

# 2019 Annual CSR Report

corporate  
social  
responsibility





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# 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 annual CSR reports for nine consecutive years, its most recent report being issued in June 2019. In addition, it 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 2019 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 2019 (January 1 to December 31, 2019). To better illustrate our latest advances and demonstrate changes in growth, some of the information contained in this Report goes back to 2016 to 2018, there were no cases of restatements of information.

## ◆ 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 Inventory includes all operations offices. All related statistics are calculated based on the general international standard indices, and all financial numbers are denominated in New Taiwan Dollars (NTD).

## ◆ Corporate Social Responsibility Reports from past years



## ◆ Reporting principles

The Global Reporting Initiative, GRI	GRI standards: Core option
	GRI guidelines and financial services sector disclosure standards
Taiwan Stock Exchange Corporation	CSR Code of Conduct for TWSE/GTSM Listed Companies
	The Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies
International Advocacy	ISO 26000 Social Responsibilities Guidance
	United Nations Global Compact
	Sustainable Development Goals, SDGs
	Principles for Responsible Banking, PRB
	Principles for Responsible Investment, PRI
	Principles for Sustainable Insurance, PSI

## ◆ External assurance of report

Standard	Certification Bodies
Environmental Education Site	Environmental Protection Administration, Executive Yuan
Product carbon footprint label	
Product Carbon Footprint Reduction Label	
AA 1000 Assurance Standard application type 2 moderate level of assurance.	British Standards Institution, BSI
ISO 45001 Safety and Health Management System.	
ISO 20000 IT Service Management System	
ISO 27001 Information Security Management System	British Standards Institution, BSI/SGS Taiwan
ISO 14064-1 Greenhouse Gas Inventory	SGS Taiwan
ISO 50001 Energy Management System	
ISO 14001 Environmental Management System	
ISO 14046 Water Footprint	
ISO 14064-1 Other Indirect Emissions Inventory (Indirect greenhouse gas emissions in transportation -Business travel) Verification	
ISO 14064-1 Other Indirect Emissions Inventory (Waste disposal in operations) Verification	
BS 10012 Personal Data Management System	
Carbon Footprint Verification Statement	

## ◆ Contact method

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## Chairman's Message

FFHC adheres to the business philosophy of "Honestly Integrating Governance and Striving for a Sustainable Future" to strengthen corporate governance and enhance information transparency, and has continuously focused on ESG issues since 2011 and identifies material topics in all ESG issues each year in accordance with international sustainability standards and international initiatives such as the United Nations Sustainable Development Goals (SDGs). We identify the risks and opportunities of the Group's core businesses and formulate short, medium, and long-term objectives and implementation plans for all ESG issues, and report the implementation results to the Board of Directors. FFHC actively uses core businesses to resolve environmental and social issues and make full use of its financial influence. In 2019, the Group upheld the business strategies of "strengthening partnerships and deepening integrative synergy" and continued to achieve growth in all core businesses. The scale of consolidated assets reached NT\$3.21 trillion, and the consolidated net revenue was NT\$62.318 billion. Net profit after taxes was NT\$19.369 billion, the highest since the establishment of FFHC, and the earnings per share (EPS) was NT\$1.55. However, the outbreak of the COVID-19 pandemic in early 2020 has caused severe stagnation of global economic activities. Major economies have adopted large-scale interest rate cuts and quantitative easing policies which have caused deterioration of the financial market and will impact the Group's profitability in 2020. Faced with such severe challenges, our primary goal is to control risks while consolidating the operations of the Group, strengthening risk management and information security, optimizing core businesses, responding to changes in product innovation and marketing activities in the post-pandemic world, transforming the business models of each business, and designing innovative products. We must play a more positive and active role in implementing corporate social responsibilities and corporate governance and contribute to the sustainable development of the society and environment.

In recent years, investors across the world have paid close attention to actions taken by companies in response to climate change. Companies' ESG performance directly affects investors' willingness to invest. To fulfill social responsibilities of the finance industry in the financial supply chain, First Financial Group took the initiative by setting up the Corporate Social Responsibility (CSR) Guidelines and Policy in 2011 as the highest guiding principles for the companies of the Group in responding to the risks and impact on the economy, environment, and society. We also integrated core businesses and established the business objective of becoming the "number one brand in green finance". We have inventoried and identified risks and opportunities of physical, transformational, and other factors on the Group's operations in accordance with the "Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)". The Board of Directors also resolved to include emerging risks, including climate change risks, into the Company's risk management policy in the board meeting in February 2020. FFHC shall establish climate change identification, evaluation, mitigation, and reporting standards and implement climate change governance and management. To integrate the business philosophy of sustainability with core businesses, we adhere to the United Nations Principles for Responsible Banking (PRB), Principles for Responsible Investment (PRI), and Principles of Sustainable Insurance (PSI) to incorporate ESG issues into the development strategies and operating procedures of core businesses such as investment, financing, underwriting, and insurance. We established the Group's sustainable lending, sustainable investment, and sustainable insurance policies to help customers and investees fulfill their obligations for environmental protection and social sustainability.

FFHC was rated AA (top 13%) in the banking industry for environmental, social, and governance (ESG Ratings) as a constituent in the MSCI ACWI Index by Morgan Stanley Capital International (MSCI) in 2019, the highest-rated performance in the banking industry in Taiwan. The Report stated that we have exceeded the global average in the industry in terms of governance, talent cultivation, financial product security, and customer privacy, and the sound operations of the Board of Directors can provide the Company's management with effective strategic supervision (Note: the PR value of the score was 96 across the globe and the PR value for Taiwan was 100). We received the AA rating in the banking industry for the establishment of a comprehensive talent

cultivation system and excellent career development paths for employees. FFHC has become a member of the Asian Corporate Governance Association (ACGA) to continue to improve sustainable governance. We shall submit the corporate governance analysis report and material sustainability issues of concern to stakeholders to the Board of Directors and management so that our sustainability strategy meets international development trends.

In response to environmental issues in global warming, we organized the "Green Building Certification Acquisition Project" team in 2010 which formulated carbon emissions reduction targets and action plans for buildings with the highest energy consumption. We aim to refurbish at least two old buildings owned by FFHC every year to gradually transform all 72 old buildings into green buildings. In the past 9 years, we have converted 24 old buildings into "Diamond-class" green buildings and reduced carbon emissions by 2,401 tons CO<sub>2</sub>e, equivalent to the annual carbon absorption volume of 6 Da'an Forest Parks. Yilan Branch became the first heritage site to obtain Diamond-class green building certification in Taiwan. In response to the green energy policy, we have established solar power generation facilities in 10 branches and set up solar-powered digital billboards at 6 business locations in Central and Southern Taiwan. The Bank also installed the "ecological hydroponic green rooftop from solar power generation and rainwater harvesting systems" which combined the solar power generation, rainwater harvesting, and aquaponic systems to create a "zero-carbon farm" as a venue for green finance environmental education. The annual carbon reduction volume was 65.4 tons CO<sub>2</sub>e and it became the only building in the finance industry in Taiwan to receive the "Environmental Education Site" certification from the Environmental Protection Administration. First Bank plans to set up the second "green roof" at Hua-Shan Branch and continue to promote the building greening policy.

To actively respond to the business risks posed by climate change on the finance industry and grasp potential business opportunities, we set up "Green Finance Committee" in 2017 to support government policies for "green financing", "green consumer finance", "green examination" and "green investment", and support low-carbon economic development. We launched the "Renewable Energy Creation Loan", "Green Energy Industry Loan", and "Green Enterprise and Green Industry Loan" to help companies embrace international low-carbon business opportunities. We also expanded green financing businesses to overseas branches in 2018 and approved NT\$124.588 billion in domestic and overseas green financing businesses in 2019. The "Industrial Innovation Plan Loan" helps industries involved in key development projects such as green energy technologies, the Asia Silicon Valley plan, biomedical technology, defense industries, and smart machinery, as well as agricultural modernization, and circular economy obtain financing for business operations. We also helped more startup industries in developing pollution prevention, green transportation, energy and resource conservation, and other projects for increasing environmental benefits. As of the end of 2019, the balance of loans exceeded NT\$456.8 billion and First Bank was awarded Rank A in the "Incentive Policy for Loans from Domestic Banks to Innovative Key Industries (Phase 2)" promulgated by the Financial Supervisory Commission. We made use of our core competencies to provide comprehensive financial services for the "One-stop Service for Urban Renewal". We are fully committed to supporting the government's urban renewal efforts and helping residents rebuild their homes as well as creating green buildings. To accelerate the construction of dangerous and old buildings, we launched the "preferential financing loans for accelerating the reconstruction of dangerous and old buildings". We have processed 55 applications until the end of 2019 and approved NT\$47.018 billion. We helped 40 urban renewal projects obtain Green Building Certification with silver or higher ratings and benefited 2,129 landowners. The buildings were transformed into energy-efficient, low-carbon, and eco-friendly communities after the refurbishment. First Consulting raised and managed a green energy fund of NT\$330 million and First Venture Capital also invested NT\$150 million (with 45% shareholding ratio) for the construction of solar power plants with a total installed capacity of approximately 24.5MW. Once the power plants are completed, they are expected to reduce 24,000 tons CO<sub>2</sub>e of carbon emissions each year. To strengthen climate change governance, we signed and support TCFD which were also reviewed and

approved by the Board of Directors for the inclusion of emerging climate change risks into the risk management policy. We also established mechanisms for the identification, evaluation, control, and reports of emerging risks. The Board of Directors and senior management supervise business management units in the establishment of mitigation measures and short, medium and long-term goals for climate change risks and opportunities as well as tracking the implementation of related KPIs.

We responded to the United Nations' Sustainable Development Goal for financial inclusion. First Bank expanded financing of domestic small and medium enterprises as part of its long-term collaboration with the Small and Medium Enterprise Credit Guarantee Fund and outstanding loans to SMEs amounted to NT\$700.7 billion. Our market share has topped all domestic banks for 10 consecutive years and we have won the "SME Credit Guarantee Funds Awards" for SME credit guarantees 11 times. We also cooperate with government policies to support small and medium enterprises. We launched a convenient and rapid online loan application website "Micro Enterprise e-Services" for SMEs and youths' and women's start-ups to solicit young startup customers and help medium enterprises grow and prosper. As of the end of 2019, 3,528 loan applications had been filed through the platform. In addition, the online personal loan platform "e-speed loan" provides online calculation of loan limits and application services. It also used AI appraisal models for customers to immediately calculate mortgage limits and interest rate by entering the address of the real estate in the mortgage and basic personal information online. A total of 25,827 online mortgage and mortgage limit calculations was conducted and 6,095 loan applications were filed in 2019. We promote a diverse range of elderly care products for the elderly to protect the economic security of all groups. The balance of trust assets amounted to NT\$7.217 billion. We also promoted the reverse mortgage loan product "Comfort Loan" which helps the elderly receive fixed monthly income from the Bank to cover their daily living expenses. We have approved 155 cases and a total of NT\$1.664 billion in loans until the end of Mar. 2020. FFHC established four major charitable strategies including "social care", "artistic cultural creation", "sports and contests", and "green care" to help resolve social and environmental issues by providing subsidies for breakfast for elementary schools in remote areas, adoption of disadvantaged schoolchildren, cultivation of sports talents, provision of free exhibitions and performance platforms to disadvantaged groups and artists, and sponsoring freezers for food materials for food banks. We organized 170 charitable activities in 2019 and our social welfare expenditures totaled NT\$92.58 million, 9.3% growth from 2018. We also issued the World Card, Leezen Card, Living Green Card, Yilan Card, and other green credit cards and donate a certain amount of the spending to social and environmental charity initiatives. We encourage cardholders to engage in green consumption and the cumulative donations from the credit cards amounted to NT\$105.362 million.

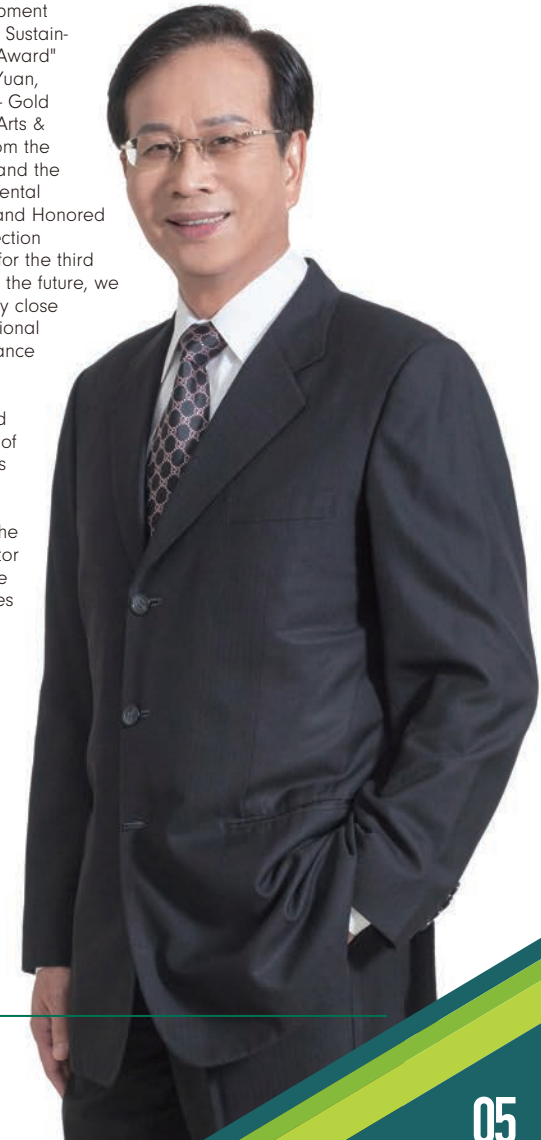
We established comprehensive career skill development and training systems to create a friendly, safe, and happy workplace. We launched several training programs such as the "Digital Banking Talent Transformation Program", "Overseas Trainee Program", "Securities Salesperson Transformation Program", and "Insurance Professional Talent Training Program" and we organize various professional training for employees based on business requirements and analysis of competencies. We also adopted the Kirkpatrick Model to review and monitor training results and successfully increased the employee retention rate. We are committed to maintaining work-life balance for employees and we have created a friendly, safe, and healthy workplace. We provide employees of different age groups with regular health examinations superior to regulatory requirements and we launched the "low-dose lung CT scan" for all employees starting from 2017. As of the end of 2019, we completed examinations for 4,920 individuals and 23 individuals were diagnosed with lung cancer and received early treatment. FFHC strives to improve occupational safety and

health management and maintain the effectiveness of the "ISO 45001 Safety and Health Management System" certification in 2018. We screen employees' health issues based on important indicators such as the job type, working environment, and age each year, and produced employee health issue risk map based on the probability of occurrence and level of impact on the Company's operations. We also established risk mitigation plans and mitigation measures. Therefore, the Group's absence rate was 0.54% in 2019 which was a decline from 0.61% in the previous year. In response to the low birthrate trends, 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 a marriage subsidy to the value of NT\$30,000. Since the launch of the policy, we have welcomed the birth of 769 newborns as we strive to become a thoughtful caregiver for employees.

FFHC's overall ESG performance in recent years has won the approval of domestic and foreign observers. FFHC was selected as a constituent stock in DJSI "Emerging Markets" for the fourth consecutive year and was selected again in 2019 as a constituent stock of the highest-ranking "World Index" where it was ranked fifth for the second consecutive year among all banking enterprises across the world. FFHC was also rated AA (top 13%) in the banking industry for environmental, social, and governance (ESG Ratings) as a constituent in the MSCI ACWI Index, the highest-rated performance in the banking industry in Taiwan. FFHC won international recognition with the "A List" and "A-" Leadership Level in the CDP climate change questionnaire in the past two years, which was the best performance in Taiwan's financial industry. Our market share in SME loans has topped all domestic banks for 10 consecutive years. We received the "Enterprise Environmental Protection Awards - Master Award" from the Environmental Protection Administration, "National Sustainable Development Awards - Corporate Sustainable Development Award" from the Executive Yuan, "Permanent Award - Gold Award" in the 14th Arts & Business Awards from the Ministry of Culture, and the Enterprise Environmental Protection Awards and Honored Environmental Protection Enterprise trophies for the third consecutive year. In the future, we shall continue to pay close attention to international sustainable governance trends, effectively engage partners in our value chain, and quantify the impact of climate change risks on the Company's finance. First Bank plans to complete the signing of the Equator Principles before the end of 2020 in hopes of resolving social and environmental issues and implementing the sustainable development goal of "number one brand in sustainable finance".

First Financial Holding Chairman

*Joan-Chang Liao*





# 2019 AWARDS AND ACKNOWLEDGMENTS



Selected as a constituent stock of both the DJSI Emerging Markets and World Index  
Constituent stock with AA ESG Rating for banking enterprises in the MSCI Global Sustainability Index  
"A-" Leadership Level in the CDP Climate Change Questionnaire

## Overall ESG Performance

- "National Sustainable Development Awards - Corporate Sustainable Development Award" from the Sustainable Development Committee of the Executive Yuan
- Chairman Tsan-Chang Liao of FFHC and First Bank received the "Kwo-Ting Li's Management Award"
- "Anti-Money Laundering Evaluation Publication and Recognition Ceremony - Rating Award" from the Anti-Money Laundering Office of the Executive Yuan
- "Taiwan Top 50 Corporate Sustainability Award", "Corporate Sustainability Report Awards - Banking and Insurance Golden Award", and "Climate Leadership Award" at the Taiwan Corporate Sustainability Awards by the Taiwan Institute for Sustainable Energy in 2019
- FFHC was chosen for inclusion in the "FTSE4 Good Emerging Index" for the third consecutive year
- FFHC was presented with the "Corporate Social Responsibility Award" by the British Standards Institution (BSI) for 3 years in a row

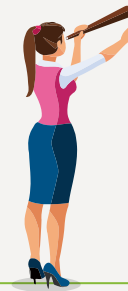


## Social Performance

- Financial institution participant in the "Participation Award for School and Community Financial Education" organized by the FSC for 8 consecutive years, ranked 4th in the "Asset Trust Evaluation of Trust Businesses for the Senior and the Disabled" in 2018, "Outstanding Performance Award for Small-Sum Elderly Care Insurance", and First Life Insurance was recognized for excellent performance in the "Increasing National Insurance Coverage Program" of the Financial Supervisory Commission for the 23rd consecutive time
- The Ministry of Labor praised for outstanding performance in the promotion of "Micro Loans for Female Entrepreneurs" and "Entrepreneurial Loans for the Unemployed with Employment Insurance"
- "Permanent Award - Gold Award" in the 14th Arts & Business Awards from the Ministry of Culture
- Gold Sponsorship and Long-Term Sponsorship Award in the "Sports Activists Awards" from the Sports Administration of the Ministry of Education
- "Assistance in Agricultural Food Product Marketing Corporate Award" from the Agriculture and Food Agency
- "Benchmark Insurance Company for Salary Increases" from Taiwan Insurance Institute
- Celebrate 50-Year Anniversary of the Bank of the Lao for "Contributions to the Economy and Finance Industry in Laos - Laos National Government Award"



MEMBER OF  
Dow Jones  
Sustainability Indices  
In Collaboration with RobecoSAM



## Environmental Performance

- "First National Enterprise Environmental Protection Awards - Master Award" and "Outstanding Green Procurement Organization" from the Environmental Protection Administration of Executive Yuan
- "Water Conservation Assistance and Improvement Incentive - Non-Industry Category Excellence Award" from the Water Resources Agency, Ministry of Economic Affairs
- "Outstanding Performance Award for Voluntary Energy Conservation by Service Sector Group Enterprises" from the MOEA Bureau of Energy
- Recognized as Benchmark Private Businesses and Groups in Green Purchasing by the Taipei City Government Department of Environmental Protection
- Outstanding Performance Award for Smart Energy Conservation (Chain Enterprises) from the Economic Development Department of New Taipei City



## Products and Services

- Outstanding Bank in the FSC's "2018 New Southbound Policy Target Country Credit Program" and Class A Bank in "Innovative Key Industry Loan Program"
- "Golden Security Award" and "Golden Excellence Award" from the Joint Credit Information Center
- "Best Service Innovation Award for e-Money Service", "Best Promotion Excellence Award for e-Money Service", and "Best System Stability Award for e-Money Service" at the annual conference of the Financial Information Service Co., Ltd.
- Third place in the "Financial Services on Social Media Platform" in the Best Fintech Service Bank Awards from Global Views Magazine
- "Special Citation for Prudential Reporting Innovation award category" from the Central Bank of the Philippines (BSP)
- "Best Service Award - Financial Holdings Securities Category" in the "2019 Outstanding Securities Evaluation" from the Excellence magazine
- Awarded the Best Distributor, Asia-Pacific and Best Performance, Asia-Pacific awards for SRP (Structure Retail Products)
- First place in the "Warrants Breakthrough Prize" of OTC Taipei Exchange for the second half of 2018
- One-Year Material Disease Health Insurance Addendum awarded "Insurance AI Awards - Low Premium and High Coverage Quality Product" from Money magazine



# PERFORMANCE HIGHLIGHTS IN 2019



NT\$ **19.369**  
billion

Consolidated net profit of NT\$19.369 billion after tax, moving toward NT\$20 billion milestone.

**A-**

FFHC attained "A-" Leadership Level in the CDP climate change questionnaire which was the best performance in Taiwan's financial industry.

With a total of 9,565 employees, FFHC was included in the "Taiwan Employment Creation Index 99" for the tenth consecutive year.

**10**  
years

FFHC was selected as a constituent stock in DJSI "Emerging Markets" for the fourth consecutive year and was selected again as a constituent stock of the "World Index". Once again, it ranked fifth among all banking enterprises across the world.

**5**  
th  
Ranked in the world

**6**  
years

Provision of competitive compensation scheme and included in the "Taiwan High Compensation 100 Index" for six consecutive years.

**1**  
st

Provided a total of NT\$700.7 billion in loans to SMEs and became the leading lender to SMEs by market share in the banking industry for the 10th consecutive year.

**49.5**  
parks

Paperless business and operations reduced carbon emissions by 19,257 tons of CO<sub>2</sub>e, equivalent to the annual amount of carbon absorption by 49.5 Daan Parks.

AA ESG Rating for banking enterprises in the Morgan Stanley Capital International (MSCI) Global Sustainability Index

**AA**

**The only**

First Bank set up the "Green Finance Education Hall" at Wanhua Branch and became the first in the finance industry to receive the "Environmental Education Site" certification from the Environmental Protection Administration of Executive Yuan.

**Top 4**

According to the results of the 5th Corporate Governance Evaluation (2018), FFHC was rated as a top 5% listed company and top 10% (top 4) in the finance and insurance category. It was also included as a constituent stock of "Taiwan High Compensation 100 Index" for five consecutive years.

**First case**

The over-the-counter services at First Bank Yonghe Branch reduced carbon emissions by 3.79% and became the first in the finance industry in Taiwan to receive the "Product Carbon Footprint Reduction Label" from the Environmental Protection Administration of the Executive Yuan.

NT\$ **92.58**  
million

NT\$92.58 million was invested in social engagement.

**8**  
gold medals

We have supported the development of domestic sports for 25 consecutive years. We also continued to sponsor the table tennis teams of 7 colleges, middle schools, and elementary schools. Seven players were selected for the national team and they won 8 gold medals, 16 silver medals, and 21 bronze medals.

**7**  
seats

Female directors occupy 7 seats with 47% including one female Independent Director. The result of the performance evaluation of the Board of Directors (including individual directors) was "excellent".

NT\$ **7.217**  
billion

The balance of senior citizens' and disabled people's care trust reached NT\$7.217 billion.

**24**  
buildings

Obtained the "Diamond-class" Green Building Mark for 24 of the company's existing commercial buildings and reduced annual carbon emissions by 2,401 tons CO<sub>2</sub>e.

NT\$ **456.8**  
billion

We followed the vision of the government's "Digital Nation, Innovation Economy Development Plans" for driving growth for Taiwan's next-generation industries launched a new lending service aimed at supporting the MOEA's "5 Plus 2" key development projects, resulting in a total of NT\$456.8 billion in new loans.

**79**  
patents

Awarded 20 financial technology invention patents and 59 utility model patents. Acquire 79 invention and utility model patents for finance technologies.





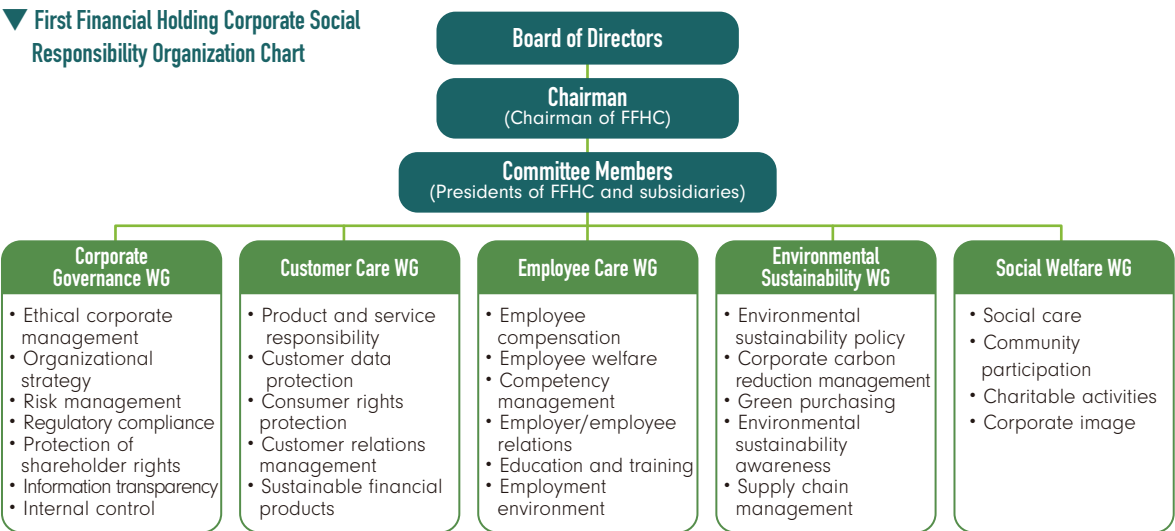
# CSR Operation

## I. CSR Organization Structure

FFHC CSR Committee is the Group's core organization for promoting corporate sustainability. 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 78 people (1 chairman, 8 committee members, 2 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 6 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.

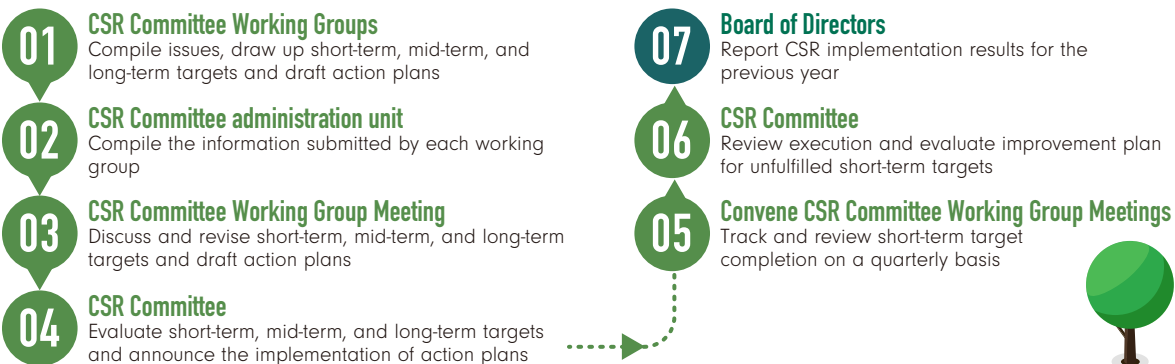
In 2011, the FFHC Board developed a "CSR Policy" and "CSR Code of Conduct" (see the "Corporate Governance" section of the corporate website at <http://www.firstholding.com.tw/tw/governance/manageRule.htm>) which serve as the highest guiding principles for the Group and subsidiaries for responding to economic, environmental, and social risks and grasping opportunities in its operations and management. They also continue to pay attention to international development trends and regulations such as the United Nations' Principles for Responsible Investment (PRI) and the FSC's New Corporate Governance Roadmap. The Board of Directors has reviewed and revised the "Corporate Social Responsibility Policy" to include ESG factors into review mechanisms for votes and products and implement stewardship principles. The Group also follows development trends in sustainable finance and integrates the development strategies and operating procedures for ESG topics and core businesses. The Group supports the low carbon economic transformation and regulations for reducing the social and environmental impact of the products and services provided by the Group, and ensures that the Group's CSR policy is in line with international standards.

### First Financial Holding Corporate Social Responsibility Organization Chart

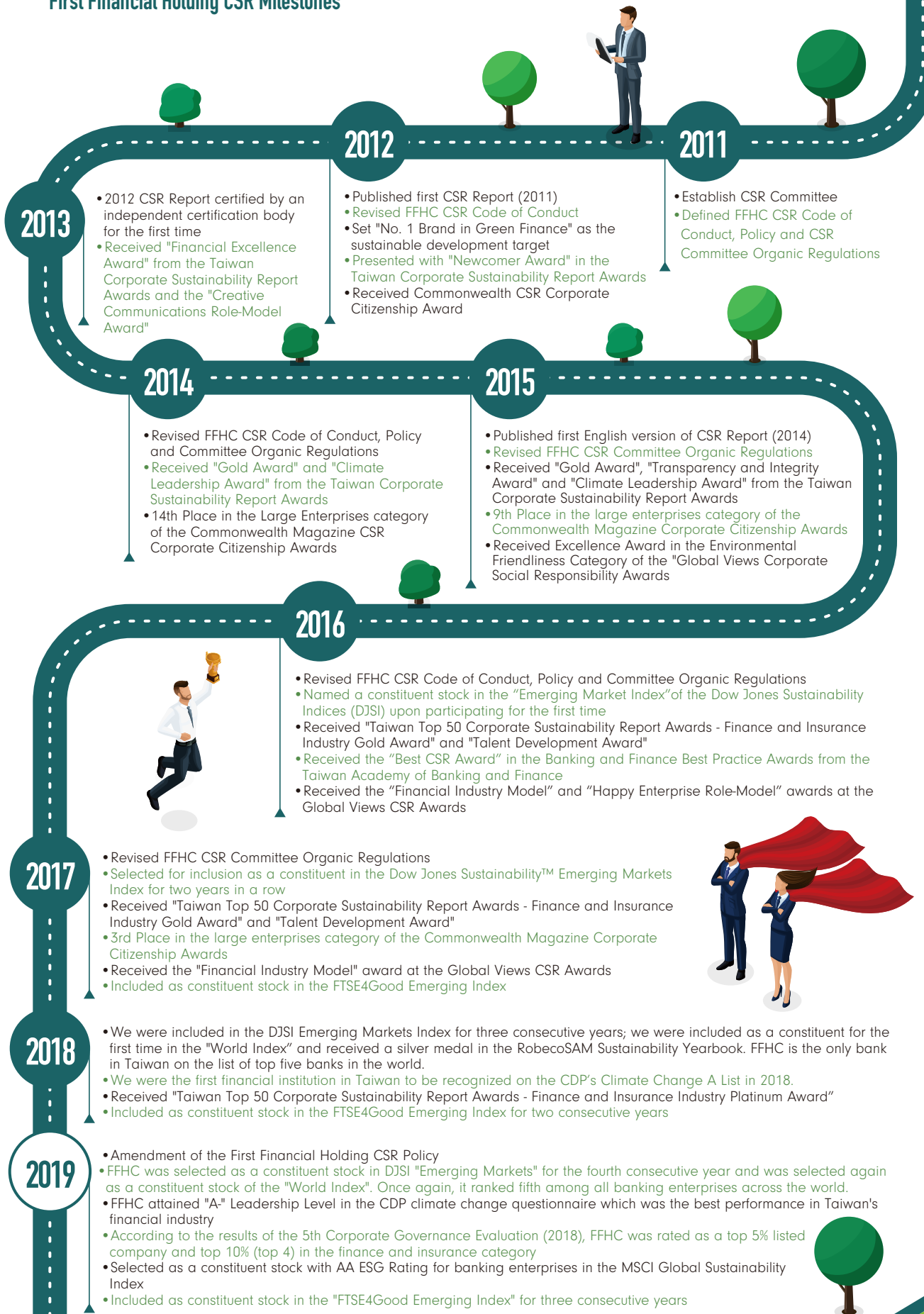


## II. Operation of the CSR team

Every year, each working group of the CSR Committee compiles the E.S.G. Issues of Concern to FFHC stakeholders, then draws up the short-term, mid-term, and long-term CSR targets, and drafts 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 short-term target and action plan is then tracked and reviewed on a quarterly basis by CSR Committee WG meetings. At the end of the year, CSR performance from the preceding year must be reported to the Board of Directors within four months. The 2019 CSR performance report was submitted to the Board of Directors in March 2020, for their reference.



## First Financial Holding CSR Milestones



# 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 Group also refers to international sustainability standards and regulations such as the GRI Standards, ISO 26000, and SDGs (Note 1). Sustainability evaluations such as the CDP (Note 2), DJSI (Note 3), MSCI ESG Ratings (Note 4), specific issues for the finance industry such as the PRB (Note 5), PRI (Note 6), GRI disclosure indicators for the financial services industry, stakeholder communications and feedback, and the Group's sustainable development strategy for green finance are adopted as the basis for materiality analysis for the identification of 16 material issues in four major dimensions including accountable governance, environmental management, social harmony, and happy workplace. The issues are internalized as the Company's targets for sustainable development and organized as the basis for drafting reports.

### Stakeholder identification

We embraced the spirit of the five main areas in the AA1000 Stakeholder Engagement Standards (AA1000 SES) regarding dependency, responsibility, influence, representativeness, and diversity by convening the CSR Committee's working groups for joint discussion and identification of the seven major stakeholders with the most influence and closest relations in the operations of the Group:

1. Employees/Union/Retired employees.
2. Shareholders/Investors/Analysts.
3. Customers.
4. Suppliers.
5. Community/Non-profit organizations/Non-government organizations/Academics and experts.
6. Government and competent authorities.
7. Media/financial institutions.

### Collecting the issues of concern

The working groups of the CSR Committee collected 18 sustainability issues in accordance with international development trends and the Group's sustainable development strategies.

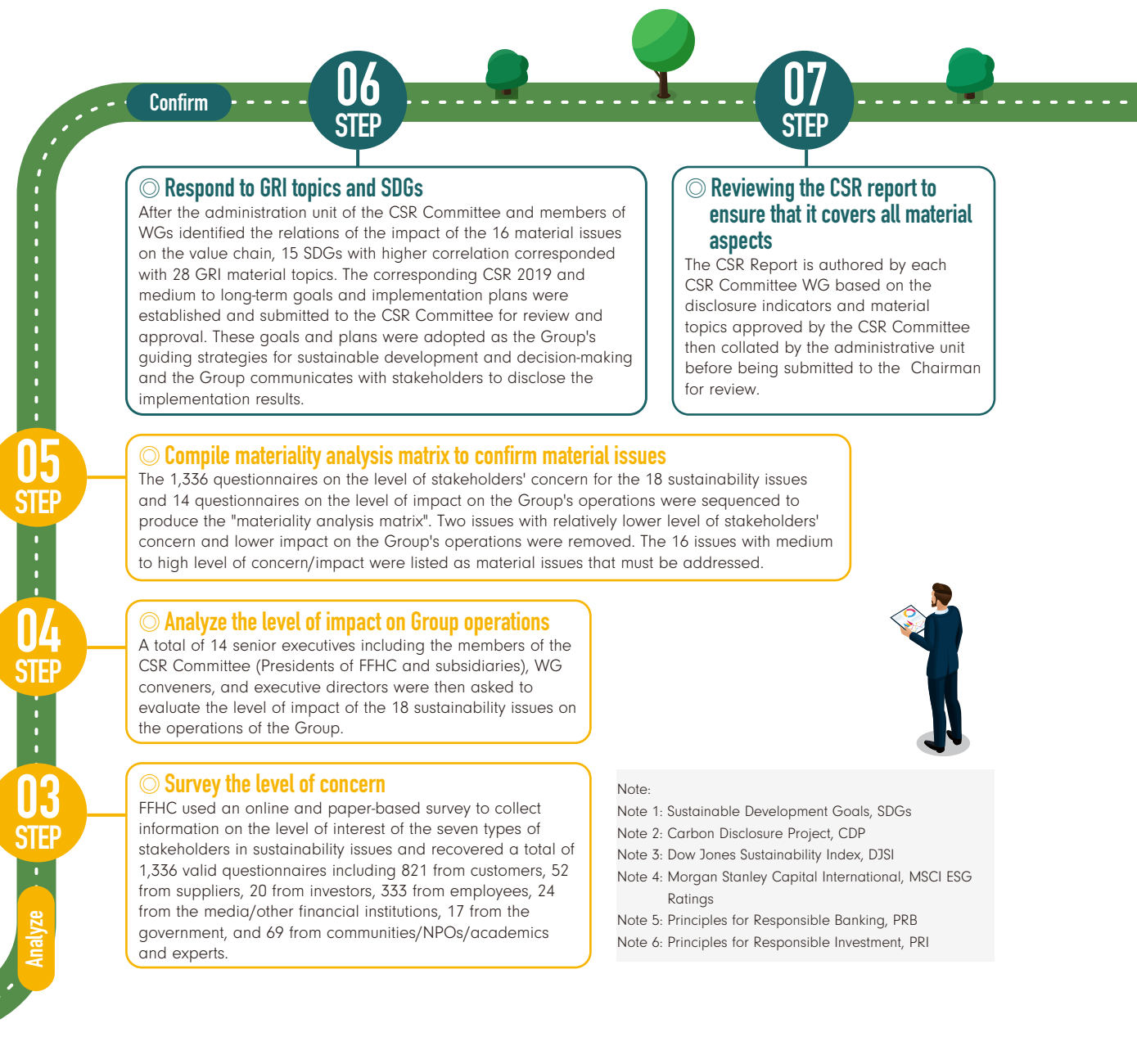
Identification

01 STEP

02 STEP










## II Sustainable analysis matrix for issues of concern

To obtain representative samples in the survey on the "level of concern to stakeholders", the number of questionnaires was determined based on the interaction, importance, and impact principles. In terms of the "level of impact on Group operations", the senior executives jointly determined the importance and disclosure sequence of each sustainability issue based on the level of impact of each issue on revenue growth, brand image, customer satisfaction, and employee cohesion, and produced the following materiality analysis matrix. Two issues including "supplier sustainability management" and "diversity and inclusiveness" had relatively lower level of stakeholders' concern and lower impact on the Group's operations and they were consolidated into the two issues including "low-carbon operations and circular economy", and "talent recruitment and retention". The 16 issues with medium to high level of concern/impact were listed as material issues that must be addressed.










### III Material Issues, GRI Material Topics, and Risk assessment









Material Issue	GRI Material Topics	Corresponding SDGs	Risks and opportunities of key impact	Value chain stage and relations				
				Procurement /Suppliers	Frontend financial services for customers (Note 1)	Financial transactions (Note 2)	Backend financial services for customers (Note 3)	Old assets (Note 4)
Information security   	GRI 203: Indirect economic impact GRI 418: Customer privacy	8.2: Achieve higher levels of productivity of economies through diversification, technological upgrading, and innovation, including through a focus on high value added and labor-intensive sectors <b>9.b: Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for industrial diversification and value addition to commodities</b>	<div> <div>Risk</div> <ul style="list-style-type: none"> <li>• Due to the impact of the Covid-19 epidemic, the security and protection capacity of the IT system will be tested if employees are asked to work from home.</li> <li>• Considerable use of FinTech applications (online loan platforms, new payment tools, and complex trading) challenges the company's information security capabilities.</li> <li>• Losses of the Company or customers caused by information security issues involving insufficient internal security awareness and hacking attacks.</li> <li>• 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.</li> </ul> </div> <div> <div>Opportunity</div> <ul style="list-style-type: none"> <li>• Reinforce information protection to reduce the Company's losses and protect customers' rights, thereby obtaining customer trust and higher customer satisfaction.</li> <li>• Implement information security protection to effectively protect the Company's internal data, maintain normal operations of core systems, and facilitate sustainable development of the Company.</li> </ul> </div>					
Customer service and privacy   	GRI 417: Marketing and labeling GRI 418: Customer privacy GRI 419: Socioeconomic Compliance GRI Financial Services Industry Disclosure Index: Local Communities FS14: Initiatives to improve access to financial services for disadvantaged people FS15: Policies for the fair design and sale of financial products and services FS16: Initiatives to enhance financial literacy by type of beneficiary	12.6: Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle <b>16.6: Develop effective, accountable and transparent institutions at all levels</b>	<div> <div>Risk</div> <ul style="list-style-type: none"> <li>• Violation of financial consumer protection laws will result in disciplinary actions from competent authorities and negatively impact the Company's image.</li> <li>• To respond to competition from non-finance industries in the finance sector through technology expertise, the traditional finance industry must understand customers' needs and provide financial services that help customers in their daily lives and intensify connections with customers to maintain competitive advantages.</li> <li>• Failure to securely protect personal information of EU citizens shall constitute violations of the EU's General Data Protection Regulation (GDPR) and penalties.</li> </ul> </div> <div> <div>Opportunity</div> <ul style="list-style-type: none"> <li>• Conduct customer satisfaction surveys to understand customer demands and plan corresponding improvement measures to improve customer satisfaction and build brand loyalty.</li> <li>• Use big data analysis and diverse applications with personalized marketing triggering mechanisms for interactive marketing on digital channels or implement precision marketing in offline physical channels to build stronger relationships with customers.</li> </ul> </div>					
Ethical corporate management  	GRI 205: Anti-corruption	16.5: Substantially reduce corruption and bribery in all their forms <b>16.6: Develop effective, accountable and transparent institutions at all levels</b>	<div> <div>Risk</div> <ul style="list-style-type: none"> <li>• Unethical conduct might cause company loss or disciplinary actions by the competent authority, which damages the company's image.</li> </ul> </div> <div> <div>Opportunity</div> <ul style="list-style-type: none"> <li>• 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.</li> </ul> </div>	◎				
Prevention of money laundering, financial fraud and terrorism financing 	GRI 419: Socioeconomic compliance	16.4: Significantly reduce illicit financial and arms flows, and combat all forms of organized crime <b>16.a: Build capacity at all levels to prevent violence and combat terrorism and crime</b>	<div> <div>Risk</div> <ul style="list-style-type: none"> <li>• If the company fails to comply with operating procedures for the prevention of money laundering, financial fraud, and countering terrorism financing, it will suffer major penalties, which will damage the company's image and business development.</li> <li>• The implementation of new regulations such as AML and CRS will substantially increase the company's legal costs.</li> </ul> </div> <div> <div>Opportunity</div> <ul style="list-style-type: none"> <li>• Implementing prevention of money laundering, financial fraud and terrorism financing facilitates international business expansion and sustainable management.</li> </ul> </div>	◎				

Material Issue	GRI Material Topics	Corresponding SDGs	Risks and opportunities of key impact	Value chain stage and relations				
				Procurement /Suppliers	Frontend financial services for customers (Note 1)	Financial transactions (Note 2)	Backend financial services for customers (Note 3)	Old assets (Note 4)
<div>Sustainable finance</div> <div><div><div>1</div><div>POVERTY</div></div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>6</div><div>CLEAN WATER AND SANITATION</div></div><div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div><div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>13</div><div>CLIMATE ACTION</div></div><div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div></div>	<p>GRI guidelines and financial services sector disclosure standards: Product portfolio</p> <p>FS1: Policies with specific environmental and social components applied to business lines</p> <p>FS2: Procedures for assessing and screening environmental and social risks in business lines</p> <p>FS3: Processes for monitoring clients’ implementation of and compliance with environmental and social requirements included in agreements or transactions</p> <p>FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose</p> <p>FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose</p> <p>GRI guidelines and financial services sector disclosure standards: Active Ownership</p> <p>FS11: Percentage of assets subject to positive and negative environmental or social screening</p> <p>GRI guidelines and financial services sector disclosure standards: Local communities</p> <p>FS14: Initiatives to improve access to financial services for disadvantaged people</p> <p>FS15: Policies for the fair design and sale of financial products and services</p>	<p>1.3: Implement appropriate national social protection systems and measures for all, including the lower levels of society, and achieve substantial coverage of the poor and the vulnerable</p> <p>1.4: Ensure that all men and women, in particular the poor and the vulnerable, have equal access rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services (including microfinance)</p> <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 disasters</p> <p>3.c: Substantially increase health financing</p> <p>6.4: Increase water-use efficiency across all industries and ensure sustainable withdrawals and supply of freshwater</p> <p>6.6: Protect water-related ecosystems</p> <p>6.b: Support and strengthen the participation of local communities to improve water and sanitation management</p> <p>7.a: Promote investment in energy infrastructure and clean energy technology</p> <p>8.3: Promote development-oriented policies that support productive activities, job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises</p> <p>9.1: Develop high-quality, reliable, and sustainable infrastructure with post-disaster recovery to support economic development and welfare of mankind. Focus on providing affordable and fair channels for all</p> <p>9.2: Promote inclusive and sustainable industrialization and increase employment rate and GDP of industries</p> <p>9.3: Increase the access of small-scale industrial and other enterprises, including affordable credit</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>9.5: Upgrade the technological capabilities of industrial sectors, encourage innovation, and increase R&amp;D expenditures</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>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</p> <p>12.6: Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle</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> <p>17.7: Promote the development,transfer,dissemination and diffusion of environmentally sound technologies to developing countries on favorable terms,inclusing on concessional and preferential terms,as mutually agreed</p>	<div><div>Risk</div><ul style="list-style-type: none"><li>• Loss of customers due to noncompliance with the Green Financing Review Principle or refusal to sign the CSR Declaration.</li><li>• Loss caused by investment in companies on the Do-Not-Invest List for CSR Violations.</li><li>• Provide inclusive financial products and services such as reverse mortgages. 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. Overdue cases exceeding 3 months must be reported as overdue loans, which will affect the overall credit quality of the Bank.</li><li>• Environmental law amendments cause increase in operating cost due to strengthened control over industrial carbon emissions, which increases the credit risk of banks.</li><li>• 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.</li></ul></div> <div><div>Opportunity</div><ul style="list-style-type: none"><li>• 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.</li><li>• Taiwan has become an aging society. In response to aging and low population growth, dividend products and wealth management will become mainstream in future market demand, and we will provide seniors with products such as retirement trusts and reverse mortgages "Comfort Loans." These measures will provide retirees with a source of income and expand diverse business opportunities.</li><li>• High savings rates of the citizenry ensure that insurance policies remain one of the main tools for investments by citizens. In addition, the conversion of labor pension to defined benefit plans also helps life insurance companies promote NTD asset products with pension security business opportunities.</li><li>• 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 image.</li><li>• The integration of core competencies of the financial industry and fulfillment of corporate social responsibilities will enhance risk control and management and contribute to the development of long-term professional economic and social risk management systems. It will also encourage corporate borrowers to pay attention to environmental protection and corporate social responsibilities, expand the influence in the financial sector, and take the lead in industrial and investment transformation.</li><li>• The finance industry plays an indispensable role in attaining the government's goal of reaching 20GW in installed capacity of solar power equipment by 2025. We can develop new opportunities for profitability in sustainable business opportunities in related industries.</li><li>• 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 environme tal sustainability and combating climate change.</li></ul></div>	<div></div> <div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div> <div></div>	
<div>Business Performance</div> <div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div> <div></div>	<p>GRI 201: Economic performance</p>	<p>8.1: Maintain growth in profitability in accordance withthe gross domestic product (GDP)</p> <p>8.3: Promote development-oriented policies that support productive activities, job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</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>	<div><div>Risk</div><ul style="list-style-type: none"><li>• The expansion of the Covid-19 epidemic has caused tremendous impact on the global economy. The central banks of multiple countries have cut interest rates to stabilize the economy and such measures will directly impact interest income. The spread of the epidemic has impacted industries and it will increase the investment and financing risks of the finance industry and affect operational performance and profitability.</li><li>• There are numerous banks in the domestic market, and the market is approaching saturation. The level of competition in the overall financial environment remains high, hindering growth in bank loans and profitability.</li><li>• Continuous FinTech innovation and artificial intelligence applications will weaken the role of traditional financial institutions and affect their business performance and profits.</li></ul></div> <div><div>Opportunity</div><ul style="list-style-type: none"><li>• Green finance, renovation of unsafe and old buildings, and aging population issues will increase and spur the development of new sales and business models.</li><li>• 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.</li><li>• Investment in digital banking and use of optimal business model will improve business management efficiency.</li></ul></div>	<div></div> <div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div> <div></div>	





Material Issue	GRI Material Topics	Corresponding SDGs	Risks and opportunities of key impact	Value chain stage and relations				
				Procurement /Suppliers	Frontend financial services for customers (Note 1)	Financial transactions (Note 2)	Backend financial services for customers (Note 3)	Old assets (Note 4)
Corporate governance   	GRI 207: Tax GRI 405: Employment diversity and equal opportunity	5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making <b>12.6: Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle</b> 16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels <b>16.b: Promote and enforce non-discriminatory laws and policies for sustainable development</b>	<div>Risk</div> <ul style="list-style-type: none"> <li>• Violation of corporate governance laws will result in disciplinary action by competent authorities and damage to the Company's image.</li> </ul> <hr/> <div>Opportunity</div> <ul style="list-style-type: none"> <li>• Continuous strengthening of corporate governance can enhance Board operations and performance, build a positive image for the Company in sustainable management, elevate the Company's value, and increase investors' intention to invest in the Company.</li> <li>• The Company will attract more investments by international investors if we become an internationally recognized E.S.G. company.</li> </ul>					
Risk management	102-30: Effectiveness of risk management procedures GRI 419: Socioeconomic compliance		<div>Risk</div> <ul style="list-style-type: none"> <li>• As the number of confirmed cases of the Covid-19 infections continue to increase, the Group must carefully plan measures for uninterrupted operations for the 43 overseas business locations based on the country and the epidemic plans. This task will test the Group's crisis management capacity.</li> <li>• Violation of internal control regulations (legal compliance, risk management, and internal auditing) results in disciplinary action from the competent authorities, which damages the company's image.</li> <li>• Changes in the laws of competent authorities, anomalies in the information system, inadequate personal information protection, and extreme weather that lead to risks of interruptions of operations or reputation or financial losses.</li> </ul> <hr/> <div>Opportunity</div> <ul style="list-style-type: none"> <li>• Faced with the impact of risks brought forth by the Covid-19, the Group shall establish comprehensive risk assessment procedures and early warning indicators to strengthen the internal support and emergency response mechanisms of the Group and facilitate digital transformation. The measures include: offline operations, cloud services, remote operations (working from home), video and telephone conferences, and other management mechanisms to improve corporate competitiveness and achieve the goals for sustainable development.</li> <li>• Implementing risk management and adhering to internal control rules can effectively lower or prevent operational risks to facilitate sustainable development.</li> <li>• We use the innovative blockchain patent for "cross-chain integration" in regulatory compliance technology to achieve a balance between risk management and business operations.</li> </ul>					
Climate change  	GRI 203: Indirect economic impact	12.6: Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle <b>13.2: Integrate climate change measures into national policies, strategies and planning</b> 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning	<div>Risk</div> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <hr/> <div>Opportunity</div> <ul style="list-style-type: none"> <li>• The "Recommendations of the Task Force on Climate-Related Financial Disclosures" (TCFD) can be used to quantify the financial risks caused by climate factors and provide systematic, comparable, and consistent information disclosure recommendations for the risks and opportunities of climate change. These recommendations will facilitate the understanding for financial impact and help companies demonstrate their resolve and vision for climate issues and improve their capacity for responding to climate change.</li> </ul>					











Material Issue	GRI Material Topics	Corresponding SDGs	Risks and opportunities of key impact	Value chain stage and relations				
				Procurement /Suppliers	Frontend financial services for customers (Note 1)	Financial transactions (Note 2)	Backend financial services for customers (Note 3)	Old assets (Note 4)
Low-carbon operation and circular economy       	GRI 302: Energy GRI 305: Emissions GRI 306: Effluents and waste GRI 307: Environmental Compliance GRI 308: Supplier environmental assessment GRI 414: Supplier Social Assessment GRI guidelines and financial services sector disclosure standards: Product portfolio FS1: Policies with specific environmental and social components applied to business lines FS2: Procedures for assessing and screening environmental and social risks in business lines FS4: Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	6.3: Improve water quality, reduce release of toxic substances, and reduce the proportion of untreated wastewater 6.4: Increase water-use efficiency across all industries and ensure sustainable withdrawals and supply of freshwater 6.6: Protect water-related ecosystems 6.b: Support and strengthen the participation of local communities to improve water and sanitation management 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 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 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 12.2: Achieve the sustainable management and efficient use of natural resources 12.4: Achieve the environmentally sound management of waste and reduce release to air, water, and soil 12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse 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 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.	<div> <div>Risk</div> <ul style="list-style-type: none"> <li>• 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 prevent the Group from attaining carbon reduction results.</li> <li>• If the government requires users with a contractual capacity of 800 kW or more to save 1% of electricity every year, the Group may be subject to government sanctions since it has already encountered bottlenecks before achieving this goal.</li> <li>• Considerable increase in garbage and wastes will increase the operating cost of the company.</li> <li>• Employees without proper education on the environment will impede the development of a sustainable environment and hinder the promotion of sustainability policies.</li> <li>• Some suppliers in Taiwan are monopolist or oligopolistic or are only agents and importers. The company cannot audit whether their production processes are environmentally friendly and low-carbon, and it is also difficult to negotiate with manufacturers.</li> <li>• 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 missions.</li> <li>• 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 customers.</li> </ul> </div> <div> <div>Opportunity</div> <ul style="list-style-type: none"> <li>• Implementing energy conservation and carbon reduction facilitates saving operating costs.</li> <li>• The Company purchases eco-friendly products, supports vendors in developing relevant technologies or acquiring environmental protection labels and certification to build a green sustainable society with our vendors.</li> <li>• After employees receive education and training on environmental protection and learn the main causes and consequences of various damage to the environment, they will dedicate themselves to environmental conservation tasks and realize the energy conservation and carbon emissions reduction goals set by the Company.</li> <li>• 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.</li> </ul> </div>	<div> <div>◎</div> <div>●</div> </div>	<div> <div>●</div> </div>	<div> <div>●</div> </div>	<div> <div>●</div> </div>	
Occupational Safety and Health 	GRI 403: 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	<div> <div>Risk</div> <ul style="list-style-type: none"> <li>• If the Company does not develop an 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.</li> <li>• 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 by competent authorities and a negative impact to the Company's image.</li> </ul> </div> <div> <div>Opportunity</div> <ul style="list-style-type: none"> <li>• The Company maintains 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—its employees.</li> <li>• Implementing management of occupational safety and health in accordance with law can contribute to a friendly working environment, secure the safety and health of employees, and enable employees to work more efficiently. It can also reduce occupational injury rates and reduce related personnel expenses.</li> </ul> </div>	<div> <div>◎</div> <div>●</div> </div>	<div> <div>●</div> </div>	<div> <div>●</div> </div>	<div> <div>●</div> </div>	



Material Issue	GRI Material Topics	Corresponding SDGs	Risks and opportunities of key impact	Value chain stage and relations				
				Procurement /Suppliers	Frontend financial services for customers (Note 1)	Financial transactions (Note 2)	Backend financial services for customers (Note 3)	Old assets (Note 4)
Community Engagement 	GRI 306: Effluents and waste GRI 307: Environmental Compliance GRI Financial Services Industry Disclosure Index: Local Communities FS14: Initiatives to improve access to financial services for disadvantaged people FS16: Initiatives to enhance financial literacy by type of beneficiary	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 <b>2.1: End hunger and ensure access for all people, in particular the poor and people in vulnerable situations, to safe, nutritious, and sufficient food all year round</b> 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 <b>2.c: Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including that on food reserves, in order to help limit extreme food price volatility</b> 3.5: Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol <b>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</b> 4.7: Ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship, and appreciation of cultural diversity and of culture's contribution to sustainable development <b>6.6: Protect water-related ecosystems</b> 6.b: Support and strengthen the participation of local communities to improve water and sanitation management <b>8.6: Substantially reduce the proportion of youth not in employment, education, or training</b> 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 <b>12.1: Implement sustainable consumption and production</b> 12.2: Achieve the sustainable management and efficient use of natural resources <b>12.4: Achieve the environmentally sound management of waste and reduce release to air, water, and soil</b> 12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse <b>12.8: Ensure that people everywhere have the relevant information and awareness for suitable development and lifestyles in harmony with nature.</b> 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.	<div> <div>Risk</div> <ul style="list-style-type: none"> <li>•The benefits of charitable activities may be difficult to assess and shareholders may question the effects of such activities on their interests.</li> <li>•Most charitable activities require long-term continuous investment to reap benefits. We must learn to implement the most effective deployment of resources and integrate them with the core competencies of the finance industry to resolve social or economic issues. We must also conduct careful assessments.</li> </ul> </div> <div> <div>Opportunity</div> <ul style="list-style-type: none"> <li>•Invest in charitable activities and work with customers in cross-sector alliances.Integrate resources of different companies and jointly fulfill corporate social responsibilities. Integrate core competencies and help resolve social or economic issues to improve the Company's image, gain business revenue,and improve the Company's business performance.</li> </ul> </div>	○	○	○	○	○
Talent recruitment and retention 	GRI 401: Employment GRI 402: Labor/Management relations GRI 404: Training and education	4.4: Substantially increase the number of skilled youth and adults, including technical and vocational skills, for employment, decent jobs and entrepreneurship <b>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</b> 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 <b>8.6: Substantially reduce the proportion of youth not in employment, education, or training</b>	<div> <div>Risk</div> <ul style="list-style-type: none"> <li>•The rise of the FinTech and virtual banks has exacerbated the movement of talent in FinTech and increased hiring costs. Demand for talent changes drastically, and how companies build an environment to attract and retain talent will affect the sustainability of the Company.</li> </ul> </div> <div> <div>Opportunity</div> <ul style="list-style-type: none"> <li>•Establish comprehensive welfare measures and competitive compensation system to attract and retain key talent, reduce the gap in manpower caused by retirement waves, and build a solid foundation for sustainable development of the Company.</li> <li>•Attracting talent from diverse backgrounds helps promote digital business model development and implement corporate sustainable development.</li> </ul> </div>	●	●	●		



Material Issue	GRI Material Topics	Corresponding SDGs	Risks and opportunities of key impact	Value chain stage and relations				
				Procurement /Suppliers	Frontend financial services for customers (Note 1)	Financial transactions (Note 2)	Backend financial services for customers (Note 3)	Old assets (Note 4)
Human rights   	GRI 405: Diversity and equal opportunity GRI 406: Non-discrimination GRI 407: Freedom of association and collective bargaining	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 <b>5.1: End all forms of discrimination against all women and girls everywhere</b> 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making <b>5.a: Give women equal rights to economic resources, as well as access to ownership and control over land and other forms of assets and financial services</b> 5.b: Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women <b>16.b: Promote and enforce non-discriminatory laws and policies for sustainable development</b>	<b>Risk</b> • If the Company does not create an equal employment environment and promote communication between labor and management, it may cause labor disputes and even standoffs. Failure to protect labor rights and promote gender equality will affect talent recruitment and retention and it may even impact the Company's business reputation and brand image and cause the Company to lose business.  <b>Opportunity</b> • Including human rights protection into the Company's policies will help improve the Company's image and retention rate and it will also lower the turnover rate of new employees and talent training costs.		●	●	●	
Professional development    	GRI 401: Employment GRI 402: Labor/Management relations GRI 404: Training and education	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 <b>10.4: Adopt policies, especially fiscal, wage, and social protection policies, and progressively achieve greater equality</b> 16.6 Develop effective, accountable and transparent institutions at all levels	<b>Risk</b> • The digital transformation in the finance industry requires the input of more cross-sector professional talent as well as the training and transformation of existing employees. Digital financial technologies are developing vigorously. If the Company does not cultivate FinTech experts and transform its business models in time, its business development and profits will be affected. • Severe poaching of compliance officers and information security maintenance personnel in overseas branches has resulted in loss of middle-level executives, causing talent management crisis in the company.  <b>Opportunity</b> • The financial industry actively explores user demand and behavioral patterns in the IoT era. It incorporates talent that specialize in managing online communities, Internet, and AI sectors to help develop innovative financial services that meet more customer demand. • The rapid development of FinTech gradually transforms branches into business consulting and financial marketing centers. Employees must learn about innovative services and technology applications to develop key winning strategies amid rapid changes in the industry.		●	●	●	
Digital finance innovation  	GRI guidelines and financial services sector disclosure standards: Product portfolio FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation <b>8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</b>	<b>Risk</b> • Integrated digital commerce and payment in online finance have changed customers' preferences. The increased cost in R&D expenditures has also impacted 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. • The popularity of online and mobile devices has increased customers' acceptance of online banking or use of financial services with smart devices. Branches, ATMs, and other traditional channels are no longer the primary choices for customers' transactions with banks. We must adjust existing channels to respond to changes in customers' payment models and compete against non-bank competitors. • 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.  <b>Opportunity</b> • In addition to strengthening employees' digital finance capacity in the digital finance era, we must also provide diverse digital equipment and grasp business opportunities in the e-commerce era. We shall actively initiate cross-sector collaboration and go beyond the over-the-counter service model of traditional banks. • We shall actively keep abreast of financial innovation trends, develop digital, innovative, and inclusive services, expand additional fields of application, optimize digital channels, and increase business opportunities with customer groups that have embraced digitalization.		●	●	●	○

● : Direct impact   ○ : Contributory impact (Indirect impact)   ◎ : Impact on business relations

Note: 1. Product marketing and sales  
2. Loans and investments

3. Digital financial services and backstage operations  
4. Replaced old machinery and equipment, waste disposal and resource recycling



#### ◆ Explanation of Differences and Adjustments in Material Topics Compared to 2018

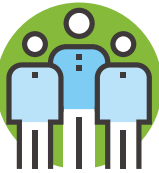



2019 Material Topics	Reason for Adjustment
GRI 207 Tax	The Group formulated the "Tax Governance Policy" in response to the global trend on tax governance to implement taxation strategies and risk management, fulfill social responsibility of taxpayers, and regularly disclose related taxation information. The Group added this material topic to disclose the implementation and operation status of the "Tax Governance Policy".
GRI 303 Water and Effluents	The Group shall disclose its management strategies for sharing water resources and the impact of effluent for this material topic. In view of the sufficiently low probability of adverse impact on water resources in the operations of the financial industry, the disclosure of information on the material topic of "GRI 303: Water and Effluents" is excluded. However, the Group shall continue to disclose its achievements in water conservation and water resources protection.




#### ◆ Explanation of Differences and Adjustments in Material Issues Compared to 2018

2019 Material Issue	Differences	Reason for Adjustment
Information security	Name change	Changed "Information security improvement" to Information security".
Business performance		Changed "Business performance and profitability" to "Business performance".
Professional development		Changed "Professional development and management reform to "Professional development "
Digital finance innovation		Changed "Digital finance innovation and inclusiveness" to "Digital finance innovation".
Customer service and privacy		Changed "Protection of customer rights and interests and improvement of customer satisfaction" to "Customer service and privacy".
Community engagement		Changed "Charitable activities and performance evaluation" to "Community engagement".
Sustainable finance	Consolidated the "Climate change risks and opportunities", "Responsible investment and due diligence", and "Implementation of inclusive finance"	In line with international development trends on sustainability, the Group integrated ESG issues with the development strategies and operating procedures of core businesses and consolidated the "Climate change risks and opportunities", "Responsible investment, due diligence, and supplier management", and "Implementation of inclusive finance" into the " Sustainable finance" issue this year.
Climate change	Shifted the "Climate change risks and opportunities" to "Sustainable finance"	Shifted the "Climate change risks and opportunities" to "Sustainable finance" and use "Climate change" for the Group's disclosure of information for the "Recommendations of the Task Force on Climate-Related Financial Disclosures". Analyze the Group's climate change risks and opportunities and enhance climate change governance. The issue is therefore adjusted to "Climate change".
Low-carbon operation and circular economy	Inclusion into the measures for "Supplier sustainability management"	The original "Supplier sustainability management" was placed under "Responsible investment, due diligence, and supplier management. Responsible investment and due diligence are incorporated into the "Sustainable finance" issue and "Supplier sustainability management" is listed as an issue of concern for investigating the Group's level of concern and level of impact this year. However, as the level of concern and level of impact of the issue is deemed as low based on the matrix analysis, the issue is incorporated into "Low-carbon operation and circular economy " for disclosing the Group's achievements.








## IV Stakeholder Communication Channels and Results

Stakeholder	Materiality	Communication channel and frequency	Material Issue	Communication highlights and accomplishments
<b>Employees</b> 	<p>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</p>	<p><b>Monthly:</b> Employer/ employee meeting  <b>Quarterly:</b> Employee Welfare Committee, Labor Safety and Health Committee, Labor Pension Oversight Committee  <b>Annually:</b> Employee Commitment Survey  <b>At least once a Year:</b> Employee Savings and Stock Ownership Committee  <b>Every 3 years:</b> Committee Revision of collective bargaining agreement  <b>Permanent:</b> Employee and sexual harassment complaint hotline, fax, e-mail, Employee forum on internal website, "Whistleblower section," "President's mailbox" and "Ideas mailbox"  <b>Ad hoc:</b> First e-Academy digital learning system, Morning/evening business unit meetings</p>	<ul style="list-style-type: none"> <li>Professional development</li> <li>Occupational Safety and Health</li> <li>Talent recruitment and retention</li> <li>Ethical corporate management</li> <li>Business performance</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>In 2019, 2,777 employees passed English proficiency certification tests such as the LTTC, IELTS, TOEFL, TOEIC, BULATS, and GEPT while 320 employees passed the JLPT and the LTTC's Japanese, Spanish, Korean, and German language certifications</li> <li>An Employee Commitment Survey was held in 2019, with a result of 86.43%</li> <li>Chosen for inclusion in the "Taiwan Employment Creation Index 99" for the tenth consecutive year</li> <li>Included in the "Taiwan High Compensation 100 Index" for six consecutive years</li> <li>1,506 Employees have obtained the Certified Anti-Money Laundering Specialist (CAMS) certification</li> </ul>
<b>Shareholders / Investors</b> 	<p>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</p>	<p><b>Quarterly:</b> Hosting of domestic investor seminars  <b>Monthly and quarterly:</b> Business performance report  <b>Yearly:</b> Convening of general shareholder meeting, Issuing Chinese and English annual reports, CSR report Participation in the DJSI comparison, climate change questionnaire, water questionnaire, and other international ESG ratings  <b>Permanent:</b> Telephone and e-mail of the spokesperson and investor relations department available from the corporate website's investor services section, Stakeholder survey in the corporate website's CSR section, Videos of investor seminars are concurrently published on our corporate website for viewing by investors (Retained for one year)  <b>Ad hoc:</b> Publication of corporate governance, investor seminar presentations, financial information, annual reports, CSR reports and stock-related information on both English and Chinese corporate website, Attend investor seminars at the invitation of securities brokers to communicate with investors, Participation in corporate governance-related organizations</p>	<ul style="list-style-type: none"> <li>Business performance</li> <li>Corporate governance</li> <li>Risk management</li> <li>Ethical corporate management</li> <li>Sustainable finance</li> <li>Climate change</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>The Group's consolidated net profit was NT\$19.369 billion after tax and we continue to strive for the milestone of NT\$20 billion</li> <li>Implement annual Board of Directors (including individual directors) and functional committees performance evaluations, the results of which are reported to the Board before the end of Q1 of the following year and disclosed on the Company's website</li> <li>The Company was selected as a constituent stock in DJSI Emerging Markets for the fourth consecutive year and was selected as a constituent stock in the DJSI "World Index" for the second time; ranked fifth in the global banking industry</li> <li>Selected as a constituent stock with AA ESG Rating for banking enterprises in the MSCI Global Sustainability Index (MSCI ACWI Index)</li> <li>Received Leadership A- List recognition in the CDP Climate Change Questionnaire, best score for domestic financial industry</li> <li>As a Premium member of the ACGA, the Company analyzed the latest corporate governance information and reports, participated in annual forums and seminars, and accord with the latest development trends in corporate governance</li> <li>Institutional investors' opinions and issues of concern are reported to the Board regularly to assist all directors, executives and independent directors with understanding the opinions of shareholders</li> </ul>
<b>Customers</b> 	<p>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 to commit ourselves to improving customer satisfaction</p>	<p><b>Permanent:</b> All of our Group subsidiaries have customer complaint channels, including business units, customer service hotlines, and e-mail; The companies' contacts are established on the Group's official website; we publish the telephone number, address, and email of the contact person  <b>Regularly:</b> Statements, latest financial information, event information, "Customer Information Confidentiality Measures" and "Customer Service Commitment", Hosting of service role-model competitions  <b>Ad hoc:</b> Conduct customer satisfaction surveys through telephone surveys, e-mail surveys, customer service hotlines or outside survey firm; Host seminars on trusts for seniors and the handicapped, financial planning and investment seminars, industrial park seminars</p>	<ul style="list-style-type: none"> <li>Customer service and privacy</li> <li>Information security</li> <li>Sustainable finance</li> <li>Climate change</li> <li>Digital finance innovation</li> </ul>	<ul style="list-style-type: none"> <li>The 2019 "Review and Improvement Measures for Fair Customer Treatment Principles" of First Bank, First Securities, First Securities Investment Trust, and First Life Insurance have been reported the Board of Directors of each company and submitted to the Ethical Management Committee for review.</li> <li>Received the "Golden Security Award" and "Golden Excellence Award" from the Joint Credit Information Center, Outstanding Bank in the FSC's "2018 New Southbound Policy Target Country Credit Program" and Class A Bank in "Innovative Key Industry Loan Program", and winner of the "Participation Award for School and Community Financial Education" of the FSC for eight consecutive years</li> <li>The number one bank in Taiwan in terms of SME lending market share for 10 years in a row</li> <li>First Life Insurance's small end-of-life insurance won the "Excellent Performance Award of the Aging Insurance Competition" by the Financial Supervisory Commission for the year 2018, and was recognized for excellent performance in the "Increasing National Insurance Coverage Program" of the Financial Supervisory Commission for the 23rd consecutive time</li> </ul>
<b>Suppliers</b> 	<p>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</p>	<p><b>Review before tendering, audit at and after contract signing:</b> Explicitly require vendors to conform to international human rights, labor and environmental laws and regulations in purchasing and supply conditions and contracts  <b>Before listing:</b> Require companies that sell fund and insurance products through the bank to have compiled CSR reports or issued a CSR commitment  <b>Permanent:</b> Whistleblower section  <b>Ad hoc:</b> Transparency of tender information and publication on corporate website</p>	<ul style="list-style-type: none"> <li>Low-carbon operation and circular economy</li> <li>Community engagement</li> <li>Ethical corporate management</li> </ul>	<ul style="list-style-type: none"> <li>Established Supplier Management Guidelines as the Company and subsidiaries' policy and guidance principles for supplier management</li> <li>Established data on 29 categories of suppliers and completed 1,747 supplier surveys</li> <li>Recognition as Benchmark Private Businesses and Groups in Green Purchasing by the Taipei City Government for the 5th consecutive year, while green purchasing amounted to NT\$111.43 million</li> </ul>

Stakeholder	Materiality	Communication channel and frequency	Material Issue	Communication highlights and accomplishments
<b>Governments / competent authorities</b> 	<p>Government policies influence the direction of business operations. FFHC actively cooperates with government policies, complies with regulatory laws, and develops a sound business environment</p>	<p><b>Permanent:</b> Participation in Earth Hour, ban disposable and melamine tableware, and the promotion of environmental protection through social media</p> <p><b>Ad hoc:</b> Participate in seminars, symposiums, public hearings, competitions and evaluations hosted by the competent authorities ;Compliance with the relevant laws and policies of the competent authorities and cooperate with their monitoring and inspections ; Disclose business-related information on the Market Observation Post System and corporate website</p>	<ul style="list-style-type: none"> <li>• Ethical corporate management</li> <li>• Corporate governance</li> <li>• Prevention of money laundering, financial fraud and terrorism financing</li> <li>• Risk management</li> <li>• Low-carbon operations and circular economy</li> <li>• Sustainable finance</li> <li>• Climate change</li> <li>• Information security</li> <li>• Occupational Safety and Health</li> </ul>	<ul style="list-style-type: none"> <li>• Won the top 5% of listed companies and the top 4 in the financial insurance category; Selected as a constituent stock in the "Taiwan High Compensation 100 Index" for the 5th consecutive year; Included as a constituent of the "FTSE4Good TIP Taiwan ESG Index" for the 3rd consecutive year</li> <li>• Received the "National Sustainable Development Awards - Corporate Sustainable Development Award" from the Sustainable Development Committee of the Executive Yuan and the "Anti-Money Laundering Evaluation Publication and Recognition Ceremony - Rating Award" from the Anti-Money Laundering Office of the Executive Yuan, became the first financial institution in Taiwan to receive the "First National Enterprise Environmental Protection Awards - Master Award" from the Environmental Protection Administration, and received the "Outstanding Performance Award for Voluntary Energy Conservation by Service Sector Group Enterprises" from the MOEA Bureau of Energy</li> <li>• Reported business overview to the competent authorities every quarter to help the government keep track of the overall financial environment</li> </ul>
<b>Media/ Financial institutions</b> 	<p>Media is one of the key channels for communication between FFHC and the other types of stakeholders. We disclose E.S.G-related information through the media at different times</p>	<p><b>Permanent:</b> Establish a spokesperson and PR department for liaising purposes</p> <p><b>Ad hoc:</b> Participation in assessments, seminars and conferences; Hosting of press conferences and issuing of press releases</p>	<ul style="list-style-type: none"> <li>• Business performance</li> <li>• Ethical corporatema agement</li> <li>• Information security</li> <li>• Corporate governance</li> <li>• Digital finance innovation</li> <li>• Talent recruitment and retention</li> <li>• Community engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Won third place in the "Financial Services on Social Media Platform" in the Best Fintech Service Bank Awards from Global Views Magazine</li> <li>• Awarded "Insurance AI Awards - Low Premium and High Coverage Quality Product " from Money magazine</li> <li>• Active interactions with the media to implement ESG performance</li> <li>• The expert team provides daily updates on market conditions and financial products to help the public keep track of the financial market</li> </ul>
<b>Community/ Non-profit organization/ Non-government organization/ Academics and experts</b> 	<p>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</p>	<p><b>Regular:</b> Hosting of art exhibitions and concerts</p> <p><b>Ad hoc:</b> Hosting of blood drives /donation/compassion/green organic/recruitment of caring and green volunteers such as beach and mountain clean-up; organize financial school/health and financial seminars/remote area free clinics; Sponsorship of tennis, table tennis /weightlifting/golf/ soccer / sepak takraw/archery/road running/baseball, participate in CSR-related organizations, Hosting of energy-conservation symposiums and participation in green finance seminars</p>	<ul style="list-style-type: none"> <li>• Community engagement</li> <li>• Sustainable finance</li> <li>• Climate change</li> <li>• Low-carbon operations and circular economy</li> </ul>	<ul style="list-style-type: none"> <li>• Assisted a total of 2,866 disadvantaged schoolchildren in Ankeng, Zhongzheng, and Erchong Elementary Schools for nine consecutive years</li> <li>• Provided education assistance programs Sponsored the "Financial Service Industry Education Foundation" with NT\$2.5 million in five consecutive years and helped 1,463 students from poor and disadvantaged backgrounds complete their studies in 2019</li> <li>• First Bank donated 1% of payments made with the World Card totaling NT\$806,662 to the "School Education Savings Account" platform of the Ministry of Education, which in turn helped162 disadvantaged schoolchildren</li> <li>• Donated NT\$92.58 million to social engagement in 2019</li> <li>• 2,872 volunteers participated in 2019, benefiting 19,027 people and 11,723 hours of service</li> </ul>

# Sustainable Development Goals

Category	Material Issue	Materiality to Operations	Key Performance Indicator (KPI)	2019 Goals	Completion Rate	2020 Goals	Medium/Long-Term Goals (2021-2025)																																																																																										
Governance	Information security  	Companies must control risks by ensuring a comprehensive information security system and preparation to respond to the digital transformation and development of business operations and work models.	KPI 1: Results of social engineering drills	Items in social engineering drills with success rates lower than those set forth below Unit: % <table><tr><th>Company</th><th>Open email</th><th>Click on links</th><th>Deliver return slip</th><th>Open attachments</th><th>Phishing successful</th></tr><tr><td>Bank</td><td colspan="4">0.5</td><td>0.1</td></tr><tr><td>Securities</td><td>-</td><td colspan="3">6</td><td>-</td></tr><tr><td>Securities Investment Trust</td><td>10</td><td>6</td><td>-</td><td>6</td><td>-</td></tr><tr><td>Life Insurance</td><td>10</td><td>6</td><td>-</td><td>10</td><td>-</td></tr></table>	Company	Open email	Click on links	Deliver return slip	Open attachments	Phishing successful	Bank	0.5				0.1	Securities	-	6			-	Securities Investment Trust	10	6	-	6	-	Life Insurance	10	6	-	10	-	100%	Items in social engineering drills with success rates lower than those set forth below Unit: % <table><tr><th>Company</th><th>Open email</th><th>Click on links</th><th>Deliver return slip</th><th>Open attachments</th><th>Phishing successful</th></tr><tr><td>Bank</td><td colspan="4">0.5</td><td>0.1</td></tr><tr><td>Securities</td><td colspan="3">3</td><td>2.5</td><td>-</td></tr><tr><td>Securities Investment Trust</td><td colspan="3">3</td><td>-</td><td>-</td></tr><tr><td>Life Insurance</td><td colspan="3">3</td><td>2</td><td>-</td></tr></table>	Company	Open email	Click on links	Deliver return slip	Open attachments	Phishing successful	Bank	0.5				0.1	Securities	3			2.5	-	Securities Investment Trust	3			-	-	Life Insurance	3			2	-	Items in social engineering drills with success rates lower than those set forth below in 2023 Unit: % <table><tr><th>Company</th><th>Open email</th><th>Click on links</th><th>Deliver return slip</th><th>Open attachments</th><th>Phishing successful</th></tr><tr><td>Bank</td><td colspan="4">0.5</td><td>0.1</td></tr><tr><td>Securities</td><td colspan="3">2.4</td><td>1.9</td><td>-</td></tr><tr><td>Securities Investment Trust</td><td colspan="3">2.7</td><td>-</td><td>-</td></tr><tr><td>Life Insurance</td><td colspan="3">2.4</td><td>1.4</td><td>-</td></tr></table>	Company	Open email	Click on links	Deliver return slip	Open attachments	Phishing successful	Bank	0.5				0.1	Securities	2.4			1.9	-	Securities Investment Trust	2.7			-	-	Life Insurance	2.4			1.4	-
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Life Insurance	2.4			1.4	-																																																																																												
KPI 2: Commission external professional institutions to conduct vulnerability scans on website applications	At least 2 times a year	100%	At least 2 times a year	At least 4 times a year																																																																																													
KPI 3: Implement information security tests for main apps used for external services and obtain certification from the Industrial Development Bureau	At least once a year	100%	At least once a year	At least once a year																																																																																													
KPI 4: Service interruption time as a result of DDOS attacks on the Company's website	No more than 30 minutes	100%	No more than 30 minutes	No more than 30 minutes																																																																																													
KPI 5: Time required for completing response measures after the delivery of F-ISAC sensitive (rated red/amber)	-	-	Within 8 hours	Within 8 hours																																																																																													
Customer service and privacy  	Protect consumer interests, protect customer privacy, and increase customer satisfaction to increase customer loyalty and prevent material penalties and loss of business reputation.	KPI 1: Training completion rate of the "Personal Data Protection Act" training program	100%	100%	100%																																																																																												
		KPI 2: Certification of BS 10012 Personal Information Management Systems	First Life Insurance completed the certification of BS 10012 Personal Information Management Systems.	100%	First Life Insurance obtained the new version BS 10012 Personal Information Management Systems (PIMS) certification	First Life Insurance carries out the renewal of the BS 10012 Personal Information Management Systems certification First Bank plans to acquire personal information protection standard (e.g. BS 10012 or TPIPAS) certification in 2022																																																																																											
		KPI 3: Bank, Securities, Securities Investment Trust, and Life Insurance customer satisfaction survey results	<table><tr><td>Bank Overall Services</td><td>85%</td></tr><tr><td>Securities</td><td>85%</td></tr><tr><td>Securities Investment Trust</td><td>96%</td></tr><tr><td>Life Insurance</td><td>72%</td></tr></table>	Bank Overall Services	85%	Securities	85%	Securities Investment Trust	96%	Life Insurance	72%	100%	<table><tr><td>Bank Overall Services</td><td>86%</td></tr><tr><td>Securities</td><td>85.2%</td></tr><tr><td>Securities Investment Trust</td><td>96%</td></tr><tr><td>Life Insurance</td><td>72%</td></tr></table>	Bank Overall Services	86%	Securities	85.2%	Securities Investment Trust	96%	Life Insurance	72%	<table><tr><td>Bank Overall Services</td><td>87.7%</td></tr><tr><td>Securities</td><td>86%</td></tr><tr><td>Securities Investment Trust</td><td>97%</td></tr><tr><td>Life Insurance</td><td>73.5%</td></tr></table>	Bank Overall Services	87.7%	Securities	86%	Securities Investment Trust	97%	Life Insurance	73.5%																																																																			
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KPI 4: Training completion of the "Principles for Fair Treatment of Customers in the Financial Services Industry" for the Bank, Securities, Securities Investment Trust, and Life Insurance subsidiaries	100%	100%	100%	100%																																																																																													
Ethical corporate management 	Corporate management focuses on integrity which is implemented in operations and management and compliance to prevent material penalties and damage to the corporate image.	KPI 1: Signature rate of the Employee Code of Conduct in domestic and foreign company locations	100%	100%	100%																																																																																												
		KPI2: Training completion rate for ethical management training	100%	100%	100%																																																																																												



Category	Material Issue	Materiality to Operations	Key Performance Indicator (KPI)	2019 Goals	Completion Rate	2020 Goals	Medium/Long-Term Goals (2021-2025)
Governance	Ethical corporate management		KPI 3: Reporting the ethical corporate management execution status to the Board of Directors	At least once a year	100%	At least 2 times a year	At least 2 times a year
	Prevention of money laundering, financial fraud and terrorism financing	The implementation of new regulations such as AML and CRS has substantially increased the company's compliance costs. The implementation of related regulations can reduce operating risks, avoid material penalties, benefit international business expansion, and increase the scale of operations.	KPI 1: First Bank commissions external professional institutions to verify the effectiveness of the AML system	-	-	Once a year	At least once a year
			KPI 2: Related licenses acquired by the heads and personnel of AML units of the Group	100%	100%	100%	100%
			KPI 3: Commission external professional institutions to perform special inspections on AML/CFT internal controls	At least once a year	100%	At least once a year	At least once a year
	Sustainability Finance	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 reduce the impact of products or services on the society and environment and improve the social and economic benefits created by the products or services.	KPI 1: Number of new financing projects urban renewal and the reconstruction of dangerous and old buildings	6 projects	233%	8 projects	Accumulate 40 projects by 2025
			KPI 2: Approved limit and balance of loans for green financing (including green industries and green enterprises) (NT\$100 million)	Approved limit: 1,100	113%	1,250	1,500 by 2025
				Loan balance: 600	114%	650	700 by 2025
			KPI 3: Number of micro insurance policies provided for the economically disadvantaged to gain basic coverage	150	104%	160	200 by 2025
			KPI 4: Proportion of offshore fund companies that have signed the Principles for Responsible Investment (PRI)	70%	100%	80%	80%
			KPI 5: Percentage of stocks in the domestic stocks pool of equity fund investments that have submitted CSR reports	35%	165%	40%	45%
			KPI 6: New volume of "green consumption loans" (NT\$100 million)	3.5	136%	5	7 by 2025
	Business performance	Companies should pursue excellent business performance and profitability to maintain their operations and development, drive economic growth, and create employment opportunities.	KPI 1: Return on equity (ROE) and return on assets (ROA)	Increased from 2018	100%	Increased from 2019	Our expected financial targets are as follows: ROA $\geq$ 1% ROE $\geq$ 15%
			KPI 2: Percentage of overseas profits of First Bank	Increased from 2018	100%	Increased from 2019	50%
	Corporate governance	A sound corporate governance system strengthens the stability and transparency of corporate operations and increases companies' long-term value and competitiveness. It is the basis for companies' sustainable development.	KPI 1: Results of the board performance evaluation	Completion rate > 90%	100%	Average score > 4 points	Commissioned external professional institutions to evaluate the performance of the Board of Directors in 2021 and 2024.
			KPI 2: Appoint at least one female independent director and ensure that directors of any gender account for at least one quarter of all directors	> 4 seats	175%	> 5 seats	Appoint more independent directors than required by regulations (3 seats) and ensure that independent directors serve no more than three consecutive terms.
			KPI 3: Actual attendance rate of all directors of the board	80%	100%	80%	80%
	Risk management	Formulate adequate risk management policies and procedures and establish independent and effective risk management mechanisms to manage all business risks and ensure healthy business operations and sustainable development.	KPI 1: Double leverage ratio and (DLR) and Group capital adequacy ratio (CAR)	DLR < 120%	100%	< 120%	< 120%
				Group CAR $\geq$ 110%	100%	$\geq$ 110%	$\geq$ 110%

Category	Material Issue	Materiality to Operations	Key Performance Indicator (KPI)	2019 Goals	Completion Rate	2020 Goals	Medium/Long-Term Goals (2021-2025)
Governance	Risk management	Formulate adequate risk management policies and procedures and establish independent and effective risk management mechanisms to manage all business risks and ensure healthy business operations and sustainable development.	KPI 2: First Bank capital adequacy ratio (CAR)	> 12.75%	100%	> 12.75%	We shall continue to abide by the Basel III requirements and establish related management objectives for the capital adequacy ratio in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks" based on related business, investment plans, and changes in the future finance environment.
			KPI 3: First Bank Tier 1 capital ratio	> 10.75%	100%	> 10.75%	
			KPI 4: First Bank ordinary share equity ratio	> 9.5%	100%	> 9.5%	
			KPI 5: First Bank leverage ratio	> 3%	100%	> 5%	
			KPI 6: First Bank liquidity coverage ratio (LCR) Net stable funding ratio (NSFR)	> 100%	100%	> 100%	
Environment	Climate change	Extreme weather is a risk to the global economy. Companies must incorporate the risks of climate change into their business decisions and identify and manage risks.	KPI 1: Fill out the CDP questionnaires for climate change and water security	100%	100%	100%	100%
			KPI 2: Sign the Equator Principles	-	-	100%	Introduce the Equator Principles
	Low-carbon operations and circular economy	Faced with global warming and resource depletion crises, companies must mitigate and adjust their actions in response to climate change risks and opportunities by reducing greenhouse gas emissions, promoting a circular economy, and reducing their impact on the environment.	KPI 1: The Group's Scope 1 and Scope 2 emissions	Reduce 128 metric tons CO <sub>2</sub> e emissions compared to 2018	370%	Reduce 383 metric tons CO <sub>2</sub> e emissions compared to 2019	Reduce a total of 5,745 metric tons CO <sub>2</sub> e emissions from 2020 to 2025
			KPI 2: Volume of recycled resources of the entire Group (including the head office and IT building) (tons)	≥ 23.18	143%	≥ 156.99	≥ 156.99 by 2025
			KPI 3: Number of refurbished old buildings and number of buildings that have obtained the Green Building Mark	24	100%	28	38 by 2025
			KPI 4: Signature rate of the "Declaration on Human Rights and Environmental Sustainability Clauses" of suppliers	100%	100%	100%	100%
Society	Occupational Safety and Health	Employees are companies' most important assets. Companies must establish safe work environments and commit themselves to attaining work and life balance for employees to improve employee health.	KPI 1: Absence rate and occupational injury rate	Absence rate: ≤ 1.25% Occupational injury rate: ≤ 1%	100%	≤ 1.25% ≤ 1%	< 1.25% < 1%
			KPI 2: Ratio of employees with BMI within the standard range	49%	100%	49%	≥ 50%
			KPI 3: Number of automated external defibrillators (AED) added and number of business sites with safe workplace certification	2 / 4	100%	2 / 6	10 / 184 by 2025
			KPI 4: Number of business sites with healthy workplace certification	5	100%	50	130 by 2025
	Community engagement	Work with customers to integrate social resources, integrate core competencies, help resolve social and environmental issues, expand social influence, and increase the social value of the company.	KPI 1: Social care — Number of schoolchildren adopted in the implementation of the "Disadvantaged Students Adoption Plan"	300	144%	300	Accumulate 4,666 by 2025
			KPI 2: Sports competition — Number of large-scale sports competitions organized	4	375%	4	Accumulate 83 by 2025

Category	Material Issue	Materiality to Operations	Key Performance Indicator (KPI)	2019 Goals	Completion Rate	2020 Goals	Medium/Long-Term Goals (2021-2025)
Society	Community engagement	Work with customers to integrate social resources, integrate core competencies, help resolve social and environmental issues, expand social influence, and increase the social value of the company.	KPI 3: Artistic cultural creation – Number of large-scale concerts organized	3	100%	3	Accumulate 61 by 2025
			KPI 4: Green care – Number of elementary schools in remote areas and underprivileged institutions provided with LED lights	1	500%	2	Accumulate 20 by 2025
	Talent recruitment and retention	Implement a diversity and cooperative policy to create a tolerant, friendly, and respectful work environment. Adopt a comprehensive salary framework, optimize benefits, establish a fair and transparent promotion system, attract outstanding talents, and reduce the loss of talents to maintain the competitiveness of the organization.	KPI 1: Talent retention rate	≥ 70%	100%	≥ 80%	≥ 85%
			KPI 2: Employee commitment survey	Commitment survey participation rate: 91%	100%	91%	92%
				Commitment satisfaction rate: 80%	100%	80%	81%
			KPI 3: Rate of reinstatement and retention after parental leave	Reinstatement rate ≥ 80%	100%	≥ 80%	≥ 80%
				Retention rate ≥ 80%	100%	≥ 80%	≥ 80%
			KPI 4: Percentage of employee participation in the shareholding trust	≥ 80%	100%	≥ 88%	≥ 95%
	Human Rights	Comply with international human rights standards, pay close attention to labor rights and gender equality, create an equal and safe work environment free of harassment, and protect employee interests to maximize their work efficiency.	KPI 1: Labor-management dispute involvement rate (number of employees participating in labor-management disputes/total number of employees*1000) is lower than the national standard value (%) provided by the Directorate General of Budget, Accounting and Statistics for the previous year	< 0.436	100%	< National standard value of labor-management dispute involvement rate provided by the Directorate General of Budget, Accounting and Statistics for 2019	< National standard value of labor-management dispute involvement rate provided by the Directorate General of Budget, Accounting and Statistics for the previous year
			KPI 2: Ratio of base salary between male and female employees	1 : 1	100%	1 : 1	1 : 1
			KPI 3: Training completion rate for human rights education and training	100%	100%	100%	100%
	Talent cultivation	Invest in digital learning, innovation, and change based on operational strategies and organizational requirements. Help talents increase their competitiveness and advance career development.	KPI 1: Training hours per employee	50	100%	50	55
			KPI 2: Number of recipients of language training subsidies	-	-	700	700
			KPI 3: Completion rate of English proficiency test by employees	-	-	≥ 30%	≥ 40%
	Digital innovations in financial services	Respond to digital finance transformation and accelerate the diverse development of the digital financial system to make financial services available in remote areas, reduce the digital divide, and gain advantages in digital transformation business opportunities.	KPI 1: Cumulative number of cards bound to mobile payment	135,000	222%	300,000	400,000 by 2023
			KPI 2: Cumulative number of applications for invention and new utility model patents for finance technologies	55	144%	85	130 by 2023
			KPI 3: Number of uses of smart customer services	120,000	122%	150,000	240,000 by 2023
			KPI 4: Utilization rate of electronic channels	80%	100%	81%	88% by 2025
			KPI 5: Cumulative number of applications for "e-speed loan"	5,500	111%	6,000	7,500 by 2023





## Business performance

### Material Topic

GRI 201: Economic performance






Management guidelines	
<b>Policies</b>	Promote partnerships and enhance synergy.
<b>Commitment</b>	<p>The world is facing the highest level of economic uncertainty since the financial crisis and the rapid spread of COVID-19 across the world has caused severe impact on global economic development. Central banks of multiple countries have reduced interest to stabilize the economy and Taiwan's FSC also requested banks to reduce interest rate. These factors affect the Group's business performance in 2020. FFHC shall make full use of its business resilience, disperse regional risks, and focus on cross-border value chain services and business opportunities in the movement of funding by Taiwanese enterprises to grasp new momentum for growth.</p>
<b>Goals</b>	<ul style="list-style-type: none"> <li>Use synergy to increase Group sales performance and product penetration to maximize overall performance.</li> <li>Our goal is for annual net profit growth to be no lower than the three-year average real growth rate of the domestic financial and insurance industries.</li> </ul>
<b>Duties</b>	Corporate Governance WG of the CSR Committee
<b>Re-sources</b>	<p>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.</p> 

### Business performance

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 Group's performance in 2019 was spectacular in all business sectors. We continued to expand overseas businesses and focused on growing markets in Europe, the United States, and Southeast Asia to improve overseas business scale and performance and achieve our goals for becoming a regional international financial group. We also dedicated efforts on developing FinTech, new payment methods, artificial intelligence, and big data research to use FinTech as the basis for the development of smart applications and continue to deploy integrated virtual and actual technologies and expand biometrics applications. We focus on core businesses to create convenient and consistent service experience and use the changes in the core system, information security enhancements, and innovative ideas to become a secure and reliable financial institution that drives artificial intelligence, collaboration, and integration of virtual and physical technologies.

We maintained growth in all core businesses based on the solid foundations laid by First Bank. The overall profitability structure of the Holdings company has stabilized and profitability reached records heights in 2019. All subsidiary companies have attained profitability. In addition to financial performance, the Group continues to adhere to its brand spirit of "a century of tradition and innovative service". We continue to strengthen the integration of corporate social responsibility and our core strategies through sustainable development in corporate governance, customer care, employee care, environmental sustainability, and social welfare. With regard to corporate social responsibility and corporate citizen, we have been selected as a constituent stock of the renowned Dow Jones Sustainability Index (DJSI) for consecutive years. FFHC was selected for inclusion as a constituent in the MSCI ACWI Index by Morgan Stanley Capital International (MSCI) in 2019 and was rated Class AA in the banking industry in the MSCI ESG Ratings, placing the Group among the high-quality international benchmark enterprises.

The outbreak of the COVID-19 pandemic across the world since January 2020 will invariably impact the Group's profitability in 2020. Faced with such a severe challenge, the Group's primary mission is to consolidate operations and strengthen risk management and information security. We must also respond to customer demands in the post-pandemic world, promote corporate transformation, and design innovative products to grasp business opportunities in the recovery of the global economy and improve overall business performance.

 <p><b>Market Penetration</b></p> <ul style="list-style-type: none"> <li>First Commercial Bank (USA) established the Chino Hills Branch; the Phnom Penh Branch established the Phsar Derm Thkov Sub-Branch and Sen Sok Sub-Branch; First Bank established the Jakarta representative office. First Bank's 43 overseas offices now encompass Europe, Asia, America, and Oceania</li> <li>Transnational platform boosts synergies from domestic and overseas sites</li> </ul>	 <p><b>Digital Transformation</b></p> <ul style="list-style-type: none"> <li>First Bank activated the "Robotic Process Automation (RPA) platform"</li> <li>First Bank created the iLEO app exclusively for young people and launched the exclusive "Micro Enterprise e-Services" corporate online loan application website</li> <li>Electronic marketing for securities/investment trust/life insurance channels</li> </ul>	 <p><b>New Products</b></p> <ul style="list-style-type: none"> <li>FSITC raised the "FSITC Global Artificial Intelligence Fund"</li> <li>First Bank offered "Family Wealth Management Program" and "iLEO Credit Card"</li> </ul> 	 <p><b>Ethical corporate management</b></p> <ul style="list-style-type: none"> <li>FFHC was selected as a constituent stock in DJSI "World Index" for the second consecutive year. Once again, it ranked fifth among all banking enterprises across the world.</li> <li>FFHC received an AA ESG Rating for banking enterprises in the MSCI ACWI Index</li> <li>Included as constituent stock in the "FTSE4Good Emerging Index" on the London Stock Exchange for 3 consecutive years</li> </ul>
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### 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 9,565 employees. Our operations are located across four continents: the America, Asia, Europe, and the Oceania. The subsidiary First Bank established 18 operations in 10 ASEAN countries. (including the Least Developed Countries such as Myanmar, Cambodia, and Laos). In addition to the establishment of the Frankfurt Branch in Germany, Houston Branch in the United States, and a Branch San Mateo under First Commercial Bank (USA) in 2020, FFHC also plans to add 2-3 overseas offices to expand the scope of services with the aim of connecting domestic and foreign operations and providing value-added cross-border financial services and a diverse product line. FFHC plans to increase the profitability ratio of overseas branches to over 50% and work toward the goal of becoming a regional bank in Asia.



## ◆ Our Group's overseas presence

Region	Business type (Sites)	Current sites
<b>America</b>	Bank (11)	Bank: Los Angeles branch, New York branch, Vancouver branch, and Toronto Branch; First Commercial Bank (U.S.A.) branch and its 7 sub-branches including the Alhambra Branch, City of Industry Branch, Silicon Valley Branch, Irvine Branch, Arcadia Branch, Fremont Branch and Chino Hills Branch(opened in 17 April 2019).
<b>Asia</b>	Bank (6)	Bank: Hong Kong Branch, Macao Branch, Shanghai Branch, Shanghai Pilot FTZ Sub-branch, Chengdu Branch, Xiamen Branch
	Securities (1) Leasing (3)	Securities: First Worldsec (Hong Kong) Leasing: FCB Lease (Chengdu), FCB International Leasing (Suzhou), FCB Lease (Xiamen)
<b>Southeast Asia</b>	Bank (18)	Bank: Singapore Branch, Ho Chi Minh City Branch, Hanoi City Branch, Vientiane Branch (Laos), Manila Branch (Philippines), 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, Phsar Derm Thkov Sub-Branch (opened on December 19, 2019), Sen Sok Sub-Branch (opened on December 19, 2019), Bangkok Representative Office, Yangon Representative Office, and Jakarta Representative Office (opened on September 30, 2019).
<b>Northeast Asia</b>	Bank (1)	Bank: Tokyo Branch
<b>Europe</b>	Bank (1)	Bank: London Branch
<b>Oceania</b>	Bank (2)	Bank: Guam Branch, Brisbane Branch



First Bank is the second largest bank in Taiwan by branch count and has 188 business locations and 531 automatic teller machines (ATM) throughout Taiwan. Our operations cover both urban and rural regions. We have established offices and 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.



For more information on First Bank's domestic and overseas branches, please refer to the Bank's website

First Securities has 22 branch institutions and offices and it has established counters for securities operations in 132 First Bank branches in 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. We also provide online, audio, and other diverse securities transaction systems to provide investors with more abundant and diversified transaction environment and services.

First Financial Holding communicates with local communities and takes reference from the impact on society, human rights, and environment in its operating activities according to the risk graph before setting up operational bases, developing new business types, procuring, planning operational strategies, developing human resources, and conducting other business operations. We invest resources such as equity investment, business activities, donations, and volunteer charity events for organizations that solve social issues through business models to facilitate sustainable development of the communities.

## 1-2 Financial performance

In 2019, our company's paid-in capital was NT\$124.619 billion with consolidated assets of NT\$3.21 trillion, consolidated net income of NT\$62.318 billion, net profit of NT\$19.369 billion, and EPS of NT\$1.55.

Unit: Thousands

Item	Year	2017	2018	2019
Operating Ability	Assets	2,634,058,605	2,935,204,419	<b>3,206,767,075</b>
	Total liabilities	2,442,007,638	2,729,901,347	<b>2,987,034,568</b>
	Shareholders' equity	192,050,967	205,303,072	<b>219,732,507</b>
	Net revenue	50,827,112	60,248,746	<b>62,317,874</b>
	Pre-tax profit	18,148,059	20,702,596	<b>23,308,556</b>
	Profit or loss after tax	15,432,391	17,332,199	<b>19,368,751</b>
	Operating expenses	21,347,661	22,906,433	<b>23,901,112</b>
	Employee welfare expenses (including salary expenses)	13,760,687	14,886,242	<b>15,550,872</b>
	Average employee welfare expenses	1,516.33	1,606.54	<b>1,619.21</b>
	Employee contribution	1,999.79	2,234.25	<b>2,426.96</b>
Profitability	Return On Assets (%)	0.60	0.62	<b>0.63</b>
	Return on Ordinary Shareholders' Equity (%)	8.04	8.58	<b>9.11</b>
	Earnings per share (NTD)	1.24	1.39	<b>1.55</b>
	Profit ratio (%)	30.36	28.77	<b>31.08</b>

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

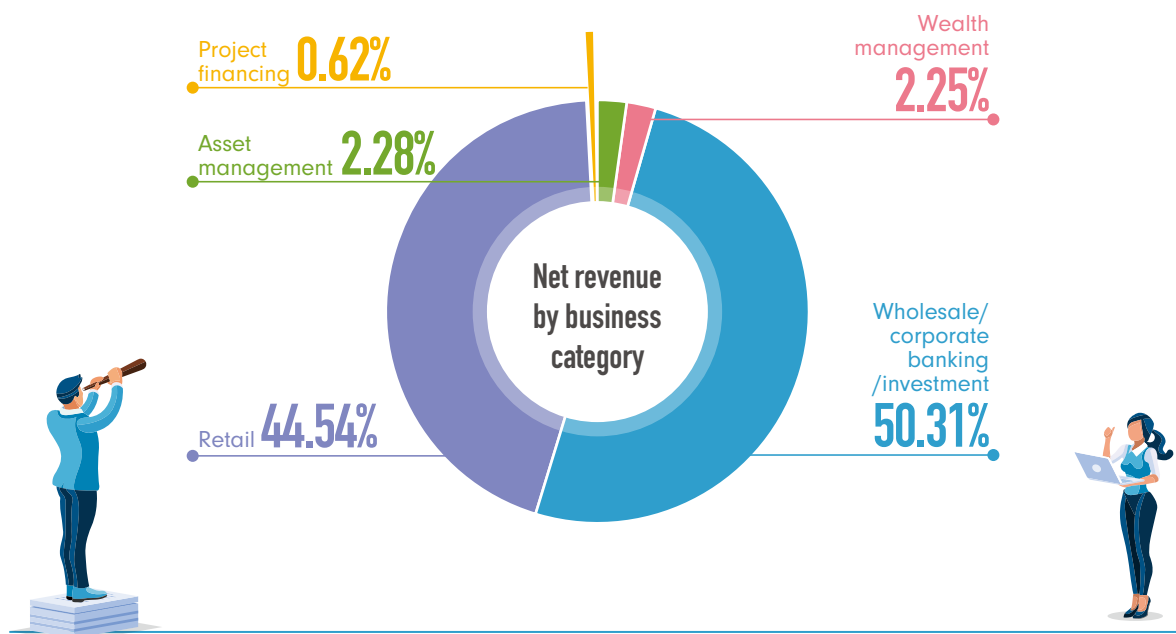
Note 2: Due to the issuing of dividends in 2019, past weighted average for ordinary shares outstanding for earnings per share was revised.

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

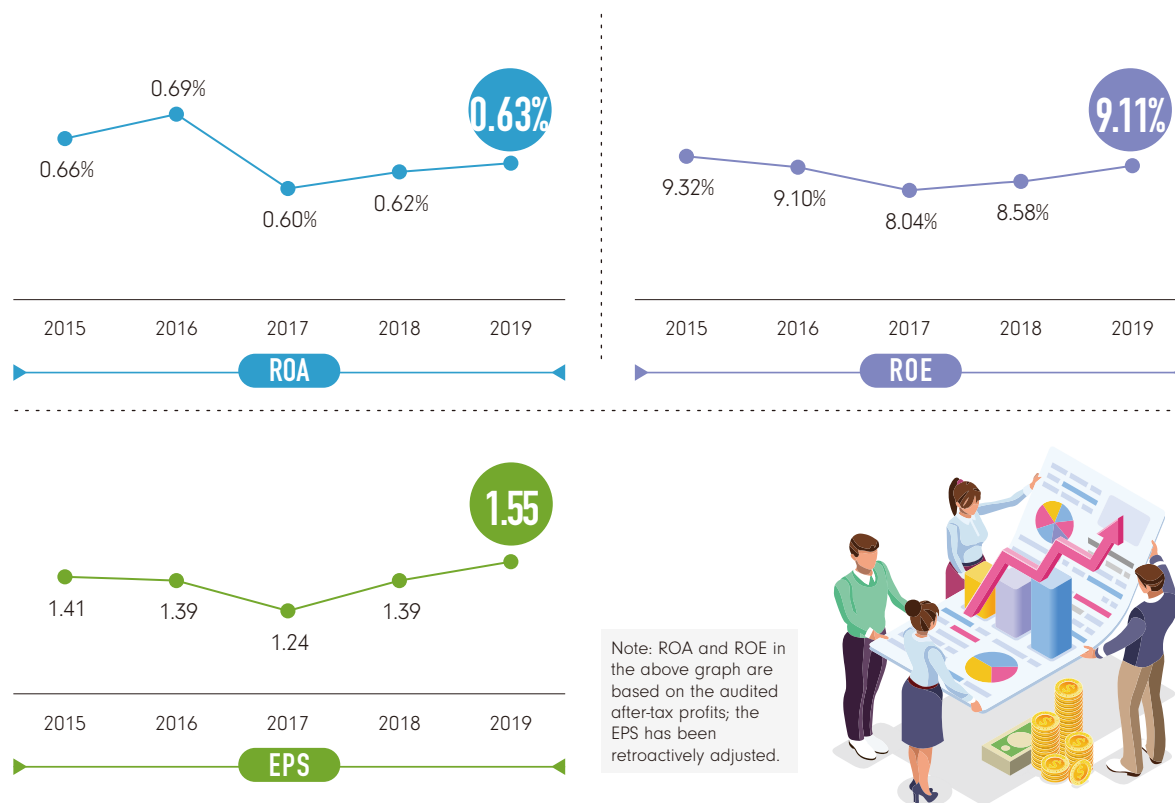
Note 4: Grandson companies not included in the consolidated financial company include First Financial AMC B.V.I., and FCB Leasing B.V.I.

Note 5: Employee contribution = pre-tax profit / number of employees.

Note 6: The number of employees used as the baseline for calculating average employee welfare expenses and employee contribution is the number of employees as of the end of the year instead of the weighted average number of employees disclosed in the financial report.



#### ◆ Profit performance trends in the past 5 years –ROA、ROE、EPS



#### ◆ Share dividend / Tax amount

Item \ Year	2017	2018	2019
Cash dividends per share (NTD)	0.9	1	1.05
Stock dividends per share (NTD)	0.1	0.1	0.3
Income tax paid (Thousand NTD)	2,515,764	4,012,291	2,386,045
Retained earnings (Thousand NTD)	38,019,583	42,446,725	48,099,897



### 1-3 Credit rating

According to the credit ratings issued by credit rating agencies such as Taiwan Ratings, S&P and Moody's for 2019, 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.

Rating Agencies	First Financial Holding			
	Short-term	Long-term	Outlook	Rating date
Taiwan Ratings	twA-1+	twAA-	Stable	2019.10.18
S & P	A-2	BBB	Stable	2019.10.18
Moody's	–	A3	Stable	2020.2.20

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

### 1-4 Participation in local and overseas organizations

Our company and subsidiaries have joined the corresponding industry associations for banking, securities, insurance, trusts, investment trusts, investment consulting, venture capital, and leasing to promote the development of the domestic financial industry. The Chairperson is also the consultant of the Bankers Association of the Republic of China and the Bankers Association of Taipei. The chairperson of subsidiary First Securities is also a director of Taiwan Securities Association. We actively engage in related affairs to promote the healthy development of the overall financial industry.

To achieve the goals of corporate sustainable development, the Company responds to the government's strategy of enhancing corporate sustainable development and follows standards of the international community. We passed the review of the Asian Corporate Governance Association (ACGA) in 2018 and became a Premium Member of the ACGA. We obtain new knowledge of international corporate governance development from the research reports, seminars related to governance issues, and annual forum activities organized by ACGA. We also promote the establishment of universal values for domestic corporate sustainability/corporate social responsibilities to build a CSR culture. Subsidiary First Bank joined the Business Council for Sustainable Development of Taiwan (BCSD Taiwan) with Chairman serving as the director. This was used to promote and implement CSR concepts, as well as environmental protection and resources management. 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 serves an advising director and is actively involved in helping the Center with promoting corporate sustainability education and hosting international forums. FFHC and its subsidiaries spent a total of NT\$250.96 million on industries/corporate sustainability groups and organizations in 2019, and donated NT\$225.32 million to the Small and Medium Enterprise Credit Guarantee Fund of Taiwan.

### Corporate governance

#### Material Topic

GRI 207: Tax

GRI 405: Employment diversity and equal opportunity

Management guidelines	
Policies	The Company established the Articles of Incorporation, Corporate Governance Best Practice Principles, Rules of Procedure for Board of Directors Meetings and organizational regulations of functional committees to establish a good corporate governance system, an effective corporate governance framework, protect shareholder equity, and strengthen the functions of the Board of Directors to incorporate corporate governance into the corporate culture. In addition, the Company established the "Tax Governance Policy" in response to the global trend on tax governance and improve taxation information transparency.
Commitment	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
Goals	<ul style="list-style-type: none"> <li>The Company revised the internal regulations in accordance with related laws and regulations. We also appointed a Corporate Governance Officer in accordance with the regulations of the competent authority and assigned suitable personnel to process related affairs.</li> <li>Responded to international development trends and enhanced taxation information transparency.</li> <li>Published the CSR Report in Chinese and English in 2018 in accordance with the GRI Standards and appointed a third-party accreditation institution for dual certification.</li> <li>Participated in related international CSR evaluations and improved international image.</li> </ul>
Duties	Corporate Governance WG of the CSR Committee
Re-sources	<ul style="list-style-type: none"> <li>Assigned a senior executive with finance expertise to serve as the Corporate Governance Officer to take charge of related affairs of board meetings and shareholders' meetings, produce meeting minutes for board meetings and shareholders' meetings, assist Directors in taking office and continuing education, provide data required by Directors to perform their duties, assist Directors in legal compliance, evaluate the performance of the Board of Directors, take charge of Directors' liability insurance, and other corporate governance affairs as the highest ranking officer.</li> <li>The Board of Directors is the highest-ranking taxation risk management unit and it is responsible for forming the tax governance policies and supervising the execution and effective implementation of tax governance policies.</li> </ul>





## II Corporate governance

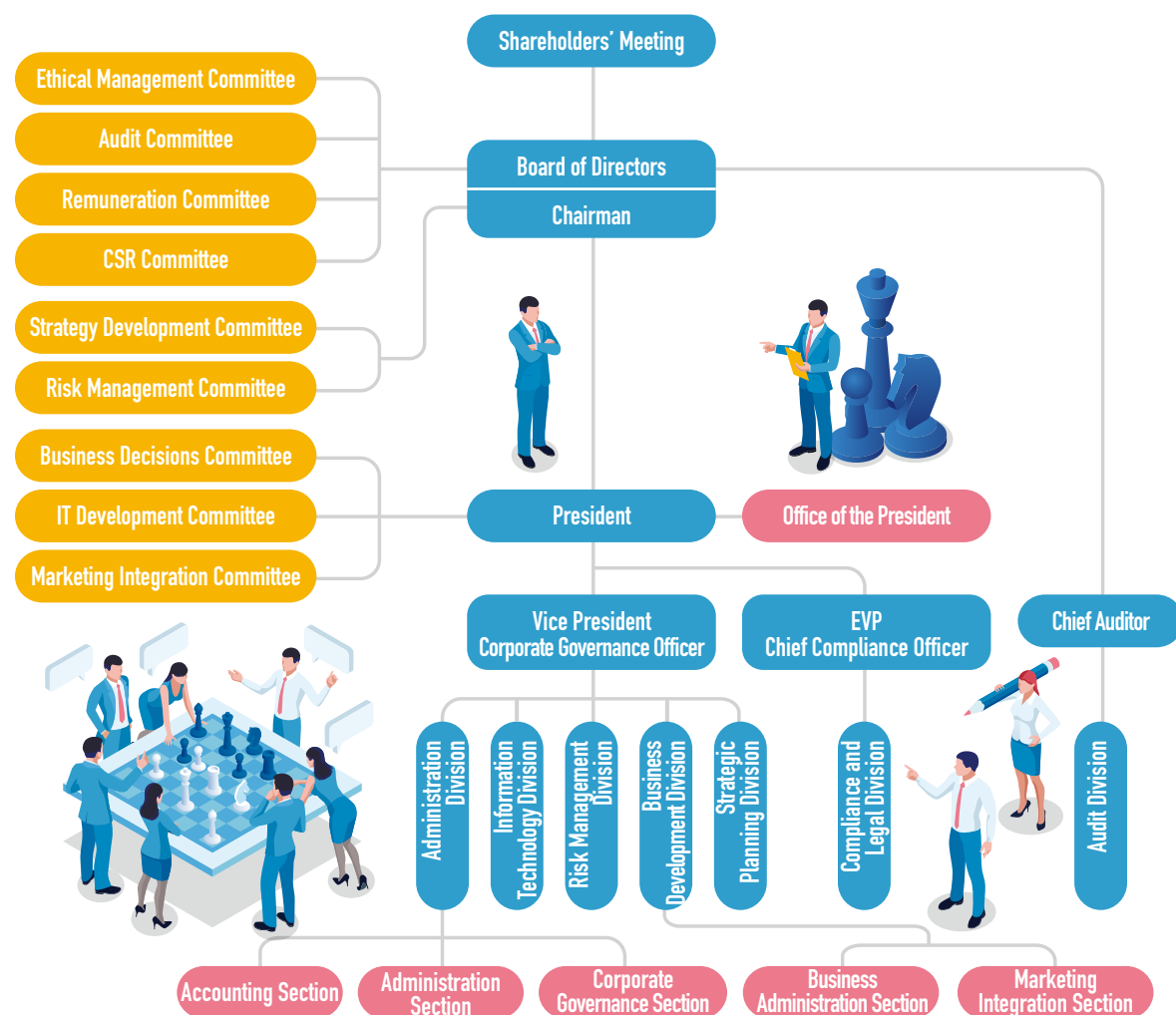
In addition to revising the Company's Articles of Incorporation and related regulations in accordance with the amendments of the Company Act, the Company, First Bank, First Securities, and First Life Insurance have appointed Corporate Governance Officers and adjusted the roles of related departments in accordance with related regulations of the competent authority in 2019.

To implement corporate governance, strengthen the functions of the board performance evaluation, expand the use of the evaluation results, and enhance the operations of the Board of Directors, the Company has revised the "Board Performance Evaluation Regulations" and "Board of Directors and Individual Directors Performance Evaluation Questionnaire" and added the "Functional Committee Performance Evaluation Questionnaire" (including the Audit Committee, Remuneration Committee, and Ethical Management Committee). The Company also revised the "Corporate Governance Best Practice Principles" and specified that the average attendance rate of all Directors shall be above 80% and actual attendance rate of more than half of all Directors shall also be above 80%. We also listed the attendance of all Directors and individual Directors as one of the measurement indicators in the "Board of Directors and Individual Directors Performance Evaluation Questionnaire" and required the Company to include at least one female Director or Supervisor when assigning Directors and Supervisors to subsidiaries.

Please refer to the Company's website for the results of the Company's board performance evaluation in recent years.



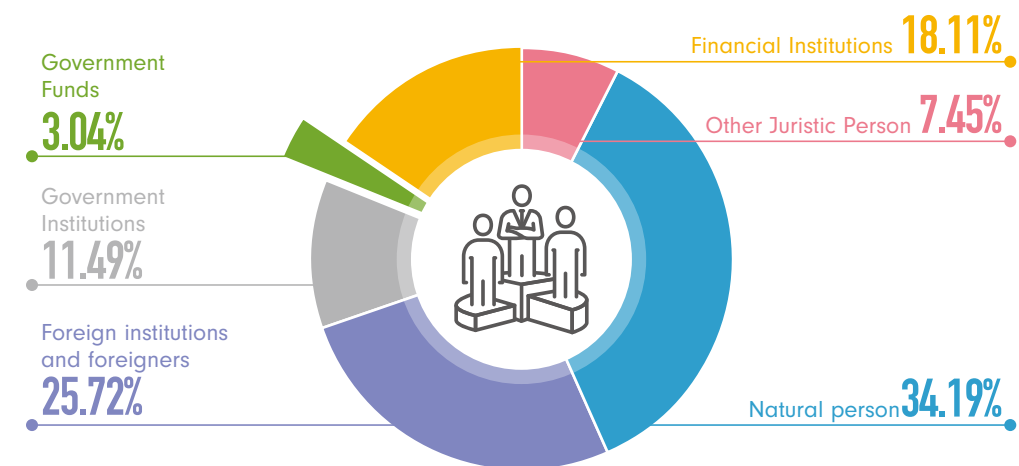
### ◆ FFHC Corporate Governance Structure



## 2-1 Shareholder Structure and Communication

During the FFHC 2019 Shareholders' Meeting, we presented shareholders with an overview of our business in 2018, final accounts, employee/Board remuneration, and offering of unsecured subordinated ordinary corporate bonds. Voting was also conducted on the 2018 business report and consolidated financial report, distribution of profits, issuing of new shares for capitalization of profits, removal of non-competition clauses for Directors, amendments of the Articles of Incorporation and Procedures for the Acquisition or Disposal of Assets on a case-by-case basis and the Company responded to shareholders' questions. We engaged in proactive shareholder communications through four quarterly institutional investor meetings in Taiwan and by attending the institutional investor event dbAccess Asia Conference 2019 held in Singapore by Deutsche Bank as well as the Non-deal Roadshow (NDR) organized by Daiwa Securities in Japan.

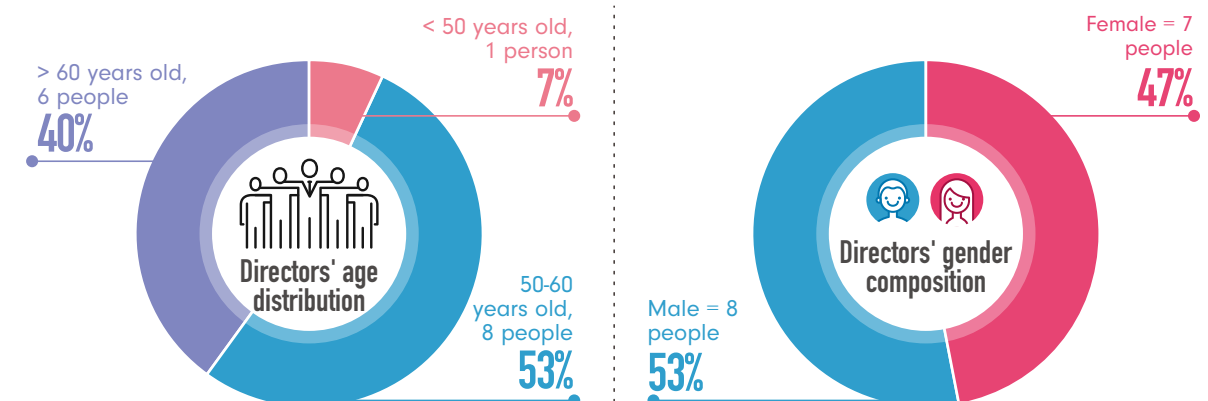
◆ Our company's shareholder structure as of April 21, 2020 is shown in the chart below


















Note: The Company's number of shares of common stock outstanding is 12,461,942,795 (the Company did not issue any preferred stock).

## 2-2 Board Structure and Operation

We analyzed the requirements for the Company's future development strategies and the Group's emerging risks and implemented a diversification policy. Members of the Company's 6th-term Board of Directors have experience in industries such as banking, insurance, or securities or professional skills such as law, accounting, finance, taxation, technology, or risk management. The Board of Directors, as a whole, retains skills for business judgments, operations and management, leadership, accounting and financial analysis, crisis management, and decision-making. Board members also have extensive international market perspectives and industry and risk management knowledge. In addition, each gender account for one third of all Directors. The average term of Directors was 4.22 years and the average age was 59.



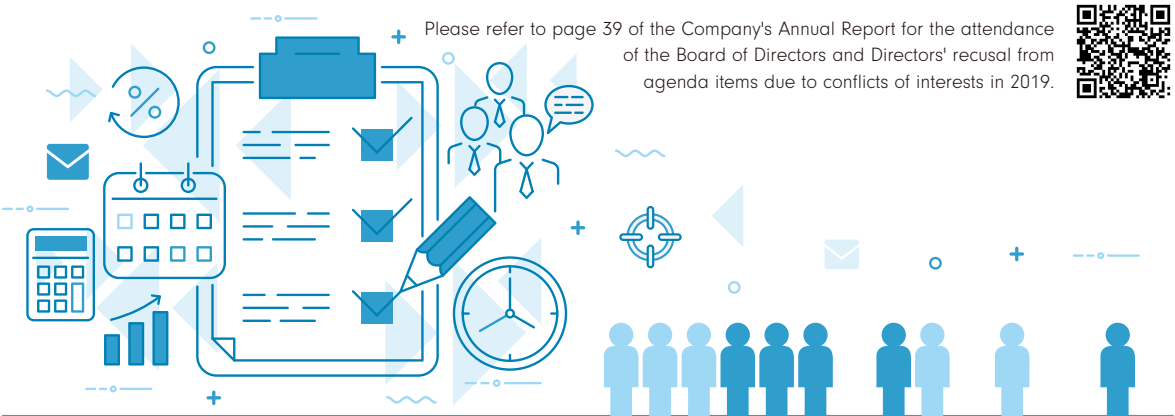
◆ Implementation of the diversity policy for the Company's 6th-term Board of Directors

Core Items of Diversity  Director		Basic Composition				Industry Experience		Career background and Professional Skills							Experience in working with Global Industry Classification Standard (CIGS)	
		Gender	age			Banks	Insurance	Securities	Law	Accounting	Finance	tax	Technology	Risk Management		
			< 50	50-60	60 >											
Non-Executive Director	Tsan-Chang Liao				●	●										Finance
Executive Director	Chien-Hao Lin			●		●	●		●							Finance
Non-Executive Director	Grace M.L. Jeng				●	●										Finance
Non-Executive Director	Shing-Rong Lo			●		●										Finance
Non-Executive Director	Doris Wang				●					●		●				Finance, Medical & Health, Necessary Consume, Information technology
Non-Executive Director	Hung-Ju Chen		●													Finance
Non-Executive Director	Sharon Chen			●		●		●								Finance
Non-Executive Director	Shih-Hao Liu			●					●							N/A
Non-Executive Director	Fang Kang				●	●										Finance
Non-Executive Director	Ming-Ren Yau				●	●										Finance
Non-Executive Director	Tien-Yuan Chen				●	●										Finance, Unnecessary Consume, Necessary Consume
Non-Executive Director	An-Fu Chen			●			●									Finance, Medical & Health, Information technology
Independent Director	Yen-Liang Chen			●					●							Finance
Independent Director	Rachel J. Huang			●							●				●	Finance
Independent Director	Chun-Hung Lin			●									●			Finance

Note: Please refer to page 22-26 of the Company's Annual Report for detailed information on the Company's Directors and their independence

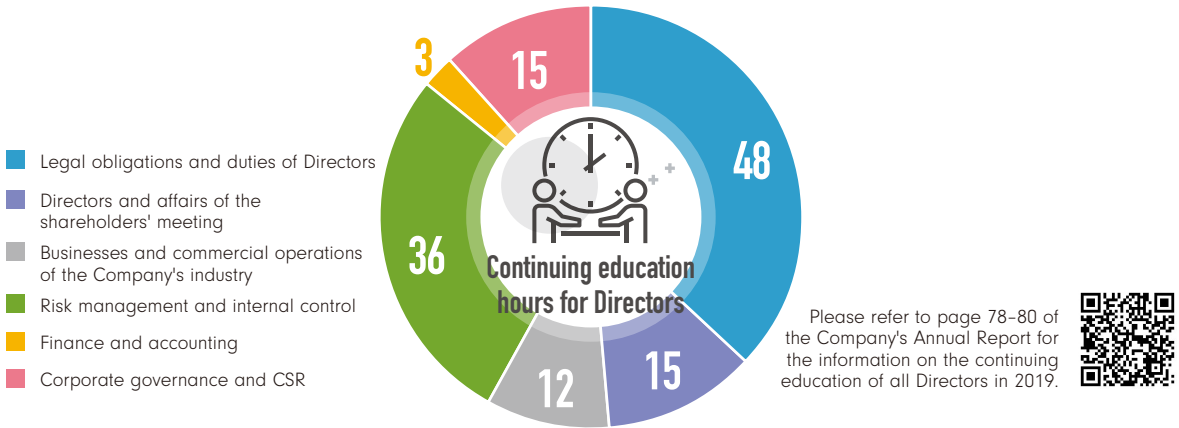


Routine meetings of our Company's Board of Directors are convened once every month. Directors are also notified of the agenda 7 days in advance so issues can be properly discussed and opinions exchanged during the meeting. In 2019, the Board was convened 14 times and average attendance by all Directors reached 91.87% (98.09% if attendance by proxy is included) and the Board has fulfilled its responsibilities for supervision. The Company amended the "Rules of Procedure for Board of Directors Meetings" and specifies that where the spouse, a blood relative within the second degree of kinship of a Director, or any company which has a controlling or subordinate relation with a Director has interests in a motion, the Director shall recuse himself/herself and may not exercise voting rights on behalf of other Directors. All Directors have rigorously complied with this requirement.



## 2-3 Board Functionality

To improve Directors' professional competencies and expand their knowledge in areas regarding the Company's operations and emerging trends, they completed 129 hours of training in total during 2019 which exceeded the number of hours required by the competent authority.



The Company specifies in the Articles of Incorporation that the Board of Directors may establish functional committees of different types. The Company has established the "Remuneration Committee", "CSR Committee", "Audit Committee", and "Ethical Management Committee" since 2011 to strengthen the supervision and management performance of the Board of Directors.

Committee	Year of Establishment	State of Operations in 2019
Remuneration Committee	2011	<ul style="list-style-type: none"><li>All of the Company's independent directors (3) are committee members and Independent Director Chun-Hung Lin served as the convener.</li><li>A total of 4 meeting was convened in 2019 and average attendance was 100%.</li></ul>
CSR Committee	2011	<ul style="list-style-type: none"><li>The Company's chairperson serves as the Committee's chairperson, and presidents of the Group's subsidiaries are committee members.</li><li>A total of 1 meeting was convened in 2019 and average attendance was 100%</li></ul>
Audit Committee	2012	<ul style="list-style-type: none"><li>All of the Company's independent directors (3) are committee members and Independent Director Rachel J. Huang served as the convener.</li><li>A total of 6meeting was convened in 2019 and average attendance was 100%.</li></ul>
Ethical Management Committee	2015	<ul style="list-style-type: none"><li>All of the Company's independent directors (3) are committee members, Independent Director Yen-Liang Chen served as the convener.</li><li>A total of 3 meeting was convened in 2019 and average attendance was 100%.</li></ul>

Please refer to the Company's website for information on the primary responsibilities of each functional committee



2-4 Remuneration Policy

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). The Directors' remuneration ratio is recommended by the Remuneration Committee based on results of the annual Board performance evaluation and overall business performance in accordance with the range of under 1% of the earnings before tax of the year and before deducting remuneration for employees and Directors. The remuneration is issued after the approval of the Board of Directors and it is reported to the general shareholders' meeting. The Directors' remuneration has been approved in the shareholders' meeting which authorized the Board of Directors to determine the remuneration of each individual Directors within a scope of NT\$2,400,000 per month. The remuneration of the Chairman shall be 1.25 times that of the remuneration for the President.

◆ Remuneration Standard for the President and Approval Procedure

In accordance with Note 1

Standard

Approval Procedure

Fixed salary

Remuneration for the president is approved by the Board of Directors and periodically evaluated by the Remuneration Committee.

Floating wages

1.Performance bonus

Indicator	Weight (%)	Description	2019 achievement rate (%)	The proportion of the indicator in the annual performance bonus for 2019 (%)	President Performance bonus (NTD thousand)	
General indicators	Profit indicators	70	includes the ratio of earnings before tax of the current year to the target number, and growth rate compared with the previous year	110	70	996
	Joint marketing indicators	15	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	109	15	213
	Expense reduction indicators	15	operating expenses minus hiring expenses divided by net income of the current year or target operating expenses, whichever is lower	100	14	199
	Risk indicators	-1 to -5	includes asset quality, customer complaints, regulatory compliance, and major incidents of internal control	80	-1	-14
	Strategic indicators	1 to 5	includes corporate governance implementation results, green finance implementation results, corporate image, and credit rating that year, and non-financial and external financial performance indicators	40	2	28

2. Remuneration

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. The actual percentage is based on the target completion rate that year in terms of pre-tax profits, earnings per share, net yield, return on assets, and comparison with other financial institutions. The bonus is distributed based on factors including personal performance evaluation, years of service, and title.

"Articles of Incorporation"

"Employee Salary Rules"

"Employee Bonus Rules"

"Employee Compensation Rules"

Reviewed and approved by the Remuneration Committee Note 2 and Board of Directors.

Note 1: The establishment and revision of salary, bonus, and compensation standards for employees (including the president) must be reviewed and approved by the Remuneration Committee and the Board of Directors.

Note 2: The Remuneration Committee is formed by all independent directors, please refer to the Company's website for information on the independence 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 care, and sustainable environment. Evaluation results serve as a basis for the Remuneration Committee to recommend remuneration for employees (including the president) and directors. The ratio of fixed salary to variable salary of the President was approximately 3:1 in 2019. The performance bonus for the President is distributed in April to May each year. Material events that affect the Company's financial or non-financial interests that occur before the distribution shall be adopted as reference for the distribution of the performance bonus.

◆ Compensation of the President and Vice President

2019. 12.31 ; Unit: Share, NT\$ 1,000

Title	Number company shares held <small>Note 1</small>	Fixed salary (A)	Floating wages		Total remuneration (A + B + C)	Market value of shares held/ fixed salary per capita(A) <small>Note 2</small>
			Bonuses (B)	Remuneration (C)		
One President	179,369	4,416	1,422	0	5,838	0.95
Proportion of remuneration		76%	24%	0%	100%	
One Vice President and one Chief Auditor	289,505	5,990	1,712	832	8,534	1.13
Proportion of remuneration		70%	20%	10%	100%	
Total	468,874	10,406	3,134	832	14,372	1.06
Proportion of remuneration		72%	22%	6%	100%	

Note 1: The number company shares held is calculated by the number of shares held by the incumbent, spouse, minor children, and in the name of others.

Note 2: The market value of shares held is calculated based on the average closing price of NT23.45 in December 2019.

Note 3: The President's total remuneration for 2019 was 4.7 times the average employee salary of NT\$1,243 thousand and 5.15 times the employees' median salary of NT\$1,133 thousand.

2-5 Tax Governance

1. Tax Governance Policy

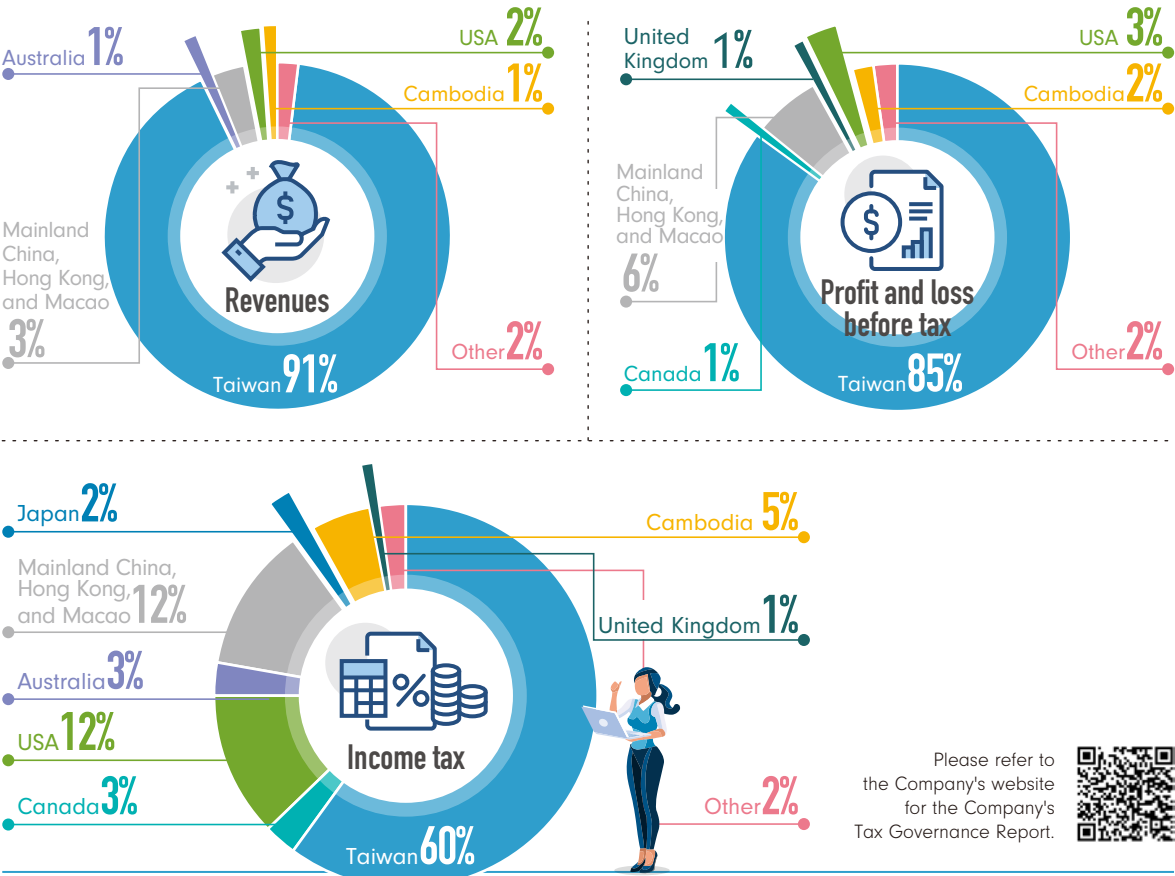
The Company has established the "Tax Governance Policy" for the Company and subsidiaries of the Group to respond to international trends in tax governance and taxation information transparency. The Policy states that the Board of Directors is the highest-ranking taxation risk management unit and it is responsible for forming the tax governance policies and supervising the execution and effective implementation of tax governance policies. The Administration Management Department is responsible for tax management and it regularly reports the implementation status of tax governance to the Board of Directors. It also pays the income tax for profit-seeking enterprises certified by the CPA in accordance with regulations each year.

Please refer to the Company's website for the Company's Tax Governance Policy



2. Report by country

Revenues, Profit and loss before tax, and payment of business income tax by the Group in each country in 2019.



Please refer to the Company's website for the Company's Tax Governance Report.






Risk management

Material Topic

102-30: Effectiveness of risk management procedures  
GRI 419:Social and economic compliance

Management guidelines	
Policies	To promote healthy operations, the Board of Directors of the Company is the highest-ranking unit responsible for risk management. The Company shall establish an internal control system and ensure its continuous and effective operations.
Commitment	The Company plans overall operation strategies, risk management policies and guidelines, and drafts operation plans, risk management procedures and implementation guidelines.
Policies	<ul style="list-style-type: none"><li>The Company shall evaluate the implementation status for legal compliance of each company and connect the results of evaluations to performance evaluations to increase the effectiveness of the implementation of the compliance system.</li><li>Complete Group-level Compliance Risk Assessment (CRA).</li><li>Strengthen the Group's mechanisms for identifying, evaluating, controlling, and reporting risks.</li><li>Establish horizontal communication mechanisms for the second and third lines of defense to strengthen legal compliance, internal control, and internal audit synergy.</li></ul>
Duties	Corporate Governance WG of the CSR Committee
Re-sources	The first line of defense is responsible for identifying related risks in management and business activities; the second line of defense is responsible for assisting and supervising the first line of defense in risk identification and management; the third line of defense is responsible for assisting the Board of Directors and senior management review and evaluate the effectiveness of the internal control system.



III Risk management

Our company has established internal controls in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". The system covers all business activities and require joint compliance by the Board of Directors, management, and all employees. The Board of Directors shall be aware of the operational risks faced by the company or business, supervise its operating results and bears the ultimate responsibility for ensuring the establishment and maintenance of appropriate and effective internal control system.

To improve the internal control system and strengthen the Company's controls, we established three lines of defense in internal controls and clarified the roles and scope of duties of the three lines of defense to ensure the organization structure meets the principles of the three lines of defense and their effective operations.

3-1 First line of defense – Internal inspection by Business unit

Business units are responsible for identifying, evaluating, controlling, and reducing risks derived from business activities based on their respective functions and scope of businesses. We established internal control procedures and execute risk management procedures to ensure that the execution of business operations meet the business policies and goals. We also organize self-inspection and self-assessments for internal controls and immediately propose improvement plans when processes and control procedures prove to be inadequate. In 2019, an assessment of corruption risks was conducted by all group subsidiaries and their business locations. Internal fraud was evaluated as medium to high-risk. The subsidiary First Bank immediately added related management and control measures to internal regulations and systems in response to the illegal use of customer funds by a wealth management specialist in another bank. The Company also enhanced education for business units to reduce the risks of corruption.

3-2 Second line of defense – Sound compliance and risk management system

The second line of defense includes the Risk Management, Compliance, and other units with related tasks (e.g. financial control, human resources, and legal affairs) which are responsible for formulating overall risk management policies for main risks, supervising overall risk-bearing capacity and current status of risks already incurred, and reporting the risk management status to the Board of Directors or senior management.

1. Compliance system

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. Other subsidiaries also appointed the Chief Compliance Officers at their head offices. The Chief Compliance Officers 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 in 2019 are as follow:

Implementation plan	Implementation Results
Supervision and management of the Board of Directors and the Audit Committee	<ul style="list-style-type: none"><li>The companies' annual compliance plans for 2020 were submitted to the Audit Committee and Board of Directors of each company for review and passage before implementation. The subsidiaries reported the plans to the Chief Compliance Officer of the head office.</li><li>The Company reports the implementation of the regulatory compliance system by each subsidiary to the Risk Management Committee bimonthly and to the Audit Committee and the Board of Directors semi-annually.</li><li>The Company, First Bank, First Securities, First Securities Investment Trust, and First Life Insurance have completed the Compliance Risk Assessment (CRA) in 2018. Risk assessment reports were produced and improvement plans were formulated and reported to their respective Board of Directors.</li></ul>
Regulatory change management	The Company provides a list of changes in external regulations to related departments and manages each department to comply with changes in external laws and regulations twice every month to ensure that all operations of the Company meet regulatory requirements.
Compliance training and self-assessment operations	Each company shall conduct compliance training and self-assessment operations at least once every six months. The companies organized a total of 726.3 hours of regulatory compliance education and training courses in 2019. A total of 26,926 people participated in the training.
Compliance performance evaluation	<ul style="list-style-type: none"><li>The legal compliance operations of the Company's departments in 2018 were submitted to the President for approval and the discrepancies in compliance matters were submitted to the supervisors of each department and the Human Resources Department as the basis for personnel evaluations.</li><li>The results of the compliance system performance evaluation of subsidiaries in 2018 were reviewed by the Company's Board of Directors and sent to the subsidiary companies for reporting to the Board of Directors. They shall be used as the basis for personnel evaluations.</li></ul>
Compliance coordination and communication	<ul style="list-style-type: none"><li>FFHC organized 4 sessions of the "Group Chief Compliance Officers Meeting" for subsidiaries to report the implementation status of the legal compliance system, discuss important issues, or request the cooperation of the subsidiaries.</li><li>The Audit Department visits First Securities, First Securities Investment Trust, and First Life Insurance and the subsidiaries report on important issues of the year. The Company conducted inspections to ensure the effective implementation of compliance mechanisms, provided recommendations on improvements, and improved communications with subsidiaries.</li></ul>
Enhancing the effectiveness of the compliance system	<ul style="list-style-type: none"><li>The Company established the Guidelines for Compliance Operations. The Guidelines set forth operational standards for the compliance system of each subsidiary, and specify the scope of application for major violations of laws or rating lowered by the competent authority of finance.</li><li>Established the "First Financial Group Compliance Notification Guidelines". The Guidelines specify the scope of compliance cases to be reported and established standard operating procedures (SOP) for reports to facilitate compliance by the Company and subsidiaries and help the Board of Directors and senior management quickly gain control of warnings, assessments, and response measures for the Group's regulatory compliance risks.</li></ul>

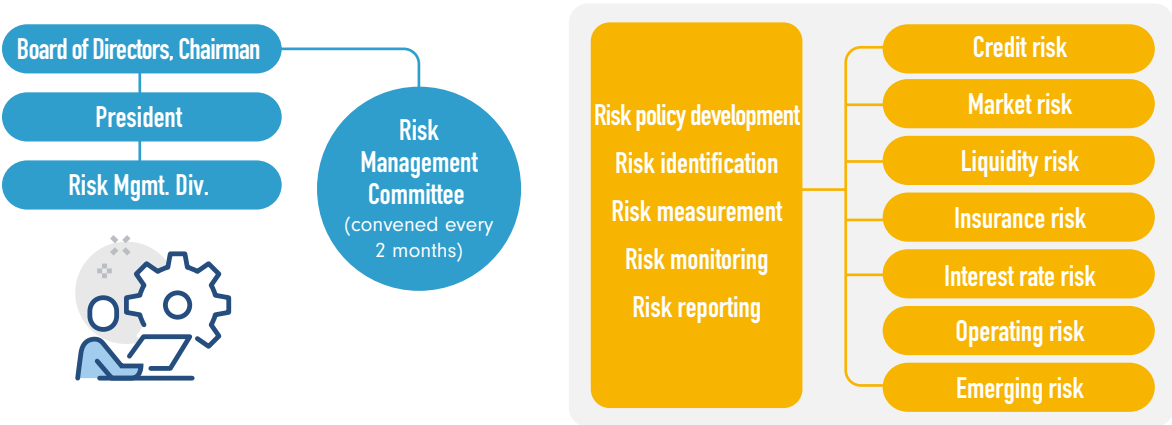
Please refer to page 86-91 of the Company's Annual Report for large fines or non-monetary sanctions imposed on the Group for violating economic and social laws and regulations in 2019



2. Risk management mechanism:

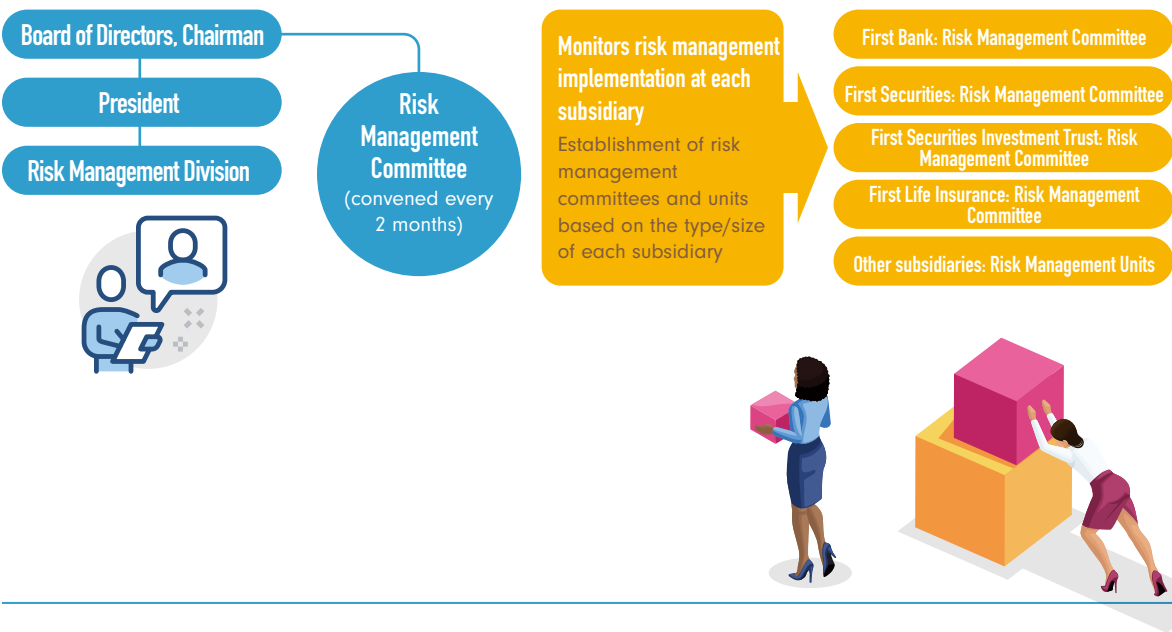
(1) Risk management policy and structure and establishment of corporate culture

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.



The Company amended the "Risk Management Principle and Guiding Principles for FFHC and its Subsidiaries" and included emerging risks (e.g., information security risks and climate change risks) as part of the risk assessment items of the Company and subsidiaries to strengthen corporate governance and fulfill corporate social responsibilities. The companies must assess emerging risks with potential impact on the Company's future operations and formulate related mitigation measures to create group-level emerging risk items and management mechanisms. We also added and revised various risk management policies and monitoring indicators in a timely manner based on requirements of the competent authority or changes in the economic environment. We amended the "Rules Governing Loans and Transactions Between the FFHC and Subsidiaries with Stakeholders" and the "FFHC Sovereign Risk Exposure Management Rules" in 2019.

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.



◆ Establishment of Risk Management Culture Measures

Connection between Risks and Performance	
<ul style="list-style-type: none"><li>Risk indicators (includes asset quality, customer complaints, regulatory compliance, and major incidents of internal control) are included in the standards for the distribution of performance bonuses for the President, senior management, and employees.</li><li>The performance evaluation items of the risk management unit include risk management indicators such as the capital adequacy ratio and leverage ratio achievement rate, return on capital achievement rate, non-performing loan ratio control target achievement rate, employee training, and innovative measures. The evaluation results shall be used as an important reference for determining the performance bonus for the evaluated department.</li><li>We organize return on capital contests including net profits from return on capital before withdrawal, increase in operating gross profit from return on capital before withdrawal, and increase in capital allowances as bonus items in the performance evaluation of business units.</li><li>We continue to follow up on review opinions of internal audit units, accountants, and business administration units or deficiencies proposed by internal audit units, 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.</li><li>The results of the compliance evaluation of the departments and subsidiaries are used as the basis for personnel evaluations.</li></ul>	
Risk Reporting measures	Enhancement of the Risk Culture
<ul style="list-style-type: none"><li>Establish internal personnel risk reporting mechanisms through the Rules for the Regulatory Compliance System, Implementation Rules for the Internal Audit System, FFHC Incident Reporting Guidelines, and related regulations.</li><li>We established the employee proposal system to encourage employees to actively identify potential risks.</li><li>Each company's internal website is set up with transparent, equal and convenient complaint channels such as "President's Mailbox", "Ideas Mailbox", "Employee Support Hotline", "CEO Weekly", and "Good Articles" as well as public forums on the company intranet to ensure complaints are handled properly.</li></ul>	<ul style="list-style-type: none"><li>We established the employee proposal system to encourage employees to actively identify and report potential risks.</li><li>We publish the risk management newsletter each month and use the "Risk Management Report", "Special Report", and "Risk Management Terminology" to enhance the risk awareness of all employees and increase their professional knowledge and skills.</li><li>Pursuant to the "Climate-Related Financial Disclosures Recommendations" framework published by the Task Force on Climate-Related Financial Disclosures (TCFD), the Company continued to strengthen the climate change risk identification capabilities of loan and investment review personnel to enhance their core competencies. The Board of Directors also approved the inclusion of emerging risks (including climate change risks) into the risk management policy in February 2020 to implement climate change governance and management.</li><li>We continue to organize related risk management training for Directors, Supervisors, senior management, and employees each year. In 2019, we registered a total of 19,881 enrollments in physical and online training for the completion of related risk management courses and tests. We also provided additional training and tests for those that failed to pass the test till we reached 100% in test passage ratio.</li></ul>

◆ Subsidiary First Bank capital adequacy ratio

		Unit: NT\$1,000		
		2017	2018	2019
Own capital	Type 1 capital	172,853,439	190,297,370	193,632,643
	Type 2 capital	33,364,760	32,591,904	32,921,282
	Total own capital	206,218,199	222,889,274	226,553,925
Risk-weighted assets	Credit risk	1,431,616,350	1,544,509,276	1,629,799,814
	Operating risk	74,322,099	78,935,425	83,343,419
	Market risk	30,757,314	19,187,833	29,802,885
Total risk-weighted assets		1,536,695,763	1,642,632,534	1,742,946,118
Capital adequacy ratio		13.42%	13.57%	13.00%
Ordinary share equity ratio		11.25%	10.96%	10.63%
Type 1 capital ratio		11.25%	11.58%	11.11%
Total exposure		2,707,099,168	3,008,925,655	3,280,133,398
Leverage		6.39%	6.32%	5.90%

(2) Emerging risks

◆ Identification procedures for the Group's emerging risks



◆ The Group's emerging risks and formulated mitigation measures are as follows:

Risk Description	Possible Impact	Mitigation Measures
Climate change	Extreme weather and failure to adapt to climate change impact industries and the economy and affect the operations of borrowers and the value of the Company's credit assets and investments.	We identified risks and opportunities in climate change in accordance with the "Climate-Related Financial Disclosures Recommendations" framework published by the Task Force on Climate-Related Financial Disclosures (TCFD) and established management and response mechanisms. Please refer to the "Climate Change" in the Report for related risk mitigation and management measures.
Global infectious diseases	Severe infectious diseases that spread across the world impact the economies of different countries and the operation efficiency and performance of the Company.	<ul style="list-style-type: none"> <li>We established a disease prevention emergency response team and published the emergency response measures and disease prevention manual. We activated remote or working from home mechanisms to reduce the health risks of employees, ensure uninterrupted operations, and establish a flexible work model.</li> <li>The Company actively provides care to customers regarding the impact of the epidemic on customer business operations and rapidly responded to customers' demand for funding in operations. The Company used digital technologies to increase the efficiency of processing and reviewing customer relief loans and help companies get through the difficulties posed by the epidemic. We have demonstrated professionalism and efficiency and increased customer loyalty.</li> <li>In addition, as consumers have significantly increased the amount of family activity time, we actively promoted online business development to satisfy consumer demand, expedite digital transformation, and reduce the impact of the epidemic on the Company's operations.</li> </ul>
Aging customer group	In the digital finance era, the development of the finance industry focuses on "digital population". The average age of the Group's customers has exceeded 40 years old and our main customer groups continue to age. The Company's challenge in digital transformation and sustainability will be how to develop business opportunities for the elderly, attract more young customers that have embraced digitalization, and go beyond the over-the-counter service model of traditional banks.	<ul style="list-style-type: none"> <li>We independently developed the "iLEO Digital Account" which upholds the core values of "simplicity, speed, innovation, and thoughtfulness". The account target digital natives under 35 years old and do not require them to open accounts over the counter. They are only required to complete the four steps for the online account opening application and download the "iLEO app" to gain access to a comprehensive financial account with multiple functions such as NTD and foreign currency deposits, funds and wealth management, and credit card services.</li> <li>We launched a convenient and rapid online loan application website "Micro Enterprise e-Services" for SMEs and youths' and women's start-ups to solicit young startup customers and help medium enterprises grow and prosper. In addition, we launched the online personal loan platform "e-speed loan" which provides online calculation of loan limits and application services. It also used AI appraisal models for customers to immediately calculate mortgage limits and interest rate by entering the address of the real estate in the mortgage and basic personal information online.</li> <li>We promote a diverse range of trust and insurance products for the elderly. We also promoted the reverse mortgage Comfort Loan to protect the economic and property security of the elderly.</li> </ul>

### (3) Business Continuity Mechanism

FFHC's head office has a defense team and SOP for emergency response. The Company obtained the ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety certifications in 2015. To prevent major incidents, disasters, epidemics and financial system risks from impacting on company operations, the following response mechanisms have been defined:

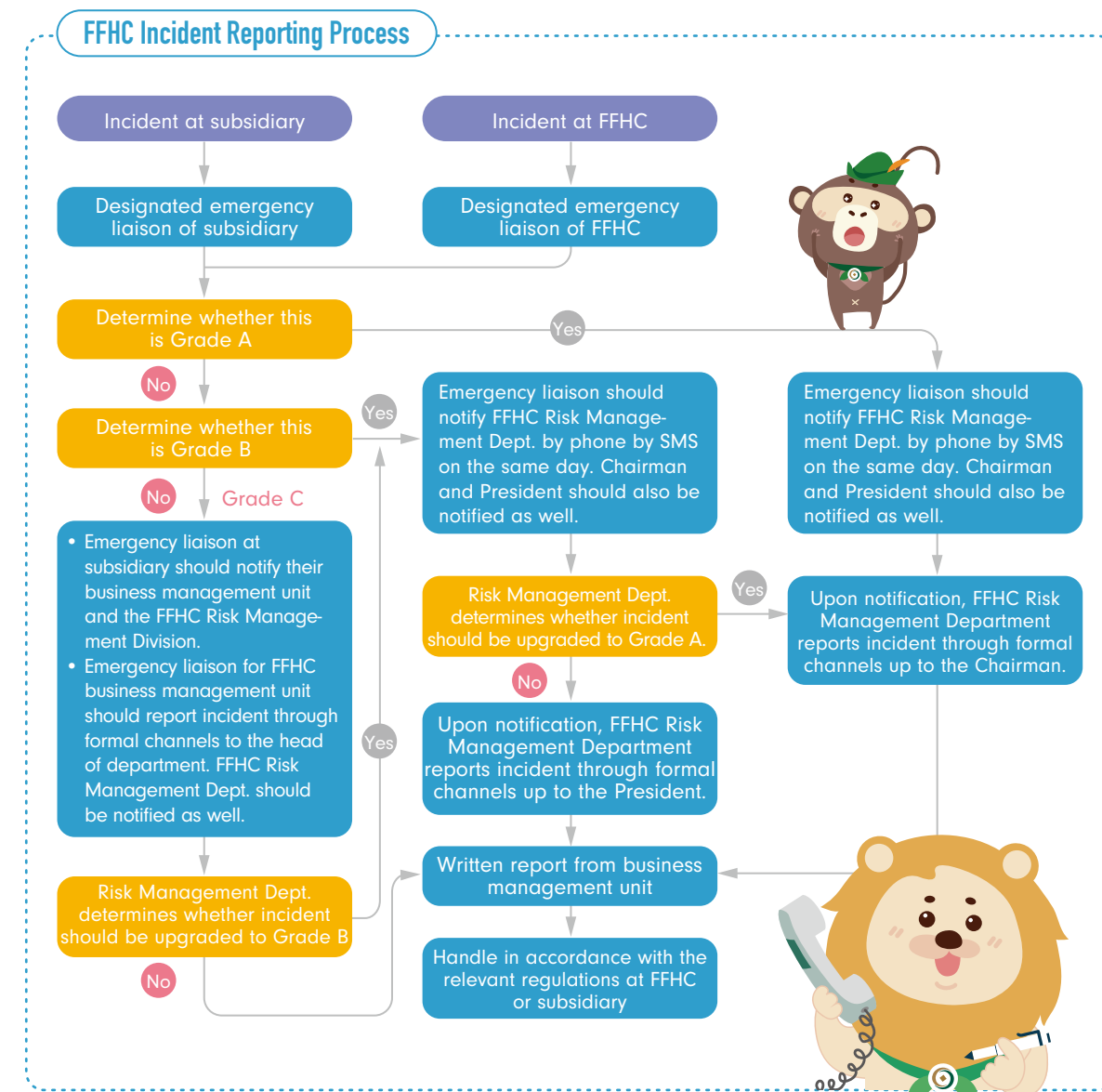
#### Disaster Response Mechanism

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.

In response to the COVID-19, the Group established the Disease Prevention Emergency Response Team in late January 2020 in accordance with the "Crisis Response Principles". The Group also published the FFHC Emergency Response Measures and Disease Prevention Plan Handbook. The subsidiaries established emergency response teams and established emergency response and disease prevention plans which were submitted to the Risk Management Department of the Company for reference. In response to the development of the epidemic, the companies also activate remote or working from home mechanisms to reduce the health risks of employees and ensure uninterrupted operations. The Company also gains information on the employees' travel and health conditions and actively pays attention to the impact of the epidemic on customers and business operations. The Group has also reported the resolutions of the epidemic crisis management meeting, current state of the epidemic, implementation status of the disease prevention plan, implementation status of the companies' remote backup plans, the reports and processing status within the Group, and related disease prevention measures to the Board of Directors each month starting from February, 2020.



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), a single refund amount for a check deposit account of more than NT\$100 million, downgrade ratings or similar content that may be subject to punishment 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. The Company shall adopt regulations on related management items and report the improvement measures for the risk incidents to the Risk Management Committee and the Board of Directors for review to reduce the frequency of future occurrences and losses.





3-3 Third line of defense – Independent internal audit unit

The Company, First Bank, First Securities, First Investment Trust, and First Life Insurance have established internal audit units under the Board of Directors and a chief auditor system. They implement audit operations independently and they audit and evaluate the effectiveness of internal controls and risk management systems designed and implemented by the first and second lines of defense. They 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 correcting the internal control system. 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.

The Auditing Division of the Board of Directors is the Company's internal audit unit. Its responsibilities include the establishment and execution of the internal audit system, monitoring of audit activities at subsidiaries, checking and evaluating the effectiveness of internal control and risk management systems and make records, and providing regular reports to the Board and Audit Committee. We also plan to introduce a digital audit management system before the end of 2020 to improve the performance and efficiency of internal audit operations.

The execution of our company's 2019 internal audit process and the preparation of the 2020 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. At the end of 2019, the subsidiary First Bank received the approval from the competent authority for the adoption of a risk-based internal audit system in 2020 to establish risk-based internal audit assessment methodology and procedures. It shall set the frequency of internal audits based on the results of risk assessments to facilitate more efficient deployment of internal auditing resources, focus on important risks, and intensification of audits.

Implementation of the internal audit system in 2019 is as follows:

Implementation plan	Number of times held/ Execution times
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 times
General audits, project audits	8 times
Derivative trade audit	12 times
Auditing opinions and follow-up	20 times

Please refer to the Company's Annual Report for the 2019 Internal Control System Statement in page 82.



Ethical corporate management

Material Topic

GRI 205: Anti-corruption

Management guidelines	
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. We also established the FFHC Code of Conduct for Directors, Supervisors, and Managers and FFHC Code of Conduct for Employees to help directors, supervisors, managers, and employees understand and abide by the group's ethical and moral values.
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.
Goals	Revise the Company's Ethical Corporate Management Policy in accordance with related regulations and ensure the effective implementation of the Ethical Corporate Management Policy.
Duties	Corporate Governance WG of the CSR Committee
Re-sources	<ul style="list-style-type: none"><li>The Ethical Management Committee is comprised of all Independent Directors and it is responsible for the establishment or amendment of the ethical management policies of the companies and organizations of the Group.</li><li>The Group's subsidiaries and organizations periodically provide employees with ethical management related education, training, and promotion.</li><li>The Directors, Supervisors, managerial officers, and employees of the Group's companies sign the Code of Conduct of Directors, Supervisors, managerial officers, and employees at the end of each year or when they are appointed.</li><li>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.</li></ul>



IV Ethical corporate management

We established the Code of Conduct for Ethical Management as our ethical management policy for compliance by all companies and organizations of the Group. The principles prohibit and set 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 Company also revised and established the evaluation mechanisms for unethical conduct on January 16, 2020 and specifically requires audit units to establish audit plans and procedures for reporting audit results based on the results of unethical conduct risk assessments to strengthen the corporate culture and management mechanisms for ethical management.

4-1 Ethical corporate management execution status

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:

1. Fair customer treatment

To improve practical measures for protecting the rights and interests of financial consumers, First Bank, First Securities, First Securities Investment Trust, and First Life Insurance referred to the evaluation opinions of the competent authorities on the fair customer treatment principles and the experience shared by other financial institutions who received awards in 2019, reviewed the companies fair customer treatