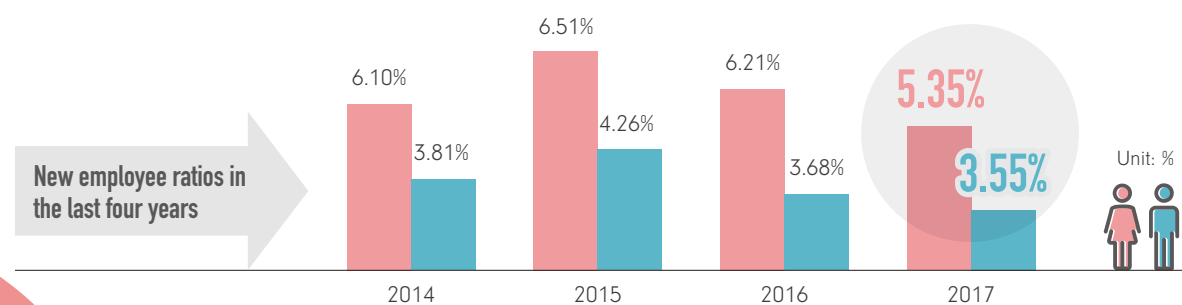
Unit: Persons

Investing in, nurturing and employing local talent is one of the principles of First Financial Holding in its overseas operations. As of 2017 year end, First Financial Holding has employed 460 local employees and continued to localize its operations. In addition, employees with outstanding performances are promoted annually, with some holding managerial positions, emphasizing the diversity and inclusiveness of the Group while benefiting business expansion.

In terms of nurturing Southeast Asian students with huge potential, First Financial Holding has, since 2013, conducted the annual "SE Asia Elite Financial Experience Camp", with participants hailing from Thailand, Malaysia, Vietnam, Myanmar, Macau and other countries. The 2017 "Asian International Students Financial Experience Camp" aims to attract SE Asian overseas students who intend to enter the financial field. A total of 37 students attended the financial visits, practice sessions, internships and other interactive teaching courses, giving them a good understanding of the company's operation model. Outstanding students interested in banking or graduating students currently doing internship were also included in our overseas talent database and given referrals for recruitment at overseas branches. Such experiential camps and summer internships will continue to be held in future so as to nurture even more outstanding talents from SE Asia a total of 808 new employees were recruited in 2017 with a women: men ratio of 60: 40. All of our offices also give preference to local residents to ensure their employment opportunities.

New employees as a percentage of total workforce

	No. of employees at end of 2017	Female				Male				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	Female	Male
No. of Employees in Taiwan	8,615	186	90	82	29	123	112	42	15	387	292
Percentage (%)	94.9%	2.05%	0.99%	0.9%	0.32%	1.36%	1.23%	0.46%	0.17%	4.26%	3.22%
No. of Employees Overseas	460	76	14	4	5	22	6	1	1	99	30
Percentage (%)	5.1%	0.84%	0.15%	0.04%	0.06%	0.24%	0.07%	0.01%	0.01%	1.09%	0.33%
Total	9,075	262	104	86	34	145	118	43	16	486	322
Percentage (%)	100%	2.89%	1.14%	0.94%	0.38%	1.6%	1.3%	0.47%	0.18%	5.35%	3.55%



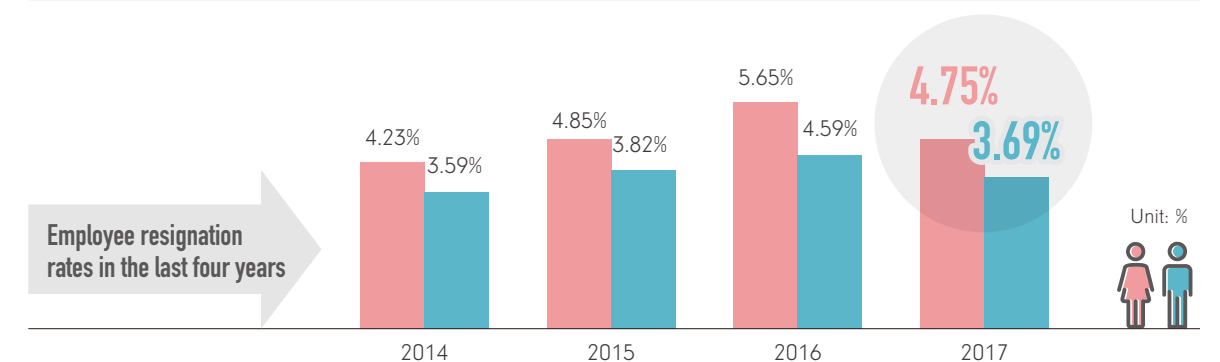
1-4 Employee Turnover

We are 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 high proportion of tellers and financial planning personnel. Female employees tend to leave the workplace due to marriage and childbirth. The main reason new employees resign was a change in career. However, 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 8.45% at the end of 2017. If those applying for retirement at the age of 65 in accordance with the Labor Standards Act are excluded then the turnover rate was 6.79%.

In recent years, First Financial Holding has repeatedly increased the starting salary of new employees with an increment percentage of 7.3%, an above average increment when compared to industry peers. This is in addition to a fair and transparent promotion mechanism and performance evaluation method in order to prevent seniority being the main consideration for promotion, as well as a differentiated bonus system. Together, this provides for a fair, transparent and hopeful future for the younger generation. In order to build an excellent workplace environment and create work life balance for the younger generation, we provide several benefits and leave regulations that exceed the minimum benchmark set by the labor law, in the hope of retaining our younger employees as well as providing support for them and their families.

Employee Resignations in 2017

	No. of employees at end of 2017	Female					Male					Total	
		Less than 30	30-39 years	40-49 years	50-64 years	Retirement at 65 years	Less than 30	30-39 years	40-49 years	50-64 years	Retirement at 65 years	Female	Male
No. of Employees in Taiwan	8,615	70	96	101	33	50	40	86	47	25	94	350	292
Percentage (%)	94.9%	0.77%	1.06%	1.11%	0.36%	0.55%	0.44%	0.95%	0.52%	0.28%	1.04%	3.85%	3.22%
No. of Employees Overseas	460	52	14	6	7	3	20	11	3	6	3	82	43
Percentage (%)	5.1%	0.57%	0.15%	0.07%	0.08%	0.03%	0.22%	0.12%	0.03%	0.06%	0.03%	0.9%	0.47%
Total	9,075	122	110	107	40	53	60	97	50	31	97	432	335
Percentage (%)	100%	1.34%	1.21%	1.18%	0.44%	0.58%	0.66%	1.07%	0.55%	0.34%	1.07%	4.75%	3.69%

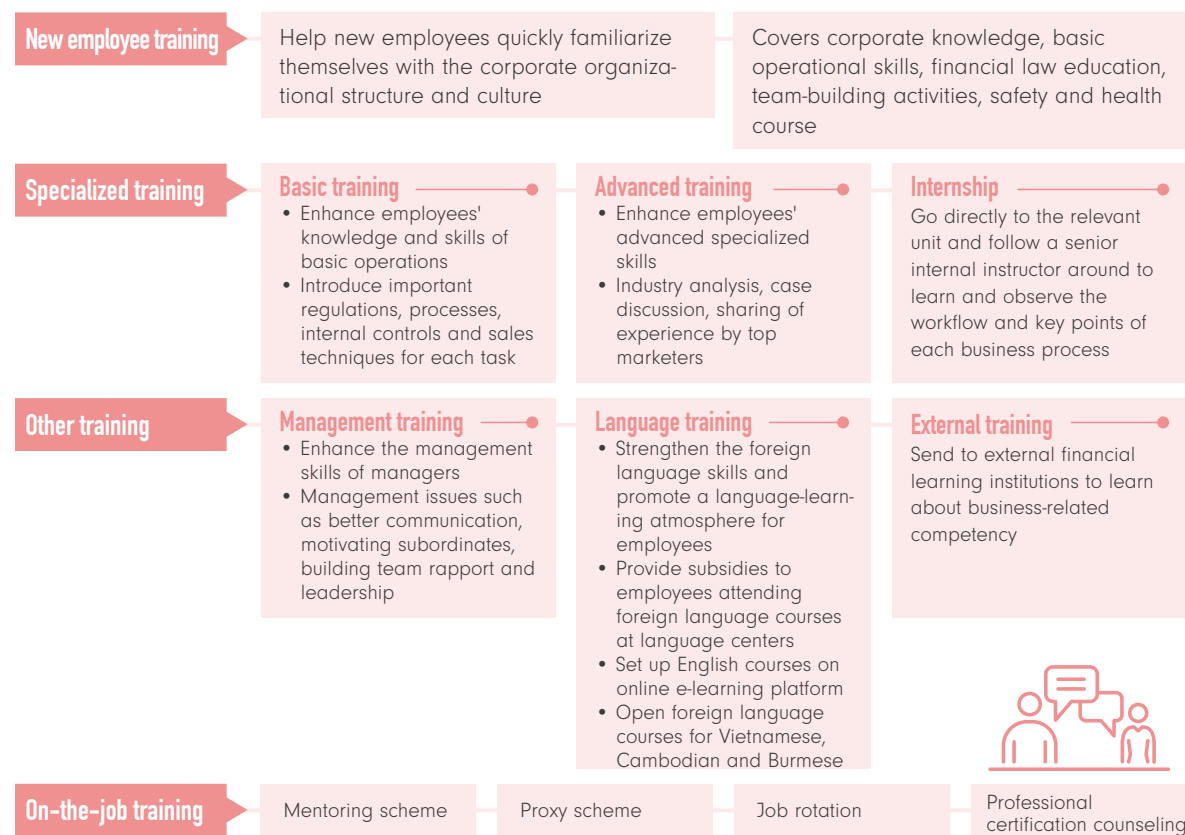


Employee resignation rates in the last four years and Recruitment costs

	2014	2015	2016	2017
Employee resignation rates (%)	7.82	8.67	10.24	8.44
Employee resignation rates (%) - Excluding retirees	6.79	7.84	8.78	6.79
Employee voluntary resignation rates (%)	5.76	7.09	6.98	6.62
Average recruitment cost per employee (NT dollar)	24,009	24,742	30,811	36,838
No. of Total Employees (person)	9,031	9,201	9,108	9,075

1-5 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. Employees receive credit for acquiring related professional certification during annual performance evaluations, and are given bonuses for innovative proposals. Between 2015 and 2017, a total of 139 employee proposals were adopted and NT\$51,300 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	2015	2016	2017	Total
Total proposals	142	115	106	363
No. of awarded proposals and bonuses	53 cases/NTD18,300	42 cases/NTD17,000	44 cases/NTD16,000	139 cases / NTD51,300

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 7,440 training groups and 46,201 training hours have been accumulated as of 2017. 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 themselves with each position. They can then accumulate practical experience and strengthen their professional know-how.

1-6 Employee Training and Development

Employee competency is the operational drive for companies. First Financial Holding designs diverse training courses and learning paths for employees of respective levels, effectively enhancing their professional knowledge, sales capability and job passion. In view of the rapid changes in Financial Technology (Fintech), we actively implement holistic training in Fintech knowledge and arrange relevant financial courses such as "Exploring Business Opportunities of IOT", "The Present and Future of Big Data Analysis at First Financial Holding", "Recent Developments of Financial Technology and the Application of Artificial Intelligence in Community Analysis", "Sharing of Artificial Intelligence (AI) Applications and Actual Cases", "Key Points and R&D of Virtual Reality and Augmented Reality (VR/AR) Products". Employees are also encouraged to actively learn the latest financial knowledge and the "Digital Finance Competency Certification" was included in the 2017 annual credit item for employees, with a higher weighting than before. As of year-end 2017, 1,418 employees have achieved the qualification for "Digital Finance Competency Certification".

To strengthen Group personnel's awareness towards anti-money laundering and countering terrorism financing and their risks, as well as ensure the effective implementation of preventive measures, FFHC has organized a series of training courses in 2017, such as "Recent Amendments to Anti-Money Laundering Laws and Case Discussions," "Response Strategies for Financial Crime Prevention in the Banking Industry," and "Local and Foreign Laws and Regulations on Anti-Money Laundering and Countering Terrorism Financing." In total, 1,522 hours of training were provided to 14,570 employees. Examination subsidies and bonuses are also offered as a means of encouraging employees to acquire certifications for Certified Anti-Money Laundering Specialist (CAMS). As of the end of February 2018, 414 employees acquired the CAMS certificate, reflecting a tremendous accomplishment for the Company.

2017	FinTech courses		Anti-money laundering courses	
	Total hours	Total number of people	Total hours	Total number of people
Total	5,040.5	11,338	1,522	14,570

Name and number of FFHC employees holding professional certificates/licenses

Unit: Persons

Year	As of February 28, 2018	Year	As of February 28, 2018
Bank internal control and internal audit test	5,445	Derivatives sales representative (including structured products sales representative)	4,387
Junior foreign exchange officer	1,825	Personal insurance account manager	7,039
Junior loan officer	2,446	Life insurance brokerage	9
Stock sales staff	708	Personal insurance agency	18
Bond sales staff	293	Foreign currency payments and receipts for non-investment linked insurance products	5,314
Proficiency Test for Digital Banking Processes	1,418	Property insurance account manager	5,959
Investment consulting sales representative	1,516	Securities specialist	1,796
Investment consulting regulations	4,280	Senior securities specialist	2,199
Trust sales representative	6,471	Securities investment analyst	255
Investment-linked insurance products sales representative	4,893	Securities margin trading and short sale specialist	223

Name and number of FFHC employees holding professional certificates/licenses

Unit: Persons

Year	As of February 28, 2018	Year	As of February 28, 2018
Futures specialist	1,937	Internal auditor	16
Futures brokerage specialist	1	Computer auditor	9
Futures trading analyst	26	Certified Anti-Money Laundering Specialist (CAMS)	414
Financial risk manager (FRM)	98	Lawyer	14
Financial planner	1,977	Accountants	24
Certified Financial Planner (CFP)	15	Actuaries of the United States	1
Chartered Financial Analyst (CFA) (Level 1)	10	Actuaries of the Republic of China	2
Chartered Financial Analyst (CFA) (Level 2)	2	Life Insurance Management Institute of the Republic of China - Insurance assessor certificate	8
Chartered Financial Analyst (CFA) (Level 3)	11	Life Insurance Management Institute of the Republic of China - Claim adjuster certificate	4

To enhance the digital learning effectiveness of employees, 274 digital learning courses were offered by FFHC's online learning system in 2017. 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 2017, managers (Note) attended real-world training 11,863 times, or an average of 45.99 hours of training per person; online training was used 19,509 times, or an average of 27.67 hours per person. Non-managerial employees attended real-world training 32,733 times, or an average of 23.87 hours of training per person; online training was used 79,721 times, or an average of 26.8 hours per person. Total real-world and online training hours amounted to an average of 54.95 hours per person. Total employee training expenses amounted to NTD 67.49 million for an average of NTD 7,437 per person. FFHC was rated as the Best Learning Organization for the Year by the CommonWealth Innovation Academy in 2017.

(* : Managers refer to employees who assume managerial roles and administrative duties.)

2017 statistics on employee attendance in real-world training and total training hours

Gender	Total number of people		Total hours		Average hours per person	
	Regulatory	Non-managerial role	Regulatory	Non-managerial role	Regulatory	Non-managerial role
Male	6,643	21,515	43,832	109,225.4	48.65	24.36
Female	5,220	11,218	33,933.4	67,015	42.95	23.1
Total	11,863	32,733	77,765.4	176,240.4	45.99	23.87

2017 statistics on employee attendance in online training and total training hours

Gender	Total number of people		Total hours		Average hours per person	
	Regulatory	Non-managerial role	Regulatory	Non-managerial role	Regulatory	Non-managerial role
Male	10,503	48,644	25,302.6	123,622.5	28.08	27.58
Female	9,006	31,077	21,487.9	74,263.1	27.2	25.6
Total	19,509	79,721	46,790.5	197,885.7	27.67	26.8

Average employee training hours and training expenses for the past 3 years

	2015	2016	2017
Average employee training hours	58 hours	64.85 hours	54.95 hours
Average employee training cost	NTD 6,580	NTD 8,138	NTD 7,437
Total training expenses	NT\$60.60 million	NT\$74.13 million	NT\$67.49 million

Remarks: Due to the rise of digital finance in 2016, it was necessary to equip employees with the knowhow on digital finance trends and operation of digital equipment, leading to an increase in training hours and expenses. The higher number of training hours in 2015 compared to 2017 was due to the mandatory triennial 18 hour and 12 hour training for trust fund managers and serving employees respectively.

In order to ensure that the training plan equips employees with the relevant knowhow, the company adopts the Kirkpatrick framework to evaluate and control training effectiveness, as well as to verify learning results.

Evaluation level	Evaluation method	Description
Response level (Level 1)	Questionnaire	Arranging students to fill out the course satisfaction survey after training, and encouraging them to suggest improvements to the course.
	After course evaluation	Arranging a test immediately after the course to evaluate learning results.
Learning level (Level 2)	Mock exercise	Conduct of scenario play, enhancing effectiveness through simulation practice.
	Project presentation	Arranging students to conduct presentation and analysis of actual cases to enhance their application capabilities.
Behavior level (Level 3)	360 degrees evaluation	Evaluate whether a new employee has applied his knowledge in daily work through daily work performance, manager's review, as well as feedback of colleagues and customers.
	Practical Assessment	Evaluation of student's work quality and professional knowhow.
Results level (Level 4)	Effectiveness Evaluation	Evaluating training effectiveness through operating performance growth.

Relevant Effectiveness Based on Implementation of the Kirkpatrick Framework

	2014	2015	2016	2017
Number of questionnaire submissions	12,764	13,730	21,201	11,039
Number of passes Number of students	3,661	2,797	10,066	3,844
Retention rate of new employees	87.97%	85.84%	84.29%	92.82%
Effectiveness Evaluation (ROI)	903.7	698.7	567.2	627.2

Remarks: ROI = Financial Benefits - Training Cost / Training Cost x 100%



1-7 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.

First Financial Holding emphasizes on the long term performance effectiveness of employees and implements the "Employees Stock Options Purchase Plan" during issuance of common stock for cash, in order to boost morale and reward long term employees. Employees can purchase their respective amount of stock options at a favorable price based on their position, seniority and performance.

To incentivize employees to raise their performances, First Financial Holding set the "Retention and Promotion of Employees" regulation, which stipulates that employees above grade 5, upon accumulating 3 years of seniority, would be promoted according to number of years in service, performances, sales capability, management capability, leadership qualities and business requirements. In addition, employees' salaries and bonuses are highly correlated to annual evaluations and promotion levels, directly impacting their bonuses and salaries for that year, as well as salary increment percentage and promotion likelihood for the next; promoted employees, other than receiving a higher pay rise for the year of promotion, would also enjoy higher pay and bonus increments for the future; in particular, award of the special incentive bonus is based on the employee's long term performance and special contribution.



The breakdown of employees' compensation includes weightage on evaluation as well as seniority and position. Promotion of employees takes into consideration the current position, as well as evaluation scores for the last 1-9 years; evaluation scores for the recent 1-5 years would be considered during selection of the Assistant Associate Manager. The long term performances of employees determine the position they hold and the various evaluations are closely tied to the

aforsaid performances; as a means to persuade employees to stay for the long run and improve human resource stability at the company, employees' number of years in service are tied to their Preferential Saving Deposits post retirement.

First Financial Investment Trust has implemented a long term incentive plan for fund managers that exceeds 1 year. In accordance to the "Investment Researcher's Compensation and Penalty Plan", long term performance bonuses would be awarded after 2 to 3 years of fund management. The bonus would be given in stages to prevent any loss on the company's end after the award of bonuses.

FFHC attaches a high level of importance to the cultivation of people with great potential. 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. Overseas talent is also a key component of our global expansion. To enhance both the "quality" and "quantity" of talent at overseas branch organizations, the Sales Personnel for China Program was added since 2009 after the Overseas Management Personnel Program was activated in 2006. 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. As of the end of 2017, 328 overseas management associates have been cultivated.

Key FFHC Training Programs

Training program	Training Goals and Visions	Benefits	Employee ratio	
Digital Banking Talent Transformation Program	Refine employees' competency in digital finance and elevate their expertise in digital finance products and marketing capability.		Each person receives an average of more than 0.56 hours of training, with a total of 5040.5 training hours for 11,338 people. Acquired 33 patents on Fintech inventions and new models by the end of 2017, with 1418 employees passing the "digital finance knowledge certification" and improving our electronics sales market share from 0.68% in 2015 to 0.85% in 2017. Transaction fee earnings and interest income in 2017 also increased 0.65% from 2016 due to enhancement of the smart customer service system, digital welcome system and new functions in the mobile sales platform APP.	100%
Overseas Trainee Program (Including Sales Personnel for China Program and Overseas Management Personnel Program)	The overseas management associate program was launched in 2006, providing various professional training in accordance the different sales experience and background, such as: compliance of overseas law, internal control, risk management, overseas information system, international protocol, cross-cultural communication, economics and politics of the respective countries as well as other courses, in order to accelerate the professional training of overseas talent.		As of the end of 2017, 328 overseas management associates have been cultivated. The execution of the program has helped boost the profitability of overseas branches. In 2015, 2016 and 2017, gross profits of overseas branches reached US\$155,885,000, US\$168,779,000 and US\$205,493,000 respectively.	4.4%
Transformation plan for securities salespersons	Securities salespersons will be trained to become holistic financial managers in order to strengthen their roles and to meet the company's requirements on digital development. Sales and service of relevant financial management products will also be provided, in addition to the development of securities borrowing and lending business, insurance business and the re-consigned trading business. First Financial Securities implemented measures such as providing counseling required for the relevant financial certifications, planning different incentive programs, and training of sales techniques for financial products.		There were a total of 6,335 training hours with an average of >10 hours per person. In total for 2017, 206 employees at First Financial Securities acquired the relevant insurance license and insurance commissions increased by 2.252 million NTD, or an increase of 150% from 2016.	33%
Securities Subsidiary Guidance Counselor Certification Program	Strengthen personnel expertise in finance and expand the promotion of insurance business		Each employee on average received more than 10 hours of training, totaling 6,335 hours. A total of 206 employees acquired insurance-related certificates in 2017, increasing the 2017 income from insurance commission by 150%.	24%

We have established clear avenues of promotion and incentive schemes 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. Apart from new employees who are recruited as replacements for dismissed and resigned employees, experts and management professionals are cultivated internally. However, the recent trends in digital banking have prompted us to expedite the fostering of digital finance professionals by outsourcing digital banking experts, which caused a reduction in the internal ratio of non-managerial personnel. 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. Employees studying finance-related graduate or higher degrees in Taiwan and overseas may also apply for up to 3 years of unpaid leave.

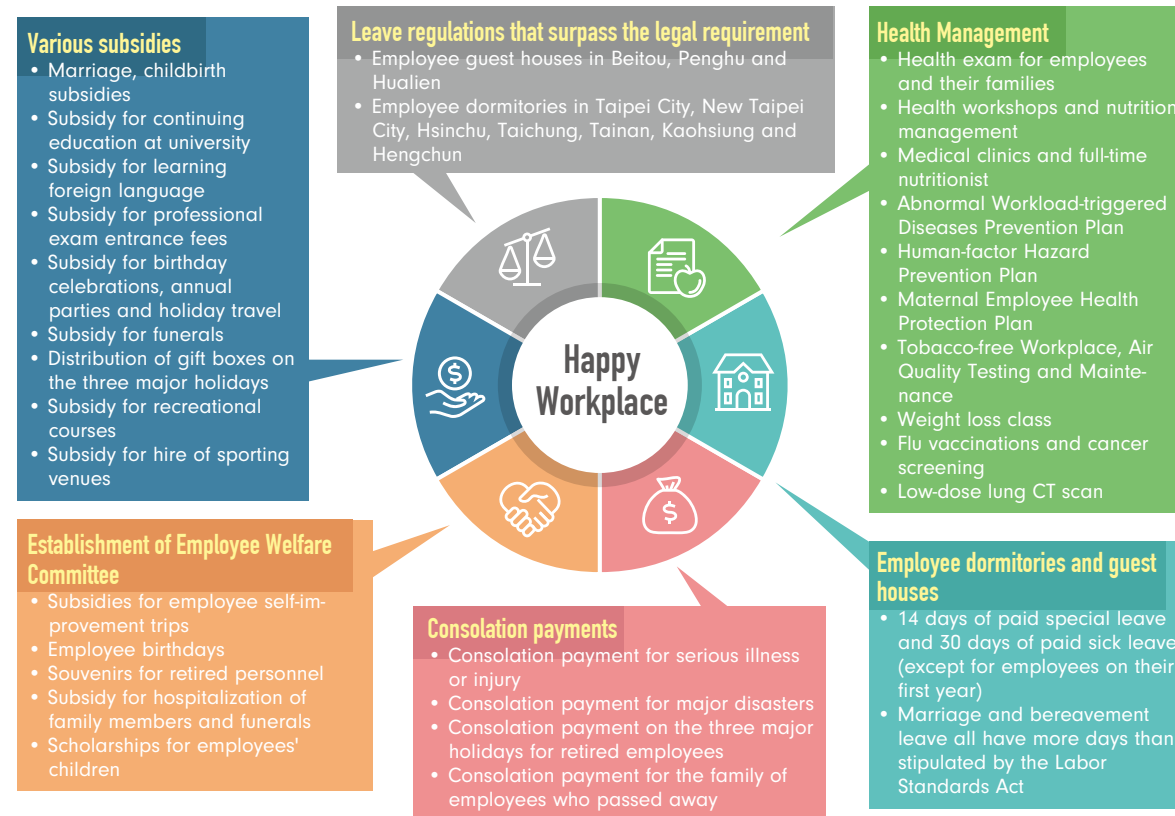
Analysis of internally fostered talent in the past 3 years

	2015	2016	2017
Positions available for internal candidates (%)	88.66%	83.92%	72.16%
Positions available for internal candidates: Management (%)	98.41%	99.07%	99.28%
Positions available for internal candidates: Non-management (%)	62.37%	37.14%	40.17%

Remarks : Positions available at the Company for internal candidates include management openings, overseas positions, and specialists required for business operations
Non-management openings however do not include new recruits that serve as replacement for dismissed and resigned employees.

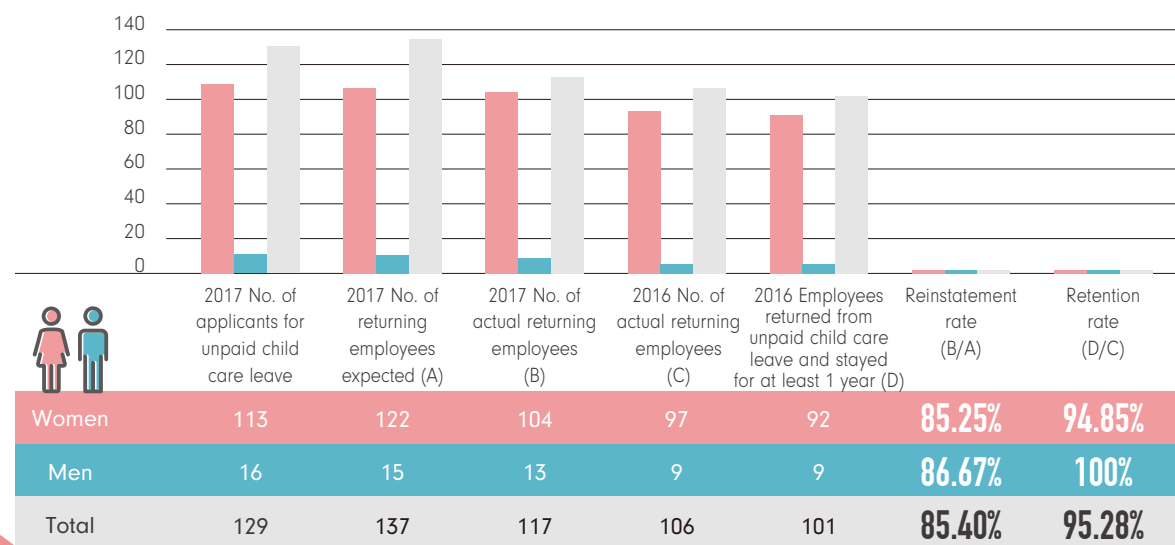
1-8 Friendly, Healthy Happy Workplace

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:



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 129 people applied for unpaid maternity leave and the reinstatement rate reached 85.4%; the retention rate one year after reinstatement in 2017 for employees who went on unpaid child care leave was 95.28%.

Overview of Employee Unpaid Family Leave



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 Defined contribution plans (new labor pension system)

Since 1st July 2005, the Group has complied with the "Labor Pension Regulations" and formulated a clear retirement scheme. Employees who choose the new "Labor Pension Regulations" would receive a monthly pension payment (6% of their monthly salary) into their personal pension account. Employees aged 60 can choose to retrieve their pension in one lump sum including principal and interest, or apply for monthly retrieval. The Group paid out a total of 218,426,000 NT in pension funds for 2017, and 223,196,000 NT for 2016.

3 Defined Benefit Plans (Old Pension System)

The pension funds of employees who match the retirement criteria and choose the old scheme would be computed based on number of years in service and the average salary for the last 6 months before retirement. For every year of the first 15 years of service, the equivalent of two months' salary is accumulated. For additional years, the equivalent of one month's salary applies. There is a maximum payment equivalent to 45 months' salary. The Group's various companies, based upon the old scheme of 2%-10% of total employee salaries, pay out monthly pension funds and deposit them at the Bank Of Taiwan's Trust Fund Department under the respective companies' labor pension fund supervisory committee

account. In addition, the pension reserve fund balance of employees will be computed before the end of each financial year. In the event that, for employees that meet retirement criteria, the balance is insufficient for retirement according to the aforementioned computation method, the company will make up the balance in one lump sum before the end of March of the following year. The cost to the Group for 2017 and 2016 pertaining to the aforementioned pension funds is 377,978,000 NT and 406,691,000 NT respectively, both recognized as employee welfare expenses. The amount for 2017 and 2016 deposited in the Bank Of Taiwan's Pension Reserve Fund is 7,065,736,000 NT and 6,672,029,000 NT respectively.

4 Overseas employees are subject to the local governmental laws and regulations. Their pension is recognized as pension expense for the current period in accordance with retirement regulations for defined contributions. The pension expense for the current period was NT\$16.175 million in 2017 and NT\$17.24 million in 2016.

FFHC Pension Contribution Plans

Unit: NT\$1,000

員工提案	2016	2017
New Pension System	223,196	218,426
Old Pension System	406,691	377,978
Overseas	17,240	16,175

5 To thank our personnel for their years of contributions, the Company presents each retiree with a commemorative medal and a pure gold bank ID badge and organizes a range of activities that cater to the living needs of retired personnel. Retirees are also invited to take part in sports and recreational activities as well as arts and craft classes. The annual retiree New Year banquet was held on February 6, 2017 and attended by 466 retiring personnel. A total of 913 retired personnel and their spouses living in Greater Taipei participated in the annual mountain hike on November 26, 2017. Consolation and care payments for the three major holidays to the value of NT\$6,383,000 were paid in 2017, and monthly corporate newsletters are posted to retirees. Retired personnel are also entitled to benefits of using guest houses and group insurances at the same discounted rate as that of in-house employees.



1-9 Balance Between Work and Life

Workers of the new generation emphasize the importance of striking a balance between work and life, whereas we focus on ensuring a workplace that makes employees feel happy and energized. For the purpose of helping employees to achieve a balance between work and family, FFHC implements a friendly family policy that provides the following care and support for employees and their families:

1 Female employees may apply for paid menstrual leave. In 2017 this was applied for by 99 people and average duration was 6.8 hours. If a pregnant employee feels unwell and is diagnosed by a doctor as requiring rest, the employee may apply for up to 44 days of sick, special or extended sick leave. This type of leave was applied for by 379 employees in 2017, with each person applying for 4.58 days of leave on average.

2 FFHC Headquarters building's breastfeeding room was certified for excellence by the Taipei City Department of Health. First Securities and First Life Insurance have also set up breastfeeding rooms. In 2017, the breastfeeding was used on average 767 times a month. If an employee must take care of a family member



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. A total of NT\$6,995,000 was subsidized in 2017.

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 15,199 people took part in these events in 2017.

9 In 2017, NT\$152,230,000 were spent on employee self-improvement trips. NT\$21,680,000 in subsidies were provided for annual year-end parties.



3 sonally 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 2017 this type of leave was applied for by 745 employees, averaged 17.28 hours per person.

The issue of low birth rates in Taiwan is worsening. 4 IC has responded to the government's population policy in 2017 by raising the child birth subsidy considerably, offering NT\$50,000 for the first child, NT\$80,000 for the second child, and NT\$100,000 for the third child and every child thereafter. Employee marriage subsidies to the value of NT\$30,000 were also offered. In 2017, a total of NT\$7,374,000 was subsidized for child birth and marriage. For employees who require childcare services, FFHC has signed an agreement with a well-known national chain to provide all employees with discounted daycare service. Education subsidies are also provided for employees' children. A total of NT\$15,650,000 was disbursed in 2017.

The "Extended Consecutive Leave" scheme was 5 mplemented. Employees who take 10 days of leave immediately receive NT\$6,000 in travel subsidy, and NT\$9,600 if they take 14 days off. A total of NT\$31.81 million in subsidies were provided in 2017.

6 First Bank has implemented the "Guidelines for paid Leave to Care for Sick or Injured Employee Dependents" to provide employee care and help employees to fulfill their responsibilities at work and home.



10 First Bank and First Life Insurance 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 Average cost of benefits for non-managerial employees

Unit : NT Dollar

	2016	2017	G (%)
Non-managerial employees	7,460	7,384	-1.0
Average cost of benefits for non-managerial employees	1,252,186	1,182,495	-5.6

1-10 Employee Communication and Commitment

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. The posting of employees to overseas positions encompasses pre-learning at the relevant department in Taiwan, enabling the employee to understand the laws, culture and lifestyle of the destination country. This is to shorten the preparation time for business handover, smoothen the handover process and reduce risk. Employment may be terminated in the event of business shut down, transfer of ownership, losses, reduced business, 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 for employees who have continuously served for three years or more.

* : A letter of notification regarding the termination and merger of the Zhongzheng Branch is attached herein (Ying-Hua Letter No. 00142 dated June 28, 2017).

The Group's various companies have been conducting anonymous surveys since 2017 in order to understand employees' professionalism towards their work, perception and views on the company and receive recommendations on the company's development. The results are as follow:



At the same time, the respective companies provide multiple avenues for employee communication and whistle blowing, maintaining excellent interaction with employees and ensuring that the whistle blower is not treated unjustly. Employees can have an instantaneous grasp of the company's events through face to face communication with managers, employees' mailbox, complaint hotline, live conferencing, the company's internal website, as well as the publishing of biweekly and monthly magazines. Employees can also actively communicate and feedback issues to management through avenues such as the "General Manager's Mailbox", "Ideas Mailbox" or "Employee Care Hotline". Avenues for employee communication and whistle blowing are as follow:

Company name	Total / Average
Number of Questionnaires	8,275
Number of Returned Questionnaires	7,506 (Male: 2,989 Female: 4,517)
Rate of Return	90.71%
Overall Level of Professionalism (%)	79.77%
Level of Professionalism for Male Employees (%)	82.56%
Level of Professionalism for Female Employees (%)	78.07%
Main Aspects of the Questionnaire	<ul style="list-style-type: none"> • Company Policy and Culture • Work and Healthy Lifestyle • Training and Development • Compensation and Benefits • Leadership and Management • Relationship with Colleagues
Improvement Mechanism	<ul style="list-style-type: none"> • Implement Mechanism for Job Rotation • Conduct Relevant Courses on Workplace Ethics • Measures to Provide Tangible Benefits • Training to Improve Communication Competency of Managers

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 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 • The internal websites of the respective companies have set up various transparent, fair and convenient complaint avenues such as the "General Manager's Mailbox", "Ideas Mailbox", "Employee Care Hotline", "CEO Weekly Magazine" and "Sharing is Caring", all able to provide proper responses to complaints.
- 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 2017, a total of 106 employee recommendations were proposed on improvements to refine service quality, shorten operating procedures, and improve automated services. All improvement suggestions were submitted to the relevant units for study and implementation, and 44 recommendations were 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.

Occupational Safety and Health

Management Guidelines

01

◎ Policies

Ensure the safety and health of personnel and create a friendly, safe, disaster-free workplace.

02

◎ Commitment

Striving to become an exemplar of eco-business, emphasizing on employees' safety, hygiene and health, and to provide a safe and healthy workplace environment.

03

◎ Goals

- Recognize health issues based on the Occupational Safety Management Risk Map and review the various risk prevention plans each year.
- Continue implementing the "Maternal Employee Health Protection Plan" and "Human Factor Hazard Prevention Plan". Compile statistics on employees suspected of health risks through the "Self-Musculoskeletal symptoms" questionnaire and provide them with appropriate recommendations to track and improve their health status.

04

◎ Duties

Set up an Occupational Safety and Hygiene Committee and assign a Occupational Safety and Hygiene Manager, Emergency Rescue and Fire Hazard Safety Personnel in order to ensure employees' occupational safety and hygiene and to build a safe workplace environment.

05

◎ Resources

- Keep abreast of global safety and health concerns, comply with domestic and foreign safety and health laws and standards, and construct a safe and healthy workplace.
- Targeting high risk health issues and implement measures such as health education, hygiene guide, safeguarding and promotion of physical and mental health in order to reduce the risk of illness.

06

◎ Complaints mechanism

- Make safety and hygiene recommendations through the "occupational safety and hygiene committee".
- Surveys on office environment (hardware facilities) and quality of service (software services) are conducted to provide reference for decision-making.
- Implement a mechanism for psychological counseling and care for major illnesses and injuries, form the "Care for

07

◎ Specific management practices

- Implement the "Human-Factor Hazard Prevention Plan" and "Abnormal Workload Related Illness Prevention Plan" in order to enhance health management of employees and provide comprehensive and diversified healthcare measures for employees.
- Implement the "Maternal Employee Health Protection Plan" and "Night Shift Safety Plan for Female Employees" to ensure a safe working environment for female employees.
- Implement the "Occupational Criminal Violation Prevention Plan" to mitigate any potential workplace risk.
- Form the "Occupational Safety and Hygiene Committee" to review and manage various health issues, illness prevention and health promotion matters.

08

◎ Assessment mechanisms

- Occupational injury rate
- Disabling injury frequency rate
- Severity of disabling injuries
- Monitoring and management of environmental indicators at each business location

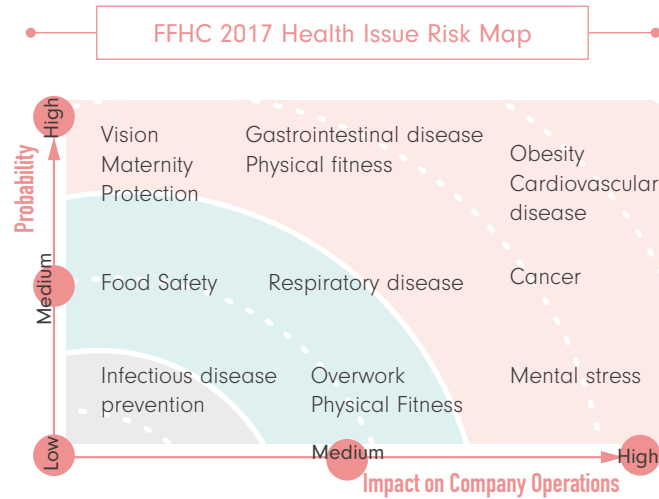
09

◎ Results

- 1,141 employees received low-dose lung CT scan examinations.
- A total of 130 pregnant employees and their supervisors joined the "Maternal Employee Health Protection Plan" in 2017 and filled out the "Maternal Health Risk Assessment Form" to conduct a risk assessment of work-related hazards.
- Received the Healthy Workplace Certification by the Health Promotion Administration, Ministry of Health and Welfare.
- Completed indoor quality self-management for 188 branches.
- The "Abnormal Workload-triggered Diseases Prevention Plan" was implemented. In 2017, 10 high-risk employees were identified and underwent interviews with physicians to receive health advice. In addition, 213 moderate to low risk employees were also selected to receive interviews with doctors and nurses.
- In 2017, 43 people applied for 448 days of occupational injury leave. The occupational injury rate was 0.87% and there were no fatalities due to occupational injury in 2017.

2-1 Occupational Safety Management Risk Map

The Company identifies common health issues according to job type, working environment, age, and gender. Regular health examinations are provided, and periodic risk assessment of various risk prevention plans is performed to compile a risk map of health issues for 2017 as follows.



Recognize high, medium and low health risks based on selected health matters, their probability of incidence and impact on company operations. Plan for and review the health risks with medium to high probability of incidence or degree of impact. The 2017 Risk Prevention Plan is as follows:

- Health Check: General employees undergo medical check-ups once every two years; nighttime shift employees, staff members of employee canteens, employees stationed overseas, and department heads once a year. The Examine Health System is used to manage employee health.
- Abnormal Workload-triggered Diseases Prevention Plan: Evaluation is performed once a month by completing the table of abnormal workload risk identification and evaluation.
- Human-factor Hazard Prevention Plan: Conduct an annual assessment for employees suspected of musculo-skeletal symptoms and draw up a tracking table.
- Maternal Employee Health Protection Plan: Employees, upon learning of their pregnancy, will jointly fill out the "Maternal Health Risk Assessment Form" with their manager to assess any impact on maternal health due to work.
- Prevention of Illegal Infringement at Work Plan: Promotional materials for the "Prevention of Illegal Infringement at Work Plan" were compiled and made available on the intranet to all unit OSH supervisors for inclusion in their "Occupational Health and Safety In-Service Training" course. Plan for Occupational Violence Prevention and implement necessary safety and hygiene measures. The company will provide assistance and properly respond according to the degree of infringement suffered by the employee during work.

Risk mitigation measures and outcomes in response to the high-risk health issues for 2017

Risk Issues	Mitigation/Prevention Measures	Effectiveness
Respiratory disease	Perform the "Low-dose Radiation Tomography Lung Scan" to provide early detection and treatment for lung cancer.	Performed the "Low-dose Radiation Tomography Lung Scan" for high risk employees (aged above 55, department managers aged below 55 and employees with a family history of lung cancer) as well as for employees aged below 55 in areas South of Jiayi in 2017. A total of 1141 employees completed the scan with 4 early detections of lung cancer diagnosis.
Cancer	Arranged low-dose lung CT scan examinations for certain employees to facilitate early identification and treatment of lung cancer	Phone calls were made by dedicated nursing professionals as needed to check up on seriously ill or injured employees; 214 expressions of support were conducted during 2017. Health information based on the disease conditions of individual employees was also provided.
Gastrointestinal disease Obesity	Organized workplace health talks	Organized workplace health talks on health tips for the digestive system and the liver. A total of 295 participants attended the talks.
Cardiovascular disease	Temporary in-house doctors Individual guidance	A total of 350 employees were diagnosed with a >15% risk of contracting cardiovascular disease within 10 years according to health screening results. Phone interviews with specialist doctors were provided, in addition to health measures and tracking such as regular medical counseling through mail. The company has also set up a health page on its website.
	Installation of automated external defibrillator	We continued to install automated external defibrillator (AED). By the end of 2017, a total of 29 AED devices have been installed in the Headquarters buildings and business units.
Obesity	Organized weight loss classes	2 sessions were conducted in 2017, with 66 participants and shredding a total weight of 66.1 kg.

2-2 Workplace Safety

To become a model green enterprise that provides all employees and customers with a safe, healthy environment, we continue to promote the following workplace improvement and safety protection initiatives:

1 Implementation of OSH-related Activities and Training

Form the "Occupational Safety and Hygiene Committee" in accordance to the "Occupational Safety and Hygiene Act", "Occupational Safety and Hygiene Implementation Regulations" and "Occupation Safety and Hygiene Management Plan" and other regulations, in order to prevent occupational hazards and safeguard employee safety and health. The committee will have 7 members comprising of the employer, labor representative and department manager, with 3 members coming from the labor union. Conduct quarterly meetings to review various health related issues, prevention of illness and health promotion matters, occupational hazards reports and others. Pay extra attention to employee health and workplace safety issues, in addition to the regular tracking of the progress of implementing items agreed upon in the meeting such as: safeguarding public safety in the workplace, tracking and management of employee health, supervision of safety and hygiene, and other measures beneficial to improving workplace safety and hygiene management.



Statistics on Occupational Safety and Health Committee meetings in the past 3 years

Meeting name	2015	2016	2017
No. of meetings	4	4	4
Proposals	14	8	10

To ensure the safety and health of personnel as well as prevent occupational injuries, the "Safety and Health Work Rules" were established to stipulate the operational standards and emergency response principles for OSH. These work rules have been reported to the competent authority for reference. 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.

Statistical Compilations of Occupational Safety and Hygiene Related Training for the last 4 years

	2014	2015	2016	2017
Number of Trainees and Training Hours for Workplace Safety and Hygiene Managers	91 people, total 3227 hours	241 people, total 5781 hours	144 people, total 5040 hours	714 people, total 8315 hours
Number of Trainees and Training Hours for Fire Hazard Prevention Management	5 people, total 60 hours	153 people, total 1836 hours	150 people, total 1800 hours	650 people, total 3930 people
Number of Trainees and Training Hours for Emergency Rescue	15 people, total 270 hours	46 people, total 828 hours	556 people, total 2268 hours	31 people, total 558 hours
General employee 3 hours of OSH in-service training over 3 years				
Health Lecture	Health Lecture on "Common shoulder pain and musculo-skeletal disorders in the workplace"	<ul style="list-style-type: none"> A total of 61 people attended the Health Lecture on "Threats to Health - The 3 Highs of Chronic Diseases" The "DIY Stress Relief and Enhanced Immunity", "Who Robbed us of Our Health? Prevention and Care of Common Illnesses!" Health Lectures were attended by a total of 371 people. 	<ul style="list-style-type: none"> The "Health and Tobacco, Air Pollution", "Care for Your Heart" Health Lectures were attended by a total of 219 people. The "Self Check and Prevention of Liver and Kidney Disease", "Lung Gland Cancer and Dementia" Health Lectures were attended by a total of 893 people. 	<ul style="list-style-type: none"> The Health Lecture on "Intestinal Care and Health, Proper Eating, Tips on Reducing Cholesterol and Protecting your Liver" was attended by a total of 295 people. The Health Lectures on "Link between Stress and Diseases", "Link between the Food Safety Crisis and Cancer" and "The Threat of Environmental Hormones" were attended by 826 people.
Weight control class		2 sessions of weight loss class were with a total of 65 participants, shredding a total of 49.6kg	1st session of weight control class was conducted with a total of 43 participants, shredding a total of 35.8 kg	2nd session of weight control class was conducted with a total of 66 participants, shredding a total of 66.1 kg



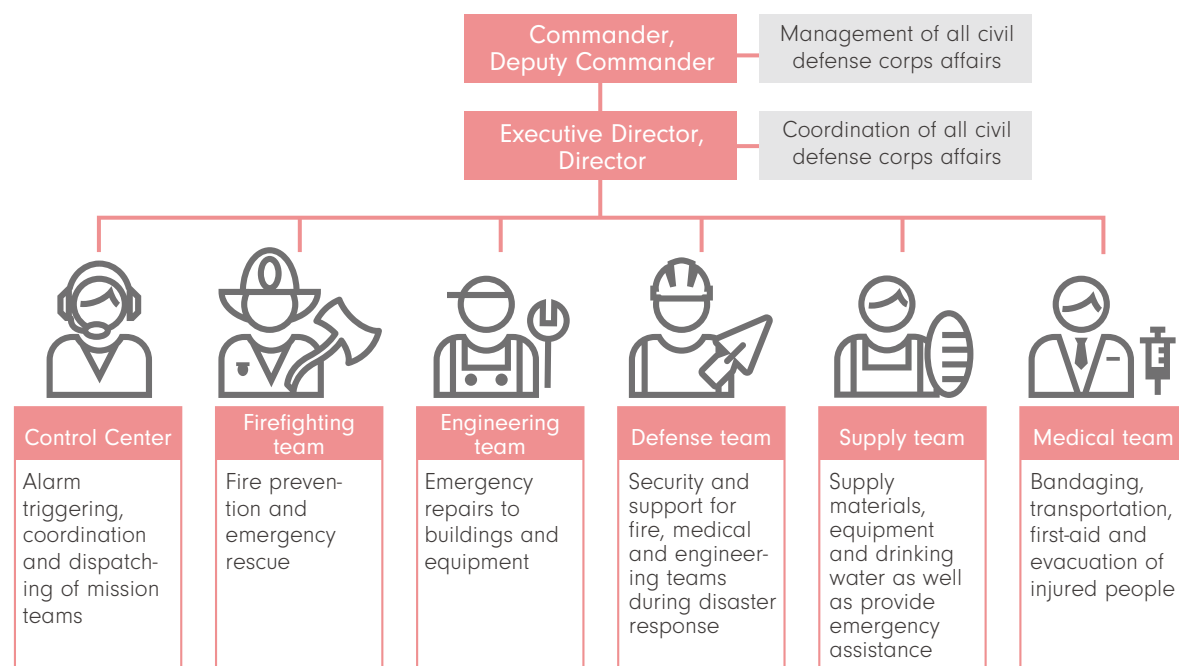
2 Safety Protection

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. 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 the Human Resource Division and General Administration serve as deputy commanders. There is also one chief director and one director, who oversee the Control Center (1 control officer, 8 controllers) and five teams, these being the Engineering Team, Protection Team, Supply Team, Medical Team and Firefighting 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.

Defense Mission Task Force Command System Table



3 Medical Check-ups

Regular medical check-ups better than required by law are provided 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 655 people took part in the health exams in 2017. The Company provided NT\$4.75 million in subsidies.

4 Lung Disease Prevention Talks and Low-dose Lung CT Scan Examinations

In 2017, the Taiwan Lung Foundation was invited to arrange talks at our business locations. In total, 4 sessions of talks on lung disease prevention were held. Approximately 1,200 employees and customers attended the talks. Low-dose lung CT scan examination was organized for employees at high risk of lung cancer (aged 55 years or older, department head younger than 55 years, and those with a family history of lung cancer) and employees aged 55 years or younger and living in Chiayi and regions south of Chiayi. A total of 1,141 employees completed the examination, 4 of whom were diagnosed as having lung cancer. The "Low-dose Radiation Tomography Lung Scan" will be expanded to include employees below 55 years of age in 2018.



5 Medical Specialist Clinic

Medical specialists are retained to host clinics at the company every Monday or Wednesday. In 2017, 74 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 (4 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 automated external defibrillator (AED) in 2013. By the end of 2017 a total of 29 AED devices have been installed at 28 units.



6 In-House Nurses

A health section has been set up on the Bank 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.



7 Weight Management and Workplace Health Talks

Workplace health talks on health tips for the digestive system and the liver were held in 2017 and were attended by 295 participants. Two "Weight Control Classes" were also held and attended by 66 people. To keep our employees healthy and protect them against flu virus, the Taipei City Zhongzheng District Health Center was invited in October 2017 to provide free cancer screening and flu vaccination service at the company.



8 Nutrition Management

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 NT\$40. 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 2017 the cafeteria was used by an average of 1,268 people a day.



9 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. These fine particulates are able to pass through the lung and enter the blood stream via the respiratory system, causing cardiovascular disease, autonomic imbalance, lung cancer, stroke and senility and even 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 188 branches by the government deadline; 35 business locations have installed an indoor air quality real-time monitoring system. 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 235 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.

10 Abnormal Workload-triggered Diseases Prevention Plan

Implemented the "Prevention Plan for Illness due to Abnormal Workload" since November 2015 to prevent high risk workers from falling ill due to night shift rotation and long working hours. Workers exposed to high, medium and low risks, based on their self assessment and overall OT hours, were provided with counseling from specialist doctors and nurses to explore changes in their working style. Implement measures annually related to health education, hygiene guidance, mental and physical health protection and promotion, in order to mitigate the risk of diseases.

Number of high, medium, low risk employees from 2015-2017 as per below

	2015	2016	2017
High Risk	9	9	10
Medium, Low Risk	134	178	213

11 Human-factor Hazard Prevention Plan

Implemented the "Human Factors Hazards Prevention Plan" since 2016. Computed statistics on employees with suspected health risk and built a tracking table, via a "Employee Self Assessment on Musculoskeletal Symptoms" questionnaire. A total of 66 employees with suspected health risks were provided with phone counseling, through which the causes of symptoms were explored and appropriate suggestions given. 57 of them have seen improvements as of end 2017 with the remaining 9 being regularly tracked.

12 Maternal Employee Health Protection Plan

The "Maternal Employee Health Protection Plan" was drafted in early 2016 to provide care for pregnant employees. A total of 130 pregnant employees in 2017 jointly filled out the "Maternal Health Risk Assessment Table" with their manager to conduct the relevant risk assessment posed by work. Should a risk be deemed present, specialist doctors, nurses and department managers would conduct interviews and counseling on risk control and management, work relief arrangements and other measures; if no risk is deemed to be present, then the specialist doctor and nurse would implement health guidance and protection measures; The company, in addition to providing relevant matters on pregnancy and post pregnancy, would also provide information on maternal subsidies to safeguard employee rights.

13 Night Shift Rotation Safety Plan for Female Employees

Implemented the "Night Shift Rotation Safety Plan for Female Employees" - our 53 female employees working night shift can choose to go home on their own or take a taxi designated by the company. Regardless, travel details are recorded properly and if the female employee doesn't report her safe return 10 minutes after the arrival of the designated taxi at her home, the employee on duty must actively reach out to her to confirm, and report any abnormalities to the manager immediately.

14 Support and Counseling for Seriously Ill or Injured Employees

A serious illness or injury support and counseling mechanism has been established. In 2017, there were a total of 106 seriously ill or injured employees as of the end of the year. In addition to giving employees NT\$10,000 as consolation for serious illness or injuries, we have also set up a "Family Association" and distributed the book "From Critically Ill to Running Marathons" as gifts to employees. These efforts are aimed at encouraging employees to support and share their healthcare experiences with each other. Phone calls were made by dedicated nursing professionals as needed to check up on seriously ill or injured employees; 214 expressions of support were conducted during 2017. Health information based on the disease conditions of individual employees was also provided.



15 Comprehensive Insurance Plan

In addition to labor insurance and national health insurance as required by law, the 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 14,942 people were enrolled in 2017; First Securities, First Life Insurance, First Financial AMC, and First Securities Investment Trust also provide group insurance for employees. A total of 1,336 employees were insured at a cost of NT\$ 4,757,000.

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.

16 Prevention of Illegal Infringement at Work Plan

Prepared publicity materials on "Prevention of Illegal Infringement at Work Plan" and publicized them on the company's internal website for the various department's safety and hygiene managers to include in the "Occupational Safety and Hygiene Training" Course. Plan for Occupational Violence Prevention and implement

necessary safety and hygiene measures. The company will provide assistance and properly respond according to the degree of infringement suffered by the employee during work. Strictly forbid employees to leverage on their job or position advantage to physically assault, verbally insult, intimidate, threaten or violently treat other colleagues. There were no incidences of workplace violence in 2017.

17 Occupational Injuries

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. The number of employees who applied for injury leave was 43 in 2017, with a total of 448 days taken. The absence rate of 0.33% was lower than 2016 (0.39%), mainly due to the lower incidence of employees taking medical leave. The number of deaths due to injury at work and number of employees who fell ill due to work related causes in 2017 were both 0. The occupational injury statistics for employees in Taiwan in 2017 are shown in the table below:

Gender	Number of people on occupational injury leave	Number of days of occupational injury leave	Occupational injury rate	Lost day rate	Disabling injury frequency rate (FR)	Severity of disabling injuries (SR)	Days absent (excluding leave)	Absenteeism rate
Female	35	387.5	0.65%	4.3	1.94	22	5,843.07	0.26%
Male	8	60.5	0.22%	0.68	0.45	3	1,587.12	0.07%
Total	43	448	0.87%	4.98	2.39	25	7,430.19	0.33%

Description

- Occupational injury rate: Number of people on occupational injury leave
- Lost day rate: Days of occupational injury leave/ Work hours * 200,000
- Absence Rate Days of leave (Occupational injury + sick leave)/Total work days

4 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:

$$\text{Disabling injury frequency rate (FR)} = \frac{\text{No. of disabling injuries (persons)} \times 10^6}{\text{Total work hours}}$$

5 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:

$$\text{Disabling injury severity rate (SR)} = \frac{\text{Total days lost} \times 10^6}{\text{Total work hours}}$$

Human Rights Protection and Gender Equality

Management Guidelines

01

◎ Policies

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. The workplace and remuneration policies shall be legal, just, fair, and reasonable. There is no discrimination on the rights enjoyed by employees on the basis of race, gender, employment type, promotion or other situations. All have the right to equal pay for equal work, freedom from sexual harassment, and job security for female employee during pregnancy.

02

◎ Commitment

Provide a fair, reasonable, and competitive workplace and remuneration policies, protect employees' rights to participate in union activities, ensure smooth communication channels for employees and employers, and follow the principle of ethical negotiation in collective bargaining agreements.

03

◎ Goals

- A seamless platform for interaction between employer and labor, enhancing communication effectiveness between the 2 parties.
- Employee Compensation is based on the principles of fairness and rationality, with no discrimination due to gender or other factors.
- Provide an excellent and fair working environment, maintaining good relations with employees and the union, with no forced labor and discrimination.

04

◎ Duties

The human resource department of each subsidiary provides a full description of the human rights system on work rules, HR management rules, employee compensation and benefits during new employee training courses. Union personnel are also invited to speak about employee rights relating to the Occupational Safety and Health Act.

05

◎ Resources

Review and amend applicable regulations with reference to the latest laws and international human rights development trends, provide a transparent promotion system as well as fair, reasonable and competitive workplace and remuneration policies.

06

◎ Complaints mechanism

- 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.

07

◎ Specific management practices

- Regularly refer to the report on the market rates for compensation and benefits and, accordingly, provide competitive remuneration plans and comprehensive benefits package
- Develop Human Rights Policy and organize human rights training every year
- Hold monthly Employer-Employee Conference to discuss labor management issues such as improvements to working conditions and benefits that promote labor-management cooperation.

08

◎ Assessment mechanisms

- Number of employees who attended human rights protection training.
- Number of employees who are covered by the collective bargaining agreement through their union membership.

09

◎ Results

- The average salary increment over the past 2 years for First Financial Holding was 8%, higher than the market average of 6%, and has been part of the "Taiwan High Compensation 100 HC100 Index" for 4 years consecutively.
- In 2017 our company and subsidiaries received no complaints of sexual harassment.
- In 2017 our employees attended human rights protection training (both physical and online) 10,902 times for a total of 23,212 hours of human rights-related training. There were no violations of human rights of indigenous rights at any company in 2017.
- Approximately 83% of First Bank employees are covered by the collective bargaining agreement through their union membership. The Ministry of Labor has recognized First Bank for excellence in collective bargaining.
- In terms of annual salary ratio between female and male employees, the ratio of female to male employees in managerial positions was 100%: 106% in 2015, further reducing to 1:1 in 2017; the same ratio for general employees in 2015 was 100%: 106% and 100%: 104% in 2017, showing a gradual reduction.

3-1 Human Rights Policy

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, infringement of indigenous rights, or incidents of discrimination in 2017. None of the subsidiaries were 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.

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.



Remuneration at FFHC

	2015		2016		2017	
	Female	Male	Female	Male	Female	Male
Managerial Role	100%	106%	100%	105%	100%	100%
General Role	100%	106%	100%	102%	100%	104%

3-2 Compensation Structure with Equal Pay for Equal Work

To fulfill our care of duty to employees, we have defined retirement rules in accordance with the "Labor Standards Act" and "Labor Pension Act". In addition to making mandatory pension contributions we also refer regularly to salary surveys conducted by professional organizations. Our annual salary is currently in the P65 range of the market (P65 means 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 and maximize their potential. This translates into shareholder returns and a mutually beneficial outcome for customers, employer and employees.

First Bank achieved record profits in 2015 and 2016, and raised salaries at 2.3% in 2017 in order to share the company's excellent results with employees. The company also implemented the revised salary benchmark in 2017 year end, raising salaries by 3%. The raise will come into effect on 1st January 2018. The combined salary increase of 8% is higher than the market benchmark of 6%. Employee welfare costs in 2017 amounted to NT\$13,760,690,000.

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 1.88:1; we also take into account remuneration surveys (including overseas units) conducted by management consulting firms. The remuneration statistics are analyzed and used as a reference for adjusting the remuneration system and make it more fair, reasonable and competitive.

Taiwan is the main business location for our company and subsidiaries. For the compensation ratio of women and men in general and managerial roles, in 2017 if women's compensation was 100%, then men's compensation would be 104%. For management roles, both women and men receive 100% compensation.

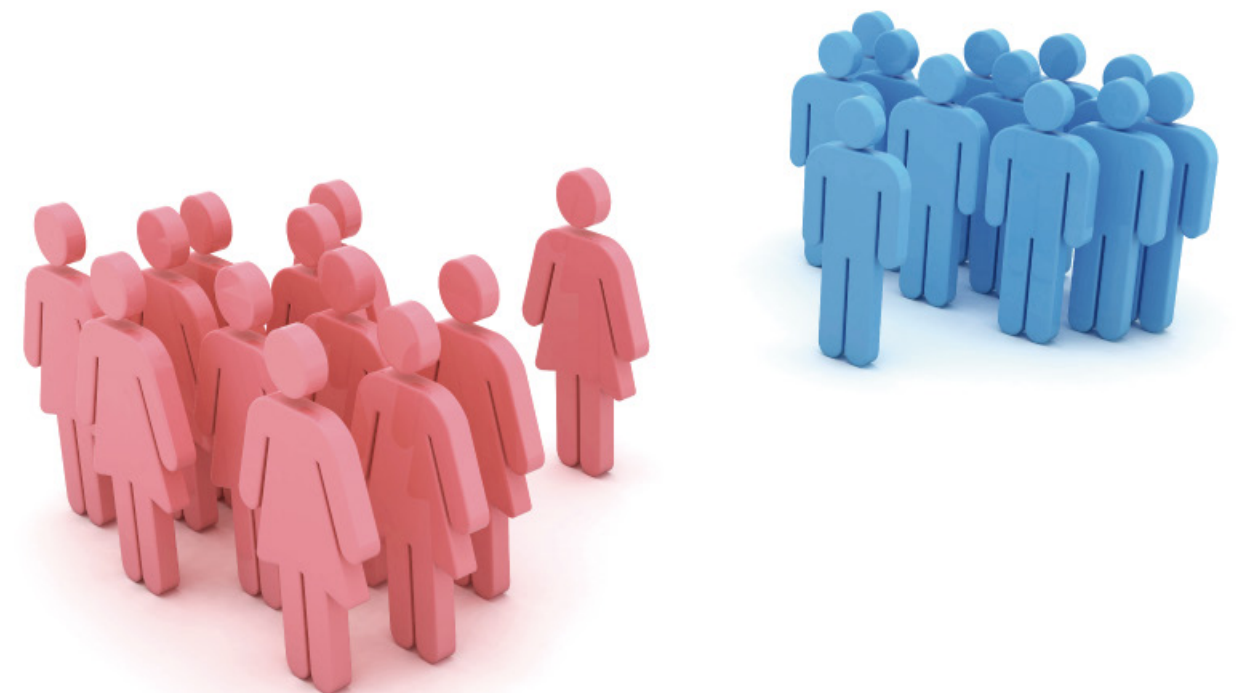
For employee compensation at overseas units, we take into account the remuneration survey results of international management consultants as well as local economic data, compensation trend forecasts and information exchanged with local competitors. The pay grade principle was used to gradually adjust 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 net work, 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.

3-3 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. Build a maternal friendly working system and environment to safeguard the rights of maternal employees. The company has allocated breastfeeding rooms, provided maternity leave, forbade pregnant mothers from undertaking risky jobs and ensuring equal pay for employees returning from maternity, in accordance to the "Gender Equality Act" and safeguarding the rights of maternal employees. Union personnel are also invited to speak about employee rights relating to the Occupational Safety and Health Act. In 2017 our employees attended human rights protection training (both physical and online) 10,902 times for a total of 23,212 hours of human rights-related training. There were no violations of human rights of indigenous rights at any company in 2017. 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.



3-4 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 have 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 2017 our company and subsidiaries received no complaints of sexual harassment.

Statistical Table on Human Right Complaints over the last 3 years

	2015	2016	2017
Sexual Harassment (Number of People)	0	0	0
Labor Disputes (Number of People)	0	0	0

3-5 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.

Statistics on Employer-Employee Meetings

	2015	2016	2017
No. of meetings	12	11	12
Proposals	36	30	27

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. Fifteen articles (28.3%) pertained to employee health and safety. On April 26, 2016, the Ministry of Labor recognized First Bank for excellence in collective bargaining. Around 83% of First Bank employees are covered by the collective bargaining agreement through their union membership. AMC has engaged in negotiations with financial holdings union over the collective bargaining agreement. The establishment of labor health and safety organization has been included as one of the consensus reached.

	2015	2016	2017
No. of employees who are a member of the union	6,150	6,334	6,300
Percentage of employees who are a member of the union (%)	82.79%	85%	83%



SOCIAL HARMONY

Protection of customer rights and interests

Management Guidelines

01

◎ Policies

Ensure the transparency and safety of products and service information, and treat the customers or consumers in fair and reasonable manners.

02

◎ Commitment

Comply with applicable laws and regulations, including the Financial Consumer Protection Act, establish and abide by "principles of equitable treatment of customers" in order to protect customers' rights and interests.

03

◎ Goals

- Stipulate related regulations, examine and deliberate over the products and services rigorously to implement risk control.
- Conduct educational trainings regularly to strengthen the promotion of regulations on sales and marketing.

04

◎ Duties

- Set up complaint channels for customers' complaints or consumer disputes, provide proper handling within the time limit and report back the handling results to the complaining customers or consumers.
- Abide by laws and regulations relevant to consumer protection and "Principles for Fair Treatment of Customers in the Financial Services Industry".

05

◎ Resources

- Financial products, funds and insurance products are all examined by the related product review meetings before listing and sale.
- Ensure confidentiality of customer information through self-evaluation procedure of internal control system of the Company and self-checking operation of the Company and its subsidiaries.

06

◎ Complaints mechanism

- The telephone number for customer complaints of each company are posted under the "Stakeholder Communications" section of our corporate website.
- Banks, securities, investment trust, and life insurance subsidiary companies have published their service commitment on the website.
- Each subsidiary has established and posted on its website a complaints mechanism, with customer complaint channels like specially assigned personnel hotlines, email or 24-hour dedicated line, the complaints will be handled by dedicated personnel.

07

◎ Specific management practices

- The sale and provision of controversial products and service are prohibited.
- Amend or conduct related safety maintenance and strengthen personal information control measures and educational trainings in compliance with the implementation of Personal Information Protection Act.
- Cultivate a corporate culture which values financial consumer protection and conduct regular promotion of the idea of "Principles for Fair Treatment of Customers in the Financial Services Industry" to the staff.
- Post on the website the commitment on customer service, information security measures, depositors' rights and interests and standard fee schedules for all types of businesses.
- When publishing or broadcasting advertisements and carrying out solicitation or promotional activities, there shall be no falsehood, deception, concealment, or other conducts sufficient to mislead another party, and the truthfulness of the content of advertisements shall verified.

08

◎ Assessment mechanisms

- Has there been any privacy violation or information leakage of the customers or consumers?
- Has there been any violation of the laws or self-regulatory rules related to information provision and labeling of products and service?
- Improve operation procedure based on customer complaints with the goal to reduce the number of customer complaints compared to the number of the previous year.
- The target training completion rate of Personal Information Protection Act and Principles for Fair Treatment of Customers in the Financial Services Industry is 100%.
- Adopt a review system for wealth management products and process the complicated and high-risk products with care.

09

◎ Results

- In 2017, each company performed promotion of the idea of "Principles for Fair Treatment of Customers in the Financial Services Industry". A total of 7,854 participants completed the training and the training completion rate was 100%; each company performed related training on the "Personal Information Protection Act". A total of 8,583 participants completed the training and the training completion rate was 100%. Had any customer made complaints to external authority about privacy violation or information leakage in 2017?
- In 2017, the Group has not sold any prohibited or controversial product, the information provision and labeling of our products and service have not violated related laws or self-regulatory rules.
- As of the end of December of 2017, a total of 570 customer complaint cases were accepted, which was 53 cases fewer than the number of cases accepted in 2016. The reduction in complaint cases was due to the establishment ATMs that prevented long queues for withdrawals, and the charges for interbank withdrawal fees.
- Through wealth management products review system, the First Bank discontinued 34 wealth management products and 8 insurance products; First Life Insurance discontinued 16 products to prevent imposing excessive risks on customers and to improve customers' investment performance and protect customer rights and interests.





Implementation of Fair Customer Treatment

To accommodate the Financial Supervisory Commission's promotion of the "Principles for Fair Treatment of Customers in the Financial Services Industry", in addition to the stipulation of "Code of Conduct for Ethical Management" which provides that during the research, development, procurement, provision, and sale of products and services of each company of the Group may not damage the rights and interests of consumers and other stakeholders, FFHC also formulated relevant operational procedures, codes of conduct, and held educational training programs. First Bank, First Securities, First Securities Investment Trust, and First Life Insurance have all formulated and promulgated a "Principles, Policies, and Strategies for the Equitable Treatment of Customers", and a "Customer Service Commitment" is published on the corporate website. In 2017, each company performed promotion of the idea of "Principles for Fair Treatment of Customers in the Financial Services Industry". A total of 7,854 participants completed the training and the training completion rate was 100%. The relevant measures included in the "Principles for Fair Treatment of Customers in the Financial Services Industry" implemented by FFHC are as follows.

Principle of fair and honest contract - Enter into contracts with customers regarding the provision of products or service based on impartialness and reason, fair and reciprocity, and good faith.

Principle of due care and fiduciary duty - When accepting customers' appointment or delegation to provide products or service, it shall be proceeded according to applicable laws or contracts, abiding by due management guidelines, exercising the due care of a good administrator and fulfilling fiduciary duty to prevent violating customers' rights and interests.

Principle of true advertising - Following related laws and self-regulatory rules for marketing and promotion. Before publishing or broadcasting advertisements and carrying out solicitation or promotional activities, a "self-check list for the legal compliance of the sales business advertisements or publicity materials of financial products", ensuring there is no falsehood, deception, concealment, or other conducts sufficient to mislead another party, and the truthfulness of the content of 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 discloses 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 the risk of credit card fraud. If any anomalies are detected, dedicated staff will contact the card-holders as well. These measures are all intended to protect the consumer rights of the card-holders; First Securities has also published its standard fee schedules for each type of business and relevant 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; All types of insurance policy products descriptions, product clauses, product loans, interest rate on loans, exchange rate and interest rate search, investment target search and claim process are posted on the corporate website of First Life Insurance, fully discloses its products and service information.

Principle of professionalism of sales personnel - Adhere to all relevant rules and regulations for each type of business, and relevant products or services are provided by personnel who have obtained professional certifications. Employees are required, assisted and incentivized to obtain various types of certifications or qualifications, and employees also actively pursue and obtain relevant financial industry certifications which allow FFHC to provide services with a higher degree of professionalism.

Value customer privacy and information security - 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", "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 regular trainings to employees to increase knowledge and awareness of confidentiality procedures and strictly prevent external disclosure of personal and customer data. In 2017, each company performed "Personal Information Protection Act" related educational trainings, a total of 8,583 participants completed the trainings which equaled to a 100% completion rate. There was no instance of customer complaints to external authority about privacy violations or information leakage.

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 of wealth management, fund sale and insurance business at banks, securities, investment trust, and life insurance subsidiary companies must abide by various interpretative rules and self-regulatory rules established by respective competent authorities or business associations. A Know Your Customer (KYC) assessment must be done by 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 to avoid violating consumers' rights and interests. In 2017, 1,956 participants completed the relevant sessions of each company to reinforce awareness of Know Your Customer (KYC) guidelines and Know Your Product (KYP) guidelines, resulting in a 96.2% completion rate.

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. Regarding targets that offshore structured products link to, First Securities makes sure it meets the screening criteria and passes the selection of First Securities Investment Trust before linking. Further, to protect consumers' rights and interests, banks, insurance, securities, and investment trust subsidiary companies all implement Know Your Product (KYP), setting up review system for investment financial products. In 2017, 183 products were reviewed before listing, 58 products were delisted and discontinued to prevent imposing excessive risks on customers and to improve investment performance and protect customer rights and interests.

Company name	Key Tasks in 2017
First Bank	<ul style="list-style-type: none"> Sixteen wealth management product review meetings were convened; a total of 97 wealth management products passed the review, 49 products passed provisional review, and 34 products met conditions requiring delisting. Fifteen insurance product review meetings were convened; a total of 49 insurance products passed the review, 8 insurance products met conditions requiring delisting, and a total of 96 insurance products were listed for purchase.
First Securities	Seven financial products and services review meetings were convened; a total of 14 wealth management products passed the review, and no products met conditions requiring delisting.
First Securities Investment Trust	FFHC has a total of 21 funds, all classified into different fund risk levels based on the risk rating provided by the Securities Investment Trust & Consulting Association of the R.O.C.
First Life Insurance	Twenty one insurance product evaluation group meeting were convened, 23 new products were sent to competent authority for provisional review, 100 products were partially altered and sent to competent authority for provisional review, 16 discontinued products were sent to competent authority for provisional review, and a total of 105 insurance products were listed for purchase.

Principle of equity between remuneration and sales performance - Establish remuneration system for the sale of financial products (such as bonus of product promotion under the staff bonus, and all types of bonus under the staff external bonus). Besides referring to the financial indicators of the staff's sales performance, non-financial indicators like customer disputes, compliance and deficiencies audited are all considered before granting bonus. Also, the granting of part of the bonus can be delayed to track if there is any improper sales activity.

Principle of guaranteed complaint resolution - Establish consumer complaints and disputes resolution mechanism. In addition to formulating the "Guidelines for

Handling Customer Complaints" and procedures for handling various types of business disputes, the "Stakeholder Communications" section of FFHC's official website also includes online customer support for the Company and our various subsidiaries, a toll-free 0800 customer hotline, business inquiry hotline, and complaint 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.

Customer satisfaction improvement

Management Guidelines

01

© Policies

Continue to provide customers with innovative products and high quality services, satisfy customers' needs for financial products and improve customer satisfaction.

02

© Commitment

Learn the needs of the customers and provide all around financial products and services to make it easier for the customers to conduct financial transactions and investments.

03

© Goals

Improve operation process, provide professional services and improve customer satisfaction.

04

© Duties

Through the implementation of customer satisfaction improvement programs, optimize business procedure, service quality and customer care activities to improve customer satisfaction.

05

© Resources

- Develop new service methods and continue holding employee education sessions to improve customer service experience.
- Through means such as expanding Internet and app services and digitalizing physical business to satisfy customers' needs and improve service efficiency.
- Improve different groups' ability to utilize financial tools and services, and hold investment and wealth management seminars to provide investment analysis and advice for all types of customers.

06

© Complaints mechanism

- The telephone numbers for customer communication of each company are posted under the "Stakeholder Communications" section of our corporate website.
- Each subsidiary has established and posted on its website a complaints mechanism, with customer complaint channels like specially assigned personnel hotlines, email or 24-hour dedicated line, the complaints will be handled by dedicated personnel.

07

© Specific management

- Conduct customer satisfaction surveys through telephone surveys, e-mail surveys, webpage and customer service, or outside survey firm, review items they are dissatisfied with and ask relevant department to improve.
- Promote the universalization of financial knowledge and the optimization of business procedure.
- Hosting of service role-model competitions to improve the quality of customer service.

08

© Assessment mechanisms

- Whether or not the complaints of each company were resolved or responded to customers within the required time limit.
- Statistics of customer satisfaction surveys and the satisfaction improvement program and its implementation.
- Improve the quality of the lectures by learning customer needs through all types of seminar surveys.

09

© Results

- As of the end of December of 2017, First Bank, First Securities, First Securities Investment Trust and First Life Insurance had all completed customer satisfaction surveys and proposed improvement programs regarding the less satisfied items.
- A total of 175 staff were selected as "the best service personnel at deposits and remittances counter" in 2017, they shared service experience with colleagues and optimized the overall service quality.



2-1 Customer satisfaction survey

Customers' ratings and overall level of satisfaction with 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. Improvement measures are then proposed based on customer opinions and suggestions from the surveys.

Customer satisfaction survey of the most recent 4 years

	First Bank (Operation Planning & Admin. Division)	First Bank (Credit Card Division)	First Securities	First Securities Investment Trust	First Life Insurance
Satisfaction Survey Item	Overall service; greeting service; service attitude, correctness of business handling, business handling time, professionalism and waiting time for business dealing at the counter	Telephone etiquette, planning of marketing activities, problem resolution and attitude	On-site customer satisfaction survey at participating locations	Investment IT services	Sales personnel's attitude and familiarity with products
2017 Performance	84.89% (*1)	80.64%	84%	96%	71.5% (*4)
2016 Performance	88.90%	81.93%	82.7%	98%	70.8% (*5)
2015 Performance	89.04%	83.3%	85% (*2)	94%	81%
2014 Performance	89.39%	81%	88.5% (*3)	81%	81.8%
2017 Satisfaction Top Scoring Areas	The correctness of business handling at the counter of the branch	Telephone etiquette of the transaction confirmation personnel	Service attitude of the business personnel	Investment and wealth management information provision	Service attitude of the sales personnel
2017 Areas requiring improvement	The business handling time at the counter of the branch	Utilization of special credit card offers and privileges	Electronic trading system	N/A	Contact with the insured
Number of questionnaires / Total number of customers	12,214 / 392,098	375 / 10,413	271 / 31,991	345 / 45,303	1,001 / 63,273

(* 1) The lowering of scores in 2017 was due to the score intervals in the questionnaire being adjusted from 11 intervals to 5 intervals, which caused the increase of differences between each score interval.

(* 2) In 2015, a customer satisfaction survey was conducted which analyzed how customers perceived our investment seminars, overall services, and e-trading system.

(* 3) The satisfaction survey on the First Care touring investment seminar series was conducted in 2014.

(* 4 and 5) Calculated based on the Net Promoter Score. To supplement, the lowering of scores in 2016/2017 was due to the dissatisfactory performance of the sold investment products in the last 2 years which caused customers to suffer from investment losses.

2017 satisfaction improvement program and its implementation

	First Bank (Operation Planning & Admin. Division)	First Bank (Credit Card Division)	First Securities	First Securities Investment Trust	First Life Insurance
Improvement program	<ul style="list-style-type: none"> Implement the Digital Banking Talent Transformation Program Implement the business procedure improvement program and organize various business educational trainings to strengthen employees' professional knowledge and improve the quality of customer services. 	<ul style="list-style-type: none"> Improve marketing activities of offers and benefits of card holders, and increase the channels to notify card holder of the promotional offers Product-wise, improve offers and benefits of the existing products and plan the launch of new types of cards depending on the market trends 	<ul style="list-style-type: none"> Add more content of market data Reinforce electronic trading system 	<ul style="list-style-type: none"> Continue to provide investment information and increase its frequency 	<ul style="list-style-type: none"> Increase contact with the insured Enhance brand awareness
Execution	<ul style="list-style-type: none"> Set up walking sales business platform, smart customer services, new customer services, digital greeting system and enhance virtual teller machine system We organized various business studying courses and employees received an average of 54.95 hours of training in 2017. We also recruited professionals with digital finance expertise to expedite digital innovation for various businesses to improve service efficiency. 	<ul style="list-style-type: none"> Enhance communication with card holders through EDM, app push notifications, bills and physical advertising at the branches Launch the Wonderful Card, Living Green Card and Dante Co-Branded e card 	<ul style="list-style-type: none"> Add more research projects Update the Internet edition of electronic trading system format which enables the customer to conduct Internet transactions through PC and mobile device platform simultaneously. 	<ul style="list-style-type: none"> Provide investment and wealth management information that the customers are most interested in and satisfied with Increase the sessions of wealth management seminar and the recording and broadcasting frequency of the celebrity wealth management seminars 	<ul style="list-style-type: none"> Send out activity notification to all policyholders and launch the activity of policyholders email update/register in addition to charitable activities Continue to post articles and organize quiz with a prize events on an irregular basis on the First Bank fan page Publish regular press releases to generate media exposure

2-2 Optimization of Business Processes and Service Quality

1 The "Personal e-Bank" of First Bank newly added functions like the smart customer service and Internet phone chat with customer service. It also acquired accessible bank certification of the NCC, the function of online application of e-Services verification code, cancel the undefined transfer services between the transferring-in/out account and the same ID.

2 Add services such as online card application, online wealth management consultation reservation in the "e-mobile" app, and optimize all transaction processes; Become the pioneer in the industry to apply AR technology to launch smart search functions at the branches; Provide chatting function with e-customer service and smart robot "e" while continuing to expand personalized account PUSH notifications, including 12 accounts such as wealth management, consumer finance, gold and credit card. Furthermore, to expand the diversity of the applications of mobile payment, offering functions like Taiway Pay QR Code payment transfer, debit transaction and payment of bills.



4 The "e-speed loan" offers customers information like online calculator of credit limit, interest rate, loan period and amount payable every month to make it easier for the younger Internet customer base to apply for loans.

First Life Insurance continues to reinforce the functions of "e-Services" app mobile service platform. The app's online change functions had been increased to 10 items, which provided the insured immediate policy search, change and convenient and practical personalized functions. An insurance product that can be purchased online was also added to the online insurance platform. As of the end of December 2017, there were a total of 735 online insurance cases, which accumulated to an insurance amount of 293.278 million. The general public can get the most sufficient protection through the easiest and quickest insurance processes.



3 Add functions like smart customer service, account keeping, voice-control search and Taiwan receipt lottery matching in the "e-credit card" app, card holders can thus immediately grasp all life information. Also, we are the pioneer in the industry to plan the provision of app smart customer voice services. In the future, customers can use typing or voice input to raise questions to smart robot "e" on the phone, the answers of "e" will not only be display on the screen, but can also be played through voice broadcast; the customers can turn the voice broadcast on/ off at any time depending on their needs.

To establish a highly-motivated service spirit and a warm and humble service attitude for the employees, the First Bank holds "the best service personnel at deposits and remittances counter" selection every year in order to cultivate correct service etiquette of the staff at the counter and improve the overall corporate image. A total of 175 staff were selected as "the best service personnel at deposits and remittances counter" in 2017, they shared service experience with colleagues and optimized the overall service quality.


2-3 Customer Care Events

To promote the universalization of financial knowledge and improve different groups' ability to utilize financial tools and services, through the organization of various series of seminars which tour the rural, urban and remote areas, we provide all types of financial products and investment analysis and advice for financial issues that customers encounter in different stages of life.

2017 Customer Care Events Schedule


VIP Financial Planning Country Road Show

Engaged with local communities and people in remote areas to educate customers on correct wealth management and relevant financial information, and improve financial literacy among the general public.

 Taipei, Taoyuan, Taichung, Tainan and Kaohsiung	Sessions 6	Participants 843
---	-------------------	-------------------------


Reaching the Next Pinnacle of Corporate Success – Lecture Series

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.

 Dayuan Industrial Park, Yongkang Industrial Park, Linkou Industrial Park, Dali Industrial Park, Benjhou Industrial Park, Erhpachang Industrial Park, Guishan Industrial Park and Paoan Industrial Park	Sessions 9	Participants 850
--	-------------------	-------------------------


Financial Planning Workshop for Customers

Promote financial literacy and help customers with their financial planning through financial product introduction, explanation of key topics and promotional offers.

 First Bank business units	Sessions 886	Participants 21,035
---	---------------------	----------------------------

Financial Planning Clinic Seminar

One-on-one review of customers' current asset mix to provide investment advice and help them adjust their investment portfolio when appropriate.

 30 branches throughout northern, central and southern Taiwan	Sessions 30	Participants 601
--	--------------------	-------------------------


Customer care investment checkup seminar in rural communities

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

 Remote rural communities like Penghu, Yuanlin, Taichung Fengyuan, Chiayi, and Miaoli Toufen; communities like Hsinchu, Taoyuan, Taipei and Tainan City	Sessions 10	Participants 325
--	--------------------	-------------------------

Mother's Day/Father's Day Workshop

Combine social welfare with charitable activities to encourage customers to participate and contribute to the social welfare.

 Taipei, Taichung, Kaohsiung	Mother's Day - 3 sessions Father's Day - 3 sessions	Participants 930
---	--	-------------------------


Insurance and Financial Planning Seminars

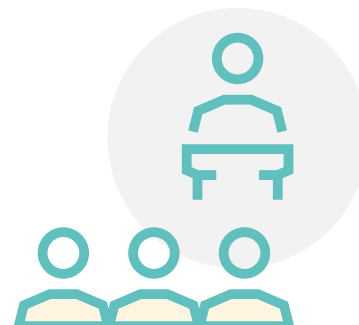
To help foster greater understanding of insurance and wealth management concepts among our customers, First Life Insurance and First Bank worked together in holding the seminars to provide customers in northern, central, and southern Taiwan with the latest insurance information and recommendations.

 Taipei, Taichung, Kaohsiung	Sessions 6	Participants 690
---	-------------------	-------------------------

Wealth Management Seminar + Celebrity Wealth Management Online Webinars

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. Financial experts were invited to participate in online webinars (including audio and video) to provide participants with the introduction of financial products, explanation of key concepts, and the latest financial information on the corporate website.

 Taipei, Hsinchu, Taichung, Kaohsiung and First Securities Investment Trust website	124 sessions + 16 Online Webinars	Participants 5,197
--	---	---------------------------



Implementation of inclusive finance

Management Guidelines

01

◎ Policies

To provide financial friendly services to all social strata and groups to alleviate the lack of financial services in rural areas, and at the same time help people establish the correct concepts of consumption and financial management.

02

◎ Commitment

To invest resources such as equity investment and business activities in organizations that solve social issues through business models, so as to facilitate sustainable social development.

03

◎ Goals

To increase the quality of life and expand the diversified business opportunities with the aid of inclusive financial products and services by increasing for the disadvantaged people in remote areas the financing channels, insurance protection, etc.

04

◎ Duties

To combine the core functions of the financial industry to provide financially disadvantaged groups with equal access to financial services is a financial institution's due responsibility.

05

◎ Resources

- To cooperate with social welfare groups or government agencies to hold lectures on trusts for senior citizens and disabled people in order to assist them in planning their elderly retirement for living without economic worries.
- To combine the core functions by providing multiple financial friendly products services.

06

◎ Complaints mechanism

To see the special page of "Stakeholder Communications" on our official website. <http://www.firstholding.com.tw/tw/contact.htm>



07

◎ Specific management practices

- To continue promoting the diversified financial managements and easy-care products for the elderly, providing funds and channels for SME operations, and youth's and women's start-ups, and launching protective products for aging population with fewer children, small-sum lifetime insurance products, and other various financial friendly services.
- To establish a "Senior Citizens' Digital Branch" to provide senior citizens-friendly facilities and services, set up loving service bells and wheelchair ramps, and help disabled people deal with various financial services.
- To actively prevent financial frauds in order to avoid loss of property for customers.
- To promote the micro-insurance assistance program by letting the First Bank Culture & Education Foundation fully subsidize eligible disadvantaged people for their insurance premiums, so as to fill gaps in the government's social insurance or social assistance mechanism.

08

◎ Assessment mechanisms

- The promotions of the elderly care and support.
- The achievements in various financial friendly services.
- The effectiveness in controlling financial frauds.

09

◎ Results

- A total of 3,560 cases of trust for senior citizens' retirement & easy care and disabled people's care were concluded in the amount of NT\$2,435.18 million; a total of 25 cases of "Comfort Loan", or reverse mortgage loan, were concluded in the amount of NT\$316.75 million was concluded.
- The number of cases for SME loans, micro-loans, and micro-insurance contracts exceeded the targets.
- First Bank Culture & Education Foundation fully subsidized 89 cases of micro-insurance premiums, with a total insurance amount of NT\$44.5 million.
- A total of 17 fraud attempts were successfully prevented, resulting in NT\$7.65 million in fraudulent funds being blocked.

3-1 Watch & care for senior citizens

In response to the rapid aging population in Taiwan, it has become a pressing task to provide senior citizens with watch and care services. In order to provide diversified financial managements and introduction of easy-care product service to senior citizens, the FFHC, in 2017, cooperated with such social welfare groups and government agencies as Taipei Autism Children Social Welfare Foundation's Songshan Ciyou Development Center, the Foundation for Childless Aging People, Xinzhuang District Office, Taipei City Hospital (Renai Branch), and Sanxia Farmers Association to organize lectures on financial management for senior citizens and disabled people. Through sharing of the practical cases concluded, the lectures aimed to promote reverse mortgage loans, easy-care trusts, or any trust products that suited senior citizens or disabled people, so as to assist them in planning for an old-age retired life.

Trust lectures for senior citizens and disabled people held in 2017

Date	Activity name	Location	Highlight
5 / 21	The long-term-care & easy-care trust lecture (focusing on disabled children) & charitable event of "Fun with Slow-flying Angels' Hands"	Taipei Autism Children Social Welfare Foundation's Songshan Ciyou Development Center	Long-term-care & easy-care trust lecture (focusing on disabled children)
7 / 12	Trust lecture on care for senior citizens and disabled people	The Foundation for Childless Aging People	Senior citizens and disabled people Care trust lecture
10 / 16	"Be a boss for old-age finance" course of Songnian University	Xinzhuang District Office	Property planning for old age and trust system course
10 / 25	The 2017 Double Ninth Festival event	Taipei City Hospital Renai Branch	A stall put up for introducing easy-care trust
11 / 24	Volunteer-related training lecture	Taipei City Hospital Renai Branch	Senior citizens and disabled people Care trust lecture
11 / 28	"Be a boss for old-age finance" course of Songnian University	Sanxia Farmers Association	Property planning for old age and trust system course

The FFHC attached importance to the property safety of senior citizens and disabled people, and launched the "Easy-care Trust to Treasure a Retired Life" by dedicating the trust funds to the needs of the silver-haired people (trustees) for living, medicine, and easy care. The "Guardian Angel Trust" is to strengthen the protection of trust funds and to earmark special funds for special payments, so that the trustees may reserve funds for future dementia or long-term care, and prevent the risk of misappropriation of their assets caused by dementia-induced cognitive deterioration. In 2017, a total of 3,555 cases of senior citizens' retired easy-care trust were concluded in a total amount of NT\$2,423.53 million.

A total of 5 cases of care trust for the disabled people were concluded in the amount of NT\$11.65 million. In addition, First Bank was the first financial institution being approved to provide service of "Helping Senior Citizens with Real Estate Management by Appointment" and was awarded the first place in the "Asset Trust Evaluation of Trust Businesses for the Senior and the Disabled People".

Furthermore, in response to the increasing need for long-term care among elderly citizens in Taiwan, First Bank teamed up with First Life Insurance to launch the "Long Term Care Life 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. In order to respond to Taiwan's entry into an aging society, by helping silver-haired people to activate their own real estate, and obtain funds needed for living under easy care, First Bank started the "Comfort Loan" or reverse mortgage loan in March 2016. In 2017, a total of 25 cases were concluded in an amount of NT\$316.75 million. And at the same time, First Life Insurance launched the "Loving Small-sum Lifetime Insurance". In 2017, a total of 3,377 effective contracts were secured with a total insurance amount of NT\$967.4 million.



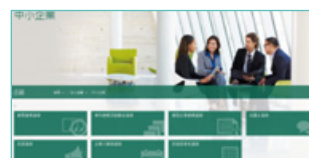
In response to the aging trend and the increase in the cancer population, First Bank has stepped up its loan programs for related industries. In 2017, a total of 20 loan projects for medical biotechnology and long-term care were contracted for a total amount of NT\$2.057 billion.

3-2 Friendly service

In order to cooperate with the United Nations to promote inclusive finance, and provide disadvantaged groups and people in remote areas with convenient financial services, the FFHC has adopted inclusive financial facilities with effectiveness as follows:

Providing assistance to SMEs, and youth's & women's start-ups

The FFHC has achieved synergy of its CSR and financial business by incorporating the concepts of environmental protection, giving back to the community, and promoting charitable endeavors into its core operations. In terms of how FFHC is helping to boost financing for business development of the emerging industries and SMEs, which tend to lack the scale or steady revenue needed to qualify for loans, First Bank has reflected its commitment to financing local industries by extensively working with the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (SMEG) to expand its loan services to domestic SMEs, thereby helping them grow and expand. These actions also stimulate domestic economic growth and spur job creation. Up to FY2017, First Bank has remained the number one bank in Taiwan in terms of SME lending market share for 8 years in a row and received from the FSC the Excellence Prize in the "Project for Strengthening Domestic Bank Lending to SMEs". It has also tried its best to help guide youth's and women's start-ups in terms of working capital. In FY2017, it received the "SME Credit Guarantee Funds Awards" from the SMEG, which shows that First Bank has been the best partner for domestic SMEs, and youth's & women's start-ups.



Unit: NT\$100 million

Type	2015	2016	2017
New Loans through SMEG	1,164	1,253	1,356
Loan Amount	6,082	6,478	6,578

Unit: NT\$100 million

Type	Objects and approaches	Year	Number of cases concluded	Amount
Micro loans	Micro Loans for Female Entrepreneurs: To provide funds needed for women to start their business and help them with start-up operation	2015	37	25.97
		2016	42	32.18
		2017	43	26.8
	Loans for Young Entrepreneurs and Start-ups" and "Micro Entrepreneur Loans To provide funds needed for youth to start their business and help them with business growth and development	2015	430	5.48
		2016	283	3.73
		2017	202	2.5

Providing basic insurance protection for disadvantaged groups

To provide a basic level of personal insurance protection for the economically disadvantaged people to fill gaps in the government's social insurance or social assistance mechanism, First Life Insurance has introduced to them and people with specific status a convenient, physical checkup-free micro-insurance product with a generalized premium regardless of occupation category, gender, or age. It has also cooperated with First Bank Culture & Education Foundation to promote micro-insurance assistance projects. All those who meet the Foundation's criteria for assistance will be insured for micro-insurance with premiums fully subsidized by the Foundation. In 2017, a total of 89 cases of such insurance were concluded with the insurance amount totaling NT\$44.5 million.

Creating a friendly financial environment

In response to aging society, First Bank built four "Senior Citizens' Experience Branches" in 2017 and upgraded the Sales Department and Chiayi's two digital branches to "Senior Citizens' Digital Branches". In addition to installing digital experience equipment, the business halls have been improved in accessibility as well as related old-age friendly facilities and services such as optical magnifiers, reading magnifiers, courtesy glasses, audio amplifiers, AEDs, health measurement stations and vehicle hailing. Moreover, to better accommodate the needs of disabled people, we have already set up wheelchair-accessible ATMs at 71 bank branches located throughout Taiwan. At present, we also offer two voice-operated 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 disabled people in order to provide more friendly and considerate services. Furthermore, in Taipei, New Taipei, Taoyuan, Taichung, Kaohsiung, Yilan and Hualien, we have established wheelchair-accessible service counters to provide friendly financial services for disabled people (including the elderly, the infirm, pregnant women and customers with children). Each of First Bank's 188 business units

has set up loving service bells and wheelchair ramps. They have also dispatched service specialists to the business halls, helping the disabled people to deal with various financial services. Such people at the counter will be fully informed of the data required, and be helped with the filling out of relevant application documents. And the exchange rate board has been set up and the latest version of charging standards has been updated on the bulletin board.

Item	2015	2016	2017
The number of senior citizens' branches	0	0	6
The number of wheelchair-accessible ATMs	136	42	111
The number of branches that offer wheelchair-accessible counters	34	34	37
The number of branches with friendly design See *	190	189	188

* : The reduction in the number of friendly designed units was due to the abolition of business units by First Bank.

To ensure that the disabled people may fully enjoy the basic, equal, reasonable and convenient financial services, we have constructed the "First Bank Friendly Financial Services Network" <https://freebank.firstbank.com.tw/ANB/index.jsp>, and obtained from the NCC the "Conformance Level AA" of the Accessible Web Development Guidelines. Presently, we are planning to proceed with the "Accessible Web Bank Upgrade Case", aiming to obtain the "Conformance Level AA" of "Accessible Website Guidelines Ver. 2.0" in creating quality service environment for the accessible website. First Securities has also set up a "Friendly Financial Services Section", providing such accessible investment services as online orders and mobile winner APP platforms, and continuing to offer phone voice quotations and transactions so that people with hearing and mobility problems can also participate in investment transactions by Internet access. Meanwhile, First Securities Investment Trust has created a dedicated page on its website to provide customers with information concerning its friendly

financial services. In addition, it offers text-to-speech functionality for transactions, and the Mutual e-Bank mobile application, allowing customers to complete mutual fund subscriptions online using a PC or mobile phone.

First Bank provides 24/7 uninterrupted access to its accessible web bank services for disabled or disadvantaged people. The features include: the financial information inquiry function, account overview function, transaction details function, agreed transfer function, user code/password change, SSL password change, website navigation function, and information announcement function.

First Bank's depositors who provide proof or identification confirming their disabilities may submit an application at any of its business units to receive a service fee waiver for interbank ATM withdrawals. Applications are limited to one account for one person; once approved, the customer may have up to 3 service fees waived per month.

3-3 Preventing financial fraud

In recent years, there has been a noticeable increase in the number of financial fraud incidents. To better safeguard its customers' assets, First Bank has formulated the "Over-the-Counter Caring Checklist" and "Fraud Prevention and Large-sum Withdrawal Precautions for Depositors at Business Units". Furthermore, with regard to withdrawals and transfers 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 indicating fraudulent activity, it is the policy of First Bank to make a reasonable inquiry as an expression of concern to protect its customers. When necessary, local police precincts are notified to dispatch officers to conduct verification measures or provide a police escort for customers making large-sum 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 frauds 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, in April 2017, a woman surnamed Liu, aged 80, who lived in Shanhua District, Tainan City, received a phone call from a fraud gang. The gangster claimed that the woman's account involving a criminal case needed to be clarified and asked her to hand her deposit over to the District Prosecutors Office for supervision. Hearing about criminal cases, she immediately went to the Shanhua Branch attempting to cancel the contract for time deposit. The receptionist, surnamed Fu, notified the deputy manager according to the customer care questioning mechanism over the counter, and he was instructed to delay the operation time and report to the Shanhua Police Station. After repeated checks and persuasions by the police, the woman finally realized that she had run into a fraud gang, thus avoiding huge losses. In addition to being publicly praised by the police, the staffer was awarded by First Bank a commendation according to its merit regulations. In 2017, a total of 17 fraud attempts were successfully prevented, resulting in NT\$7.65 million in fraudulent funds being blocked.

Social welfare

Management Guidelines

01

© Policies

To actively participate in social welfare through multi-faceted orientation, launching the "Green Volunteer Sustainability Program" and "Loving Volunteers Caring Scheme" with the four major charitable strategies of the "Green Care", "Social Welfare", "Sports Competition" and "Artistic Cultural Creation".

02

© Commitment

To uphold the spirit of "Local Cares for Local Businesses", we are committed to environmental sustainability and social welfare.

03

© Goals

- Green care: To call for green volunteers to enter organic farms, promote environmental education-related knowledge, assist disadvantaged groups and social welfare institutions in changing for LED lights, and work together to support small farmers-friendly farming.
- Social welfare: To implement the "Disadvantaged Students Adoption Plan" which allows school children to attend school with ease, invite life warriors to give touring speeches which enable students to learn about the value of life, team up with the National Taiwan University Hospital to help disabled people to demonstrate their confidence through performances, cooperate with hospitals and medical universities to conduct free clinics in remote areas or offshore islands, go to the countryside and campuses to hold small-scale financial seminars for the spreading of financial management knowledge, hold lectures on retirement financial management, cooperate with universities in talent training, and promote children's safety education.
- Sports competition: To organize tournaments of tennis and table tennis, and continue the table tennis team training program.
- Artistic Cultural Creation: To organize large-scale concerts, environmental education and green markets to promote green living, organize indoor and outdoor concerts in which indigenous groups and promising musicians may perform, organize diverse art exhibitions which provide domestic artists' creative publishing platforms, organize medical, health and spiritual growth lectures, invite artists to spread artistic and cultural creation to rural areas, and promote street dance art that young people love.

04

© Duties

To continuously integrate environmental sustainability concepts and core functions, expand influence to reward society, and create value for society to enter a new era of sustainable sharing.

05

© Resources

Group subsidiaries, First Bank Culture & Education Foundation and First Bank Volunteer Service Team.

06

© Complaints mechanism

- Please refer to the "CSR" on the FFHC's official website for the contact mailbox http://csr.firstholding.com.tw/c/csr_report_contact.php
- For details, please refer to the official website of First Bank Culture & Education Foundation <https://www.firstbank.com.tw/servlet/fbweb/CultrEduFoundation>

07

© Specific management practices

- The Volunteer Service, Food Bank Subsidy Program for Poor Children to Enjoy Lunar New Year's Dishes, Art to the Countryside, Accompanying Slow-flying Angels, First Dream Stage, Protecting Disadvantaged School Children, Health Talks and Free Clinics in Outlying Villages, Financiers on Campus, Children's Safety Education Series, Cooperation with Small Farmers, Tennis and Table Tennis Players Training & Competitions, Unified Invoice Cup for Road Running, and Music Fests to cultivate promising talent, and support the local artistic and cultural heritage.
- Employees learn and grow from the services and are willing to devote their time to participating in charitable activities.
- To conduct in-depth community care, looking for any corner throughout Taiwan which needs our care, so as to fill society with love cycle and positive energy.

08

© Assessment mechanisms

- Whether the varied project plans under the four major charitable pivots have been promoted to reach their goals.
- The annual loan balance to cultural creative industry and the credit loan amount.



09

© Results

- To sponsor and nurture table tennis players. In 2017, three bronze medals were won in the table tennis events at the Summer Universiade by such players.
- A total of 39 financial education activities were held in schools and local communities.
- Three schools were adopted to help disadvantaged children to attend school.
- A total of 155 volunteer activities were conducted, covering 3,128 volunteering visits and 12,421 beneficiaries.
- Six sessions of the life education lecture were held, benefiting about 1,540 children.
- A total of six loving care activities through music were held in National Taiwan University Hospital for about 1,200 visitors.
- There were 39 events in schools and communities held to spread financial knowledge to a total of 4,422 visitors.
- There were four free clinics held in Taiwan's outlying villages and Cambodia serving 4,447 patients.
- There were 3 large-scale concerts held for a total of 8,600 visitors.
- There were 12 Art & Culture Exhibitions for a total of 12,000 visitors.
- There were ten sessions of the health & financial lecture for a total of 1,890 visitors.
- A parent-child camp for children's safety was held, in which 40 volunteers and 605 parents/children participated.
- National tennis tournaments were held for 1,171 tennis players.
- Table tennis championships were held for 125 teams covering 1,100 players/coaches.
- Sports cooperative education covered seven schools benefiting a total of 435 sports players.
- A total amount of NT\$64.17 million was invested in social participation.

4-1 Charitable strategy

For major charitable items	Concept	Commercial benefits (2017)	Social benefits (2017)
 <p>Green care</p>	<p>We organized the "Love FUN First Green Living Carnival", promoted the "Living Green Card", "Leezen Card" and "Small Contracted Organic Farming for Sweet Potatoes", so as to support environmental sustainability and the development of organic agriculture. We carried out the "Local Care for Green Light to Spread Love" program to assist social welfare institutions in installing energy-saving lamps for replacement. We implemented the policy of "One-stop Service for Urban Renewal" to help old residential buildings to be renewed or rebuilt into green buildings.</p>	<ul style="list-style-type: none"> • We conducted horizontal alliances to promote green public welfare. • There were 41,332 Leezen Co-branded Cards in circulation. There were 17,566 Living Green Cards in circulation. • Thirty-seven urban renewal financing cases have been handled, and the approved line of credit has been NT\$35.444 billion. In 2017, the income from interest, trust fees, and construction manager fees was approximately NT\$230 million. 	<ul style="list-style-type: none"> • We planted 497 trees, which are estimated to reduce 4.97 metric tons of CO₂e and create a sustainable environment. • We installed energy-saving lamps for the social welfare institutions, which are estimated to reduce 31.74 metric tons of CO₂e and create a low-carbon sustainable homeland. • There were 49 Green Volunteer activities, which covered 1,639 volunteers and 4,423 beneficiaries. • We donated NT\$12.43 million to Leezen Co-branded Card holders to assist in the counseling of organic agricultural product certification, and promote the organic vegetables on campus, the headwater cleaning project, environmental education, etc. • We donated NT\$210,000 for Living Green Card holders to engage in environmental sustainability charitable events. • In the case of the self-help urban renewal case of "the 4th and 5th Phases of Community Housing Renovation at Shuiyuan Road, Zhongzheng District, Taipei City", it took nine years to reach a consensus among all residents to get started; the residents are planned to enter their new homes in 2018. Based on the value of NT\$0.5 million/ping for the renewed housing, the FFHC will create a real estate value of NT\$15 million for each low-income household. In addition, the renewed building design has complied with the Silver Class of Green Building Label, so the community will reduce 4,116 metric tons of CO₂e. Calculating the renewable energy certificate at NT\$2,200/MT, the carbon trading fee will be reduced by NT\$9.06 million.
	<p>We continued to conduct the "Easy Schooling Relief Program", and sponsor the "Financial Service Industry Education Scholarship/Financial Aid" and "Disadvantaged Students Adoption Plan" in order to assist disadvantaged students. We allocated and donated one-thousandth of the general consumption payment of the World Card VIPs to assist such easy schooling items as education, school lunches, classes after school, etc. for schoolchildren in outlying villages. We held the "Loving Care Concert to Light up Life on the First Dream Stage", "First Bank Free Clinics to Spread Love", "Slow-flying Angels Care Events", "Blind Angels Care Events", "Equal Rights & Blood Donation to Disabled People", etc. to provide care for the public. Our employees formed the "Volunteer Service Teams" to provide care in children's homes and old folks' homes throughout Taiwan, and upgrade the quality of life for disadvantaged people through inclusive financial products and services. In our business sites, we held charitable lunar year-end dinner parties, in which we staged charitable performances and bought social welfare institutions' products as year-end dishes or gifts.</p>	<ul style="list-style-type: none"> • There were 1,174 GLORY+World Cards in circulation. • The "Comfort Loan" or reverse mortgage loan was contracted to a total amount of NT\$316.75 million. • The senior citizens' easy-care trust and disabled people's care trust were contracted to a total amount of NT\$2,435.18 million. • The income from the loans related to the medical biotechnology or long-term care was about NT\$9.8 million. • The income from the Loans for Young Entrepreneurs and Start-ups, Micro Entrepreneur Loans, and Micro Loans for Female Entrepreneurs was approximately NT\$23.60 million. • Premium income from the micro insurance was about NT\$30,000. 	<ul style="list-style-type: none"> • Our "Easy Schooling Relief Program" has helped 654 students to finish their degree courses in National Cheng Kung University (NCKU) with ease. The NCKU also launched the "Plan to Fulfill Vows after Dreams Realized" to allow the beneficiary students to return the funds they had received back to the said Program for sustainability. • Our "Financial Service Industry Education Scholarship/Financial Aid" has so far distributed over NT\$27 million to support more than 7,000 students. • Six sessions of the life education lecture were held, benefiting about 1,540 children. • Four free clinics were held, benefiting 4,447 people. • We organized the "Loving Care Concert to Light up Life on the First Dream Stage" six times for the disadvantaged groups to put on their performances for 1,200 viewers. • Three schools were adopted to help 189 disadvantaged children to attend school. • We donated over NT\$0.6 million on behalf of GLORY+World Card holders to the School Education Savings Account of the Ministry of Education, which in turn helped 103 disadvantaged schoolchildren to attend school with ease. • We purchased 52 metric tons of cabbage to support vegetable farmers. • A loving fund-raising event collected NT\$110,000 for Jing Chuan Child Safety Foundation to promote children's safety education. • The number of caring volunteer activities was 106, which covered 1,489 volunteers and 7,504 beneficiaries. • We donated NT\$150,000 to Andrew Food Bank's Lunar New Year's Dishes for Poor Children, which enabled 75 disadvantaged households in Miaoli to enjoy the New Year's dishes. • There were a total of 124 charitable lunar year-end dinner parties held in more than 200 business sites across Taiwan, which allowed colleagues to jointly fulfill their corporate social responsibility on the occasion of the Lunar New Year Festival.
 <p>Social welfare</p>			

For major charitable items	Concept	Commercial benefits (2017)	Social benefits (2017)
 Artistic Cultural Creation	We have organized events such as "Northern-Central-Southern Charitable Concerts" and "First Art Spaces" to create music and arts performance stages, processed loans for cultural creative industries, and supported the development of Taiwan local arts and culture.	<ul style="list-style-type: none"> We have provided free of charge platforms for the artists to publish their works. The loan balance of cultural creative industries reached NT\$19.6 billion, and the income from interest and trust fees was approximately NT\$49.5 million. 	<ul style="list-style-type: none"> There were 12 Art & Culture Exhibitions for a total of 12,000 visitors. The number of visitors to the Love FUN First Green Living Carnivals was approximately 12,000. There were 3 large-scale concerts held for a total of 8,600 visitors.
 Sports competition	We held such care loving events as Table Tennis Championships, Table Tennis Summer Camps, First Holding Maxxis Tennis Tournaments, and MOF's Unified Invoice Cup for Road Running, as well as nurtured the table tennis team players to be sports new stars.	<ul style="list-style-type: none"> NT\$14.5 million was invested in training table tennis team players. The satisfaction rate of the tennis players in the Tournaments was as high as 98.2%. Our group brand awareness was enhanced. 	<ul style="list-style-type: none"> To sponsor and nurture table tennis players. In 2017, three bronze medals were won in the table tennis events at the Summer Universiade by such players. Sports cooperative education covered nine schools benefiting a total of 435 sports players. There were 1,171 players participating in the Tennis Tournaments. There were 125 teams participating in the Table Tennis Championships. There were over 200 children attending the Table Tennis Summer Camp. The activity is expected to help sports to take root.

The proportion of investment in the four major charitable strategies of the Group in 2017

Unit: NT\$10,000

	Event type	Charitable events	Investment in community	Commercial initiatives	Total
2015	Amount	1,506	5,752	627	7,885
	Percentage (%)	19.10	72.95	7.95	100
2016	Amount	1,537	3,362	2,877	7,776
	Percentage (%)	19.77	43.23	37	100
2017	Amount	595	2,870	2,952	6,417
	Percentage (%)	9.27	44.73	46	100

Unit: NT\$10,000

	Resources committed Category	Cash donation	Supplies donation	Volunteer manpower	Management cost	Total
	Amount and percentage					
2015	Amount	5,645	10	330	1,900	7,885
	Percentage (%)	71.59	0.13	4.18	24.10	100
2016	Amount	5,410	428	354	1,584	7,776
	Percentage (%)	69.57	5.50	4.56	20.37	100
2017	Amount	4,735	195	353	1,134	6,417
	Percentage (%)	73.79	3.04	5.50	17.67	100

4-2 Glory+World Cards

To carve the charitable image of the World Cards, First Bank allocated and donated one-thousandth of the general consumption payment of the World Card VIPs to assist such easy schooling items as education, school lunches, classes after school, etc. for schoolchildren in outlying villages.

Tenor	The number of cards in circulation	Amount donated (in NT\$1,000)	Schoolchildren helped
2016/09 ~ 2017/06	1,174 元	299	103
2017/07 ~ 2017/12		302*	—

* : It was lodged but not yet distributed out through the "School Education Savings Account" of the Ministry of Education.

4-3 Volunteering

The FFHC has established a volunteer service team since 2011. It has upheld the spirit of "Local Care" to initiate the "Loving Volunteers Caring Scheme". With the advantages of more than 200 business sites throughout Taiwan and the in-depth caring for communities on the occasions of festivals, it has spared no efforts in locating corners in Taiwan which need care. Its employees have also participated in volunteering through charitable events and helped fill the society with love cycles and positive energy.



The FFHC's volunteer team members are all over Taiwan. We divide the volunteer service into two major axes: one is "Green Volunteers" who promote environmental sustainability and the other is "Loving Volunteers" who care for the disadvantaged people. Green volunteers advance into organic farms, providing assistance in farming, picking vegetables, packing, etc., protect the coast by cleaning the beach, reduce carbon emissions by planting trees, conduct contractual farming by adoption, and assist disadvantaged groups in changing for LED lamps. Loving volunteers service includes accompanying the elderly, feeding and sending food, cleaning the environment, reading company and donating books, sorting invoices, providing care at festivals, organizing financial primary schools, imparting environmental education knowledge, caring for disadvantaged people in actions, etc. Through multiple angles and diverse volunteering, they have accompanied children, the elderly and disadvantaged groups. A total of 155 volunteer activities were conducted in 2017, covering 3,128 volunteers, 12,421 beneficiaries, and 13,440 hours of service. In the past seven years, the input of volunteers and the total number of services have grown by nearly 6 times. From 2011 to 2017, the number of our group's volunteer services reached 14,909, totaling more than 43,538 beneficiaries, and the number of their total service hours was as high as 61,252. This allowed colleagues to learn and grow from the services, and to devote willingly their time to charitable events.

Service Hours Rendered by the FFHC Volunteer Team in Recent Years

Year	Hours	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
January 2017 - December 2017	13,440 hours	3,128 people	12,421 people
Cumulative total	61,252 hours	14,909 people	43,538 people

Northern Taiwan

Charity Support Events 34

- Bali Happy Mount Home
- Yo-yo Team of Nuannuan Elementary School
- Chung Yi Children's Home
- Rong-Guang Social Welfare Institution
- Yi Kuang Orphanage
- Genesis Social Welfare Foundation
- Kuang Jen Social Welfare Foundation (2 sessions)
- Andrew Charity Association (2 sessions)
- Rural health clinics in Hualien, Penghu, and Cambodia (4 sessions)
- NTU Caring & Compassion Series (6 sessions)
- Slow-flying Angels Caring Series (2 sessions)
- First Securities - Financiers on Campus (3 sessions)
- "Get Out and Give" Blood Drive (4 sessions)
- Promoting Child Safety Education Series (3 sessions)
- FFHC Volunteers to Protect the Land with Disadvantaged Children (2 sessions)

Green Volunteering Events 29

- Linkou Journey to the West Organic Farm (24 sessions)
- Wanhua Branch—Zero-carbon Farm
- Linkou Jiabao Beach (2 sessions)
- Shezi Daotou Park
- Helping small farmers to harvest 960 kg of sweet potatoes

A Total of
63
Charitable Activities
Held in 2017

Taoyuan-Hsinchu-Miaoli region

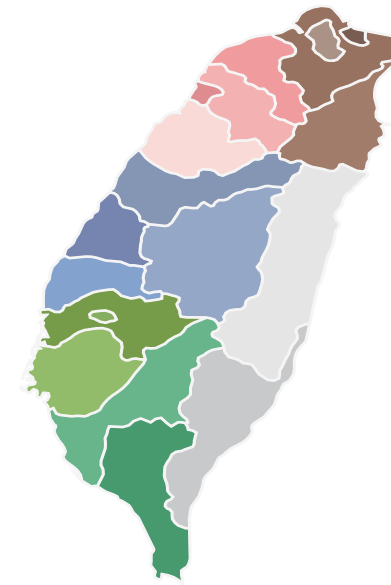
Charity Support Events 8

- Disadvantaged families in Eastern District of Hsinchu
- Haosheng Children's Home
- Association for Parents with Intellectually Disabled Children, Taoyuan City
- SOS Children's Villages Taiwan
- Man Fair Sheltered Workshop, Aiheng Center for Retarded Children
- Hsinchu Guanxi Township Dongguang Li's elderly people living alone and disadvantaged families
- Hsinchu Green Light Classroom
- Hockey team of Lingyun Junior High School

Green Volunteering Events 3

- LOHAS Preschool
- Taoyuan Kind Garden
- Lejia Psychiatric Nursing Home

A Total of
11
Charitable Activities
Held in 2017



Taichung-Changhua-Nantou Region

Charity Support Events 3

- Joyce's Home for Disabled Children
- Ai Qier Daytime Workshop
- Daniel A. Poling Memorial Babies' Home

Green Volunteering Events 8

- Ladybug Organic Farm (6 sessions)
- Tianyuan Senior Care Center
- Sound Home Center

A Total of
11
Charitable Activities
Held in 2017

Yunlin-Chiayi-Tainan Region

Charity Support Events 10

- Pumen Home
- Tainan Deer Ear Community Development Association
- Children's Home affiliated to Tainan Home of Philanthropy
- Tainan Jiali District Zhangzhou Li's elderly people living alone and disadvantaged families
- Yi-Xin Children's Home
- Shy-En Upbringing Institution
- Tzu-Hui Children's Home
- Kang-Ning Home for the Retarded/Disabled
- Tainan Babies' Home
- Chang Thai Home for the Disabled

Green Volunteering Events 2

- Hung-Chia Sanctuary Center
- Holy Wisdom Training Center for Special Needs

A Total of
12
Charitable Activities
Held in 2017

Kaohsiung-Pingtung Region

Charity Support Events 5

- Jing Jong Children's Home
- Pingtung County Heart-ease Grass Care Association
- Tse-De Children's Home
- Blue-Sea-Meets-Qila Sheltered Bakery Workshop
- Pintung County Family Homeland

Green Volunteering Events 7

- Kaohsiung Shanhaiguan Farm (6 sessions)
- Kaohsiung Cijin Beach

A Total of
12
Charitable Activities
Held in 2017

4-5 Support Disadvantaged Groups at Year-End Charitable banquet

We arranged charitable performances and purchased desserts such as red bean rolls and cakes made by social welfare institutions such as Maria Foundation, Taiwan Foundation for the Blind, Taoyuan Kind Garden, etc. as lunar year-end dishes or food gifts for our employees. This not only appreciated their efforts but also expressed our love. At the same time, we provided a performing stage for disadvantaged groups such as Caisheng Music Band, Taoshan Elementary School Choir, Lin Yishan, etc. Our concrete actions to support the disadvantaged groups have inspired all of our employees to jointly fulfill our CSR on the occasion of Lunar New Year Festival.



4-5 Food Bank Subsidy Program for Poor Children to Enjoy Lunar New Year's Dishes

The FFHC extended its loving trains to rural areas by offering, among other things, the chicken soup, cured meat, sausages, etc., to help disadvantaged families enjoy a happy Lunar New Year. The FFHC's volunteers also went to Andrew Food Bank to provide assistance in sorting the food and sending the New Year's loving dishes to the corners all over Taiwan that needed help.



We went to schools and communities throughout Taiwan to conduct **39** sessions of the financial education lecture, **3** sessions of lecture on the disadvantaged schoolchildren's plan, and the purchase of **52** metric tons of cabbage from farmers. Moreover, we donated meal coupons to the Financial Education Charity Fund, NCKU Easy Schooling Program, and Bali Happy Mount Home.

Charity Support Events: **106** sessions,
Green volunteering: **49** sessions,
totaling **155** charitable events

4-6 Art to the countryside to enrich the disadvantaged schoolchildren's life

The FFHC donated protective masks, shin guards, sticks, etc. to Lingyun Junior High School Hockey Team, to heighten their training quality. It also invited internationally renowned artist Chin Wu to guide the team players to paint wooden chairs. The combination of the artist with charitable events would enrich the disadvantaged players' life experience after training.



4-7 Accompanying Slow-flying Angels for autistic children to gain self-affirmation

First Securities and the Taipei Autism Children Foundation jointly organized the charitable event of "Fun with Slow-flying Angels' Hands" to spread love and teach such children how to bake cake or cookies. In October, First Securities also held a "Singing Contest for Shining Stars" at Plaza 12 of the Taipei Underground Street by inviting the said Foundation to counsel family members and encourage autistic children to walk outside and affirm themselves by singing.

4-8 Light up Life on the First Dream Stage

To encourage the disadvantaged people to embrace a positive life, the First Bank Culture & Education Foundation has organized the Loving Care Concerts in cooperation with the National Taiwan University Hospital since 2011 to create a "Light up Life on the First Dream Stage" for disabled people so that they have the chance to display their talents and make their performing dreams come true. It also inspired them to work hard in painting their lives and pursuing their dreams bravely. In the past seven years, 41 mini-concerts have been held, supporting a total of 45 groups of disadvantaged performers and attracting more than 8,000 visitors



Date	Activity name	Performer
02/09	"Beautiful Voice for Golden Rooster to Call in the Lunar New Year"	Hu Qingxiang (visually impaired), Laing Chunjin, and Su Junyuan (physically disabled)
03/29	"Sky-high Drumbeats Playing with Cheerleading Angels to Mark the Children's Day"	Taipei City Zhongzheng Elementary School's hearing-impaired Drummers Sailor Moon Cheerleading Squad (mentally disabled)
05/24	"A Swaying Dance with Lingering Music to Mark the Double Fifth Festival"	Crescent Beauties (physically disabled or visually impaired)
08/02	"Talented, Beautiful Voice Coming out of Darkness to Brightness"	Li Binghui and Bai Mingkuang (both visually impaired)
09/27	"Far-reaching Music with Soothing Flute Sound to Mark the Harvest Moon Festival"	Woodpeckers Music Band (visually impaired)
12/20	"Wheelchair Warrior's Dance with Beautiful Voice to Mark Christmas"	Zhang Zherui (visually impaired) and Zeng Yuting (physically disabled)

4-9 Protecting disadvantaged schoolchildren

The First Bank Culture & Education Foundation and Planet Technology Corp. have jointly promoted programs for disadvantaged schoolchildren for seven consecutive years, and adopted such schoolchildren in New Taipei City Ankeng Elementary School, Zhongzheng Elementary School, and Ercong Elementary School by providing financial aid for them and integrating such cross-industry resources as those schools' hardware facilities, teaching manpower, social educators, community volunteers and corporate volunteers to provide children with remedial teaching. In addition, activities such as the "FFHC to Work Together with Disadvantaged Children to Protect Human Ecological Environment", "FFHC's Attendance and Environment Conservation Tour", etc. were organized by arranging a wide range of guided outdoor tours, including a tour of Dadaocheng historical sites and a journey by ferryboat to Guandu Nature Park, for the schoolchildren to learn about wetland ecology, wild bird conservation and DIY blue dyeing, and have the chance to participate in diverse human ecological activities.



The First Bank Culture & Education Foundation also promoted the "First Cultural Education Train" by inviting physically disabled persons to share with schoolchildren how to face life optimistically. By experiencing the inconvenience of life encountered by people with physical disabilities, the schoolchildren would cherish themselves and be inspired to help others in need. Together with the environmental protection pioneers and other relevant courses, the Train helped children establish the concept of caring for the earth. Totally, there were about 1,540 children taking part in such events.

1,540 children taking in caring for the earth events

4-10 Financial aid to needy students for schooling

The FFHC believes that the financial industry should strive to fulfill its CSR and help prepare the next generation of students to grow to be capable and productive members of society. For seven consecutive years, we have sponsored the NCKU Easy Schooling Relief Program with a cumulative total sponsorship amount of NT\$15 million which has, to date, directly benefited more than 654 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, the NCKU has also launched the "Plan to Fulfill Vows after Dreams Realized" which enables participating students to repay loans received through the Program after graduation, thereby creating a virtuous cycle of assistance to students, which can perpetuate the Program. We are also continuing our commitment to sponsoring the Financial Service Industry Education Charity Fund, 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. So far, we have donated more than NT\$27 million.



support over **7,000** students

4-11 Health lectures & free clinics in remote areas

First Bank Culture & Education Foundation has held Medical Care & Health Lectures since 2006 to take care of its employees' physical and mental health. According to statistics from the Ministry of Health and Welfare, more than 10,000 people in Taiwan suffer from lung cancer each year, causing nearly 9,000 deaths and affecting over ten thousand families. Lung cancer seems to have become the number one killer in Taiwan. In view of this, in 2017, the First Bank Culture & Education Foundation held 4 sessions of "Lung Health Starting from Breathing" lecture series in Taiwan to share the importance of lung cancer screening and pulmonary health care, attracting approximately 1,200 employees and clients.



Attract **1,200** employees and clients



In addition, we have worked together with large hospitals to visit remote areas to implement care in outlying villages and educate the people about the correct medical concepts. We have also worked with Mennonite Christian Hospital to set up "Medical Volunteer" training courses to enhance volunteering knowledge in free clinics, which have nurtured 33 medical professional volunteers. They have gone to outlying villages to serve as medical care volunteers. Additionally, with the expansion of overseas business sites, we have extended our concern and care to overseas countries. Since 2015, we have worked with one of our customers, Taieasy Group with professional medical teams, for three consecutive years. We have carried medicines and supplies worth nearly NT\$5 million from Taiwan to Pursat Province in Cambodia to support local poor people and provide medical services to 4,000 residents. Through health lectures, free clinics and other activities, the concept of health will be passed on to customers and the general public.



Overview of the 2017 free clinics in outlying villages

4 Month	Working with Mennonite Christian Hospital Organizing free clinics in Zhuoxi, Hualien to spread love	Conducting the blood drawing, liver cancer screening, and elderly people's bone density and muscle strength tests, so as to spread the correct preventive and health knowledge.
7 Month	Overseas Charitable Work Support for Rural Communities in Cambodia	We partnered with one of our customers, Taieasy Group, to offer free clinics in Phnom Penh, 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 medicines and 4,000 pieces of personal hygienic articles such as toothpastes, toothbrushes, steel cups, soaps, as well as food and other daily items.
8 Month	Working with Taipei Medical University Providing Free Clinics in Penghu to spread love	Services included the urine screening, eye examination, dental treatment, physiotherapy, ultrasound examination, EKG, etc. We also teamed up with the well-known chain salons to provide free hair-cutting services, and conducted home visits, caring for residents' lives and needs, and passing on the correct concept of health education.
11 Month	Working with Mennonite Christian Hospital Organizing free clinics in Zhuoxi, Hualien to spread love	Conducting the liver cancer screening, abdominal ultrasonic screening, etc. to strengthen education on liver cancer prevention and liver disease screening, so as to jointly care for the health of people living in remote mountain areas.

4-12 Bankers on Campus

In order to establish the correct concept of consumption and financial management for the people and students, the FFHC responded to the FSC's policy by conducting 39 sessions of "Going to the Campus and Community to Spread Financial Knowledge" at schools in Taipei, New Taipei, Hsinchu, Yunlin, Nantou, Tainan, Kaohsiung and Pingtung. First Bank has received from the FSC the "Enthusiastic Participation Award for Going to the Campus and Community to Spread Financial Knowledge" for seven consecutive years. Through financial education taking root, we were striving to popularize the financial knowledge, which attracted a total of 4,422 participants. Additionally, in cooperation with National Changhua University of Education, a special lecture on "The Development Trend of Green Energy Industry" was held in the Jing-shi Building on the Bao-shan Campus, attracting a total of 70 participants. In cooperation with the Department of Financial Law of Ming Chuan University, a special lecture on the "Money Laundering Control Act" was held. A total of 60 people participated in the lecture. We also invited 14 college students who were excellent in finance subjects from National Taiwan University, Soochow University, National Changhua University of Education, and Ming Chuan University to attend financial practice seminars and internship courses held in First Securities. In addition, we also worked with volunteer service teams and used holiday time to visit Children's Homes, rural schools, communities or other social welfare institutions in Taipei, Hsinchu, Taichung, and Pingtung to promote financial education and help disadvantaged people enjoy financial basic rights. In 2017, a total of 6 events were held to enhance the financial literacy of rural and disadvantaged groups.

Going to campus and society to spread financial knowledge in the recent three years

	2015	2016	2017
Sessions	40	48	39
Participants	4,957	7,084	4,422

The social welfare institutions where our group's volunteers spread financial knowledge in the recent three years

	2015	2016	2017
The number of children's homes and upbringing institutions	13	4	6

4-13 Children's safety education promotion series

To promote children's safety education and awaken the public to the importance of early prevention, First Life Insurance has worked with Jing Chuan Child Safety Foundation in conducting child safety education campaigns since 2007. In 2017, two parent-child camps on child safety education entitled "I Am a Big Hero of Safety" were held at Tucheng Elementary School in New Taipei City. The children's self-defense techniques were taught through drama, and via the games of breaking the barricade, children could learn about the correct safety ideas, thus deepening their own personal safety awareness. In order to enable parents to synchronously promote child protection knowledge and parenting skills, we also arranged lectures to share the correct concept of child safety protection and cement further the parent-child bond. A total of 605 parents and children participated. In addition, First Life Insurance assisted Jing Chuan Child Safety Foundation in raising funds to promote children's safety education and support traumatized children, calling on companies in the same office building to cooperate with the Foundation to organize "Loving Charity Sale" activities for our employees and those of other companies. With enthusiastic response, NT\$110,000 was collected and donated to the Foundation for healthy growth of children in a safe and secure environment.

4-14 Partnership with small farmers




In January 2017, the cabbage output was supply-over-demand, leading to collapsed prices. To help the cabbage farmers, First Bank initiated the "Touching First Bank to Support Cabbage Farmers" campaign and purchased 52 metric tons of cabbage to help farmers overcome their difficulties by practical actions. At the same time, both its customers and employees were given the cabbage free of charge. Also it invited the disadvantaged children from New Taipei City Ankeng Elementary School and Zhongzheng Elementary School to pickle cabbage by themselves and give the pickled cabbage to the disadvantaged families of the "Nanjichang Food Bank".



4-15 Table tennis training

In order to support the development of sports in Taiwan, we have cultivated national players. In addition to setting up a men's table tennis team, First Bank has also sponsored the table tennis teams for a long period of time in elementary or junior high schools. It also has arranged for players to go abroad for training or competitions, so that potential young players may get access to a better table tennis training environment and resources.

In the 2017 Summer Universiade, the men's table tennis team of First Bank won three bronze medals in the table tennis events.

Table tennis team members	Events in which medals won	Results
Liao Zhenting and Li Jiasheng	Men's doubles	  
Liao Cheng-ting	Mixed doubles, Men's team player	



In 2017, First Bank continued to cooperate with the seven schools of Xiude Elementary School in Sanzhong District of New Taipei City, Juguang Elementary School in Banqiao District of New Taipei City, Yilan Elementary School in Yilan City of Yilan County, Nancheng Elementary School in Fengshan District of Kaohsiung City, Kaohsiung Municipal Fu Cheng Senior High School, New Taipei Municipal Hai-Shan High School, and National Taiwan Sport University, and contracted to start cooperation with the two schools of Taoyuan Municipal Junior High School and Taoyuan Zhongpu Elementary School. As per statistics, the training fees have amounted close to NT\$14.5 million.

In addition to holding national table tennis championships for nine years in a row, First Bank has long supported the table tennis sport with systematic and phasal resources. Since 2016, it has held the "First Bank Table Tennis Summer Camp" for two consecutive years and invited national player Li Jiasheng, who won a Bronze Medal for the table tennis competition in the 2017 Summer Universiade, to encourage the players. We have committed to fostering the enthusiasm of the young generation to the table tennis sport, scouting more new promising stars, as well as increasing the visibility of the Taiwan table tennis sport in the international arena.



4-16 The First Holding Maxxis Tennis Tournament

To nurture and encourage the participation of all citizens in tennis sport, the FFHC has worked together with its customer Cheng Shin Group to organize the "First Holding Maxxis Cup National Tennis Team Tournament" for eight consecutive years. It has become the largest and most indicative tennis competition in Taiwan with the highest total amount of prizes. Over a thousand tennis players gathered together. The contestants have crossed various age groups, including elementary schoolchildren group, college students group B, open group, and the prime-aged group, etc. By the competition platform, we have helped contestants to make friends and learn from ball playing, and have tapped more new promising tennis players.



donation within our group, we have also asked the customers and road runners to jointly respond to the movement of "Donating Invoices out of Love". In 2017, we collected a total of about 170,000 invoices. The invoices were all donated to disadvantaged groups. Volunteers were also arranged to assist the recipients in sorting the collected invoices. It showed great love through small invoices.

4-17 Unified Invoice Cup for Road Running

To respond to the Ministry of Finance's promotion of a national sports climate and help the social welfare groups by collecting unified invoices, since 2011 the FFHC has co-organized the "Unified Invoice Cup for Road Running" across Taiwan with the regional National Taxation Bureaus every year, and it seems to have become one of the most anticipated road running activities in Taiwan. In addition to initiating invoices donation within our group, we have also asked the customers and road runners to jointly respond to the movement of "Donating Invoices out of Love". In 2017, we collected a total of about 170,000 invoices. The invoices were all donated to disadvantaged groups. Volunteers were also arranged to assist the recipients in sorting the collected invoices. It showed great love through small invoices.

4-18 Care for cultural creative industries

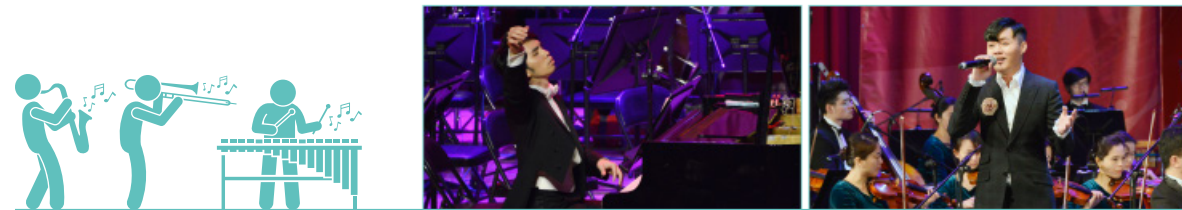
In order to assist the development of the domestic cultural creative industries and respond to the government supportive policy in this regard, the First Bank has actively processed loans for the said industries. The total credit balance at the end of 2017 reached NT\$23.1 billion, wherein there were 60 companies in the film and television related industries and their credit amounted to NT\$2.69 billion, accounting for 11.6% of the total credit loans for the cultural creative industries.

First Bank has taken practical actions to support the film and television industry and provided funds required by the said industry. 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 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. In 2017, we supported the production of the movies such as "My Dear Posthumous Child", "Long Time No Sea", and "Chang'an Building", etc.; we also supported the production of TV dramas in DaAi TV, Tzu Chi Communication, Ministry of Culture's Mobile Broadband Drama, Public TV Life Story, Hakka TV, SET Taiwan and other television drama series, and strove to support the development of Taiwan's cultural creative enterprises.

4-19 Music fests to nurture new talent

First Bank Culture & Education Foundation has long supported local arts and cultural activities. In 2017, it held three large-scale concerts in Northern, Central, and Southern Taiwan, providing stages for promising singers and well-known musicians to perform on. In association with Evergreen Symphony Orchestra, the performances were a combination of symphonies and popular songs, and well acclaimed by our customers and employees. In addition, we invited disadvantaged people and disabled people from social welfare institutions to each concert to enjoy the music fest together with the people present. Thirty-four such concerts have been held since 2006, attracting more than 94,600 visitors.

Name	Location	Performers	Groups invited
Classic Movies' Golden Melodies	Taipei International Conference Center	Where Chou, Henry Hsu, and The Wanted Vocal Band	Taiwan Foundation for the Blind, Sunshine Social Welfare Foundation, and Happy Mount Home
Golden Melodies from Love in Kaohsiung	Hui-Sun Auditorium, National Chung Hsing University	Yi-Chih Lu, Rachel Liang, and Jack Yao	Taiwan Foundation for the Blind, Tsu-Hsin Children's Home, Hwei-Ming Home for the Blind, and Taichung City Blind People's Association
Golden Melodies from Love in Kaohsiung	Performing Arts Center, National Kaohsiung Normal University	Yi-Chih Lu, Rachel Liang, and Huang Wen-hsing	Taiwan Foundation for the Blind and Taiwan Foundation for Rare Disorders



4-20 Supporting Local Art Traditions

First Bank Culture & Education Foundation designed and built the 1st and 2nd floors of the headquarters building into the "First Art Space" in 2011. Ever since, it has provided a free platform for domestic artists to create and publish on a monthly basis. By the end of 2017, 81 art exhibitions had been held there, attracting more than 81,000 viewers.



Exhibition date	Exhibition theme
01/10-01/30	"Clear Sounds from Mountains & Waters" – Hsieh Rongyuan's Ink Wash Paintings Exhibition
02/07-03/01	"The Look of Writing at That Moment" – Chin Wu's Creative Artwork Solo Exhibition
03/08-03/29	"Mind-opening State from Clouds over Rivers" – Chen San's Oil Paintings Solo Exhibition
04/07-04/30	"Spring Flourishing with Art" – Creative Artwork Joint Exhibition
05/09-05/31	"Half a Century of Dedication to Wood Art • Wholeheartedly and More..." – Qiu Shifu's Wood Sculpture Exhibition
06/06-06/27	"Beautiful Waters Views" – Zhang Keqi's Gongbi Paintings Exhibition
07/04-07/25	"In Love with Taiwan's Local Views" – Lin Yingzhe's Watercolors Exhibition
08/08-08/29	"Once in a Thousand Years" – Chen Kunhe's Speckled Pottery Exhibition
09/05-09/26	"Intangible Joy within Mind" – Chen Zhuming's Creative Artwork Exhibition
10/03-10/24	"Taiwan's Impressions" – Lin Jin's Ink Wash Paintings Exhibition
11/07-11/28	"First Bank's 119th Anniversary" – First Bank Employees' Photography Exhibition
12/05-12/26	"Looking Homeward" – Chen Wenlong's Creative Artwork Exhibition

In order to welcome the Lunar New Year, First Bank Culture & Education Foundation held the "Brush-writing Spring Couplets for Gifts as Golden Rooster Calls in the Lunar New Year" events by inviting 11 famous calligraphers and painters such as Guo Xiangling, Gong Zhaoyang, Luo Shunlong, Song Liangming (Chairman of the Taoyuan Calligraphy Association), etc. to nine of our branches in Taiwan to brush-write on-site the spring couplets as gifts to the people present. Also distributed out were red envelopes and "mother money" which has been blessed in Jinshan Temple of Wealth Gods. Such events attracted 1,320 people, who could not only meet the masters but also feel the festive atmosphere in advance. Finally, they went home with those gifts to welcome the New Year with their families.



INDEPENDENT ASSURANCE OPINION STATEMENT

First Financial Holding Co., Ltd. 2017 Corporate Social Responsibility Report

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

This independent assurance opinion statement has been prepared for FFHC 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 FFHC. 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 FFHC only.

Scope

The scope of engagement agreed upon with FFHC includes the followings:

1. The assurance scope is consistent with the description of First Financial Holding Co., Ltd. 2017 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the FFHC'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 the FFHC 2017 Corporate Social Responsibility Report provides a fair view of the FFHC CSR programmes and performances during 2017. 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 FFHC and the sample taken. We believe that the 2017 economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate FFHC'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 FFHC's description of their approach to AA1000 Assurance Standard and their self-declaration of 'in accordance' with the GRI Standards (2016): the Core option were fairly stated.

Methodology

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

- review of issues raised by external parties that could be relevant to FFHC's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 13 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 organization'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 Standards (2016) are set out below:

Inclusivity

This report has reflected a fact that FFHC has continually made a commitment to its stakeholders, as the participation of stakeholders has been conducted 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 FFHC's inclusivity issues.

Materiality

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

Responsiveness

FFHC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for FFHC is developed and provides the opportunity to further enhance FFHC's responsiveness to stakeholder concerns. Issues that stakeholder concern about have been responded timely. In our professional opinion the report covers the FFHC'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 Sustainability Reporting Standards (GRI Standards)

FFHC provided us with their self-declaration of 'in accordance' with the GRI Standards (2016): the Core option (For each material topic covered by a topic-specific GRI Standard, comply with at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development information with reference to the GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the FFHC's social responsibility and sustainability issues.

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

Competency and Independence

The assurance team was composed of Lead Auditors experienced in 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:



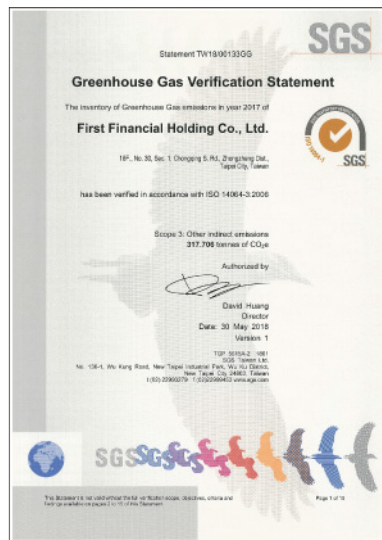
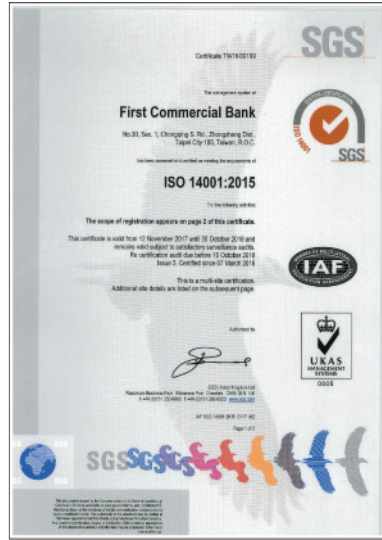
Peter Pu
Managing Director BSI Taiwan
2018-05-09



Taiwan Headquarters: 5th Floor, No. 39, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.

BSI Taiwan is a subsidiary of British Standards Institution.

Various Certificates



2017 Global Reporting Initiative (GRI) Standards Content Index

GRI 102 : General Disclosures 2016		Chapter / Description	Page
Disclosure	Description		
102-1	Name of the organization	Sustainable Governance	P46
102-2	Activities, brands, products, and services	Sustainable Governance	P45
102-3	Location of headquarters	Sustainable Governance	P46
102-4	Location of operations	Sustainable Governance	P46
102-5	Ownership and legal form	Sustainable Governance	P56
102-6	Markets served	Sustainable Governance	P46
102-7	Scale of the organization	Sustainable Governance Happy Workplace	P46
102-8	Information on employees and other workers	Happy Workplace	P135-137
102-9	Supply chain	Green Finance	P115
102-10	Significant changes to the organization and its supply chain	Sustainable Governance Green Finance	P47-48 P115
102-11	Precautionary Principle or approach	Sustainable Governance	P68-74
102-12	External initiatives	Sustainable Governance	P52-53
102-13	Membership of associations	Sustainable Governance	P52-53
102-14	Statement from senior decision-maker	Letter to Shareholders	P6-7
102-15	Key impacts, risks, and opportunities	Stakeholder Engagement Green Finance	P20-26 P86-93
102-16	Values, principles, standards, and norms of behavior	Sustainable Governance	P64
102-17	Mechanisms for advice and concerns about ethics	Sustainable Governance	P64
102-18	Governance structure	Sustainable Governance	P55
102-19	Delegating authority	CSR Operation	P12-14
102-20	Executive-level responsibility for economic, environmental, and social topics	CSR Operation	P12-14
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement	P16
102-22	Composition of the highest governance body and its committees	Sustainable Governance	P56-59,P61
102-23	Chair of the highest governance body	Our corporate chairman is Mr. ray-Beam Dawn/ General Manager is Mr. Chien-Hao Lin	-
102-24	Nominating and selecting the highest governance body	Sustainable Governance	P56
102-25	Conflicts of interest	Sustainable Governance	P60
102-26	Role of highest governance body in setting purpose, values, and strategy	CSR Operation	P12
102-27	Collective knowledge of highest governance body	Sustainable Governance	P61
102-28	Evaluating the highest governance body's performance	Sustainable Governance	P55
102-29	Identifying and managing economic, environmental, and social impacts	Stakeholder Engagement Sustainable Governance	P15-16 P56-61

GRI 102 : General Disclosures 2016		Chapter / Description	Page
Disclosure	Description		
102-30	Effectiveness of risk management processes	CSR Operation	P14
102-31	Review of economic, environmental, and social topics	Sustainable Governance	P61
102-32	Highest governance body's role in sustainability reporting	Stakeholder Engagement	P15
102-33	Communicating critical concerns	Stakeholder Engagement	P15
102-35	Remuneration policies	Sustainable Governance	P62
102-36	Process for determining remuneration	Sustainable Governance	P62
102-40	List of stakeholder groups	Happy Workplace	P161
102-41	Collective bargaining agreements	Happy Workplace	P161
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	P15
102-43	Approach to stakeholder engagement	Stakeholder Engagement	P17-19
102-44	Key topics and concerns raised	Stakeholder Engagement	P20-26
102-45	Entities included in the consolidated financial statements	Sustainable Governance	P48-51
102-46	Defining report content and topic Boundaries	Stakeholder Engagement	P15-16
102-47	List of material topics	Stakeholder Engagement	P20-26
102-48	Restatements of information	Report information	P3
102-49	Changes in reporting	Stakeholder Engagement	P16
102-50	Reporting period	Report information	P3
102-51	Date of most recent report	Report information	P3
102-52	Reporting cycle	Report information	P3
102-53	Contact point for questions regarding the report	Report information	P3
102-54	Claims of reporting in accordance with the GRI Standards	Report information	P3
102-55	GRI content index	Report information	P3
102-56	External assurance	Report information	P3

GRI 103 : Management Approach 2016		Chapter / Description	Page
Disclosure	Description		
103-1	Explanation of the material topic and its Boundaries	Stakeholder Engagement	P20-26
103-2	The management approach and its components	Sustainable Governance Green Finance Happy Workplace Social Harmony	P43,P54,P63,P66-67,P75,P77 P83,P94-95,P110-111,P118,P124 P133,P151,P159 P165,P169,P174,178
103-3	Evaluation of the management approach	Sustainable Governance Green Finance Happy Workplace Social Harmony	P43,P54,P63,P66-67,P75,P77 P83,P95,P111,P118,P124 P133,P151,P159 P165,p169,P174,P178

Specific Standard Disclosures

GRI 200 : Economic Series 2016				
Series	Disclosure	Description	Chapter / Description	Page
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Sustainable Governance	P48-51
	201-2	Financial implications and other risks and opportunities due to climate change.	Green Finance	P86-93
	201-3	defined benefit plan obligations and other retirement plans	Happy Workplace	P146-147
	201-4	Financial assistance received from government	NA	-
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Happy Workplace	P160
	202-2	Proportion of senior management hired from the local community	Happy Workplace	P137-138 P160
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services provided supported	Green Finance	P93
	203-2	Significant indirect economic impacts	Green Finance	P90-93
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	Green Finance	P115
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	Sustainable Governance	P68
	205-2	Communication and training about anti-corruption policies and procedures	Sustainable Governance	P64
	205-3	Confirmed incidents of corruption and actions taken	Sustainable Governance	P64
GRI 300 : Environmental Series 2016				
GRI 302: Energy	302-1	Energy consumption within the organization	Green Finance	P101
	302-2	Energy consumption outside of the organization	Green Finance	P101
	302-3	Energy intensity	Green Finance	P101
	302-4	Reduction of energy consumption	Green Finance	P96-99,P102
	302-5	Reductions in energy requirements of products and services	Green Finance	P97-98 P107-108
GRI 303: Water	303-1	Water withdrawal by source	Green Finance	P106
	303-3	Water recycled and reused	Green Finance	P106
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Green Finance	P101
	305-2	Energy indirect (Scope 2) GHG emissions	Green Finance	P101
	305-3	Other indirect (Scope 3) GHG emissions	Green Finance	P101
	305-4	GHG emissions intensity	Green Finance	P101
	305-5	Reduction of GHG emissions	Green Finance	P96-99 P104-105
GRI 306: Effluents and Waste	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Green Finance	P100
	306-2	Waste by type and disposal method	Green Finance	P125

GRI 300 : Environmental Series 2016			Chapter / Description	Page
Series	Disclosure	Description		
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Green Finance	P101
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Green Finance	P115
	308-2	Negative environmental impacts in the supply chain and actions taken	Green Finance	P115
GRI 400 : Social Series 2016				
GRI 401: Employment	401-1	New employee hires and employee turnover	Happy Workplace	P137-139
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Happy Workplace	P46-149
	401-3	Parental leave	Happy Workplace	P149
GRI 402: Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	Happy Workplace	P153
	403-1	Workers representation in formal joint management-worker health and safety committees	Happy Workplace	P158
GRI 403: Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Happy Workplace	P161
	403-4	Health and safety topics covered in formal agreements with trade unions	Happy Workplace	P142
GRI 404: Training and Education	404-1	Average hours of training per year per employee	Happy Workplace	P139-145
	404-2	Programs for upgrading employee skills and transition assistance programs	Happy Workplace	P144-145
	404-3	Percentage of employees receiving regular performance and career development reviews	Happy Workplace	P135-138
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Happy Workplace	P160
	405-2	Ratio of basic salary and remuneration of women to men	Happy Workplace	P161
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Happy Workplace	P161
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Happy Workplace	P161
*GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Happy Workplace	P160
*GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Happy Workplace	P160
*GRI 410: Security Practices	410-1	Security personnel trained in human rights policies or procedures	Happy Workplace	P161

GRI 400: Social Series 2016			Chapter / Description	Page
Series	Disclosure	Description		
*GRI 411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	Happy Workplace	P160
	412-1	Operations that have been subject to human rights reviews or impact assessments	Happy Workplace	P161
GRI 412: Human Rights Assessment	412-2	Employee training on human rights policies or procedures	Happy Workplace	P161
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Happy Workplace	P161
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Happy Workplace	P137-138
	413-2	Operations with significant actual and potential negative impacts on local communities	Sustainable Governance	P47
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Green Finance	P115
	414-2	Negative social impacts in the supply chain and actions taken	Green Finance	P115
*GRI 415: Public Policy	415-1	Political contributions	NA	-
	417-1	Requirements for product and service information and labeling	Social Harmony	P167-168
GRI 417: Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	Social Harmony	P167-168
	417-3	Incidents of non-compliance concerning marketing communications	Social Harmony	P167-168
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social Harmony	P168
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Sustainable Governance	P70

GRI Financial Services Sector Supplement

Index	Description	Chapter / Description	Page
Aspect: Product Portfolio			
FS1/DMA	Policies with specific environmental and social components applied to business lines.	Green Finance	P113,P116
FS2/DMA	Procedures for assessing and screening environmental and social risks in business lines.	Green Finance	P87
FS3/DMA	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	Green Finance	P113-114

Index	Description	Chapter / Description	Page
Aspect: Product Portfolio			
FS4/DMA	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Happy Workplace Green Finance Social Harmony	P141-145 P109 P179-P185
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Social Harmony	P173-174 P179-184
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Green Finance	P90-93
Aspect: Active Ownership			
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Green Finance	P103
Aspect: Local Communities			
FS14	Initiatives to improve access to financial services for disadvantaged people.	Social Harmony	P175-177
FS15/DMA	Policies for the fair design and sale of financial products and services.	Social Harmony	P167-168
FS16/DMA	Initiatives to enhance financial literacy by type of beneficiary	Social Harmony	P172-173,P175

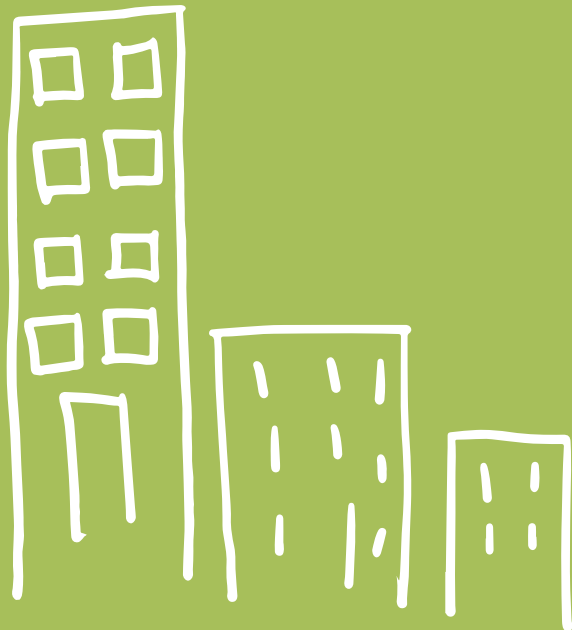
United Nations Global Compact Principles

Classification	The Ten Principles	Dis-closure	Chapter	Page
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	●	Happy Workplace	P160-161
	Principle 2: Make sure that they are not complicit in human rights abuses.	●	Green Finance	P112-117
	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	●	Happy Workplace	P161
Labor	Principle 4: The elimination of all forms of forced and compulsory labor	●	Happy Workplace	P160
	Principle 5: The effective abolition of child labor	●	Happy Workplace	P160
	Principle 6: The elimination of discrimination in respect of employment and occupation	●	Happy Workplace	P137 P160-161
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	●	Green Finance	P94-109
	Principle 8: Undertake initiatives to promote greater environmental responsibility.	●	Green Finance	P94-109
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	●	Green Finance	P90-93 P118-P123
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	●	Sustainable Governance	P64

ISO 26000 Index Content Index

	Issue	Dis-closure	Chapter/Description	Page
Organizational governance	Decision-making process and structures	●	CSR Opecatlon	P14
	Due diligence for preventing human rights risk	●	Happy Workplace	P160-161
Human rights	Human rights risk situations	●	Happy Workplace	P160-161
	Avoidance of complicity	●	Sustainable Governance	P64
	Resolving grievances	●	Happy Workplace	P149-150 P161
	Discrimination and vulnerable groups	●	Happy Workplace	P137 P160-161
	Civil and political rights	●	Happy Workplace	P160
	Economic, social and cultural rights	●	Happy Workplace	P139-158
	Fundamental principles and rights at work	●	Happy Workplace	P151-161
	Employment and employment relationships	●	Happy Workplace	P135-139
	Working environment and social protection	●	Happy Workplace	P161
	Labor Practices	Social communication	●	Happy Workplace
Health and safety at work		●	Happy Workplace	P152-158
Human development and training in the workplace		●	Happy Workplace	P136-139 P140-145
Prevention of pollution		●	Green Finance	P94-109
Environment	Sustainable resource use	●	Green Finance	P102-106
	Climate change mitigation and adaptation	●	Green Finance	P94-109
	Protection of the environment, biodiversity and restoration of natural habitats	●	Green Finance	P127-128
Fair Operating Practices	Anti-corruption	●	Sustainable Governance	P64
	Responsible political involvement	●	Sustainable Governance	P64
	Fair competition	●	Sustainable Governance	P64
	Promoting social responsibility in the value chain	●	Stakeholder Engagement	P15-19
	Respect for property rights	●	Sustainable Governance	P64

	Issue	Dis-closure	Chapter/Description	Page	
	Fair marketing, factual and unbiased information and fair contractual practices	●	Social Harmony	P167-168	
	Protecting consumers' Health and safety	●	Social Harmony	P167-168 P183-185	
	Sustainable consumption	●	Green Finance	P93	
Consumer Issues	Consumer service, support, and complaint and dispute resolution	●	Social Harmony	P168-170	
	Consumer data protection and privacy	●	Social Harmony	P167-168	
	Access to essential services	●	Green Finance Social Harmony	P118-123 P167-168 P171-177	
	Educational and awareness	●	Social Harmony	P172-173	
Community Involvement and Development	Community involvement	●	Social Harmony	P172-177 P181-189	
	Education and culture	●	Social Harmony	P181-189	
	Employment creation and skills development	●	Happy Workplace	P137-145	
	Technology development and access	●	Green Finance	P118-123	
	Wealth and income creation	●	Social Harmony	P172-173 P175	
	Health		●	Happy Workplace	P146-148 P152-158
			●	Social Harmony	P179,P183
	Social investment	●	Social Harmony	P176-187	



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/

To protect and help improve the global environment, this report was printed on recycled paper using ink made from soy beans.

Printed in Taiwan 2018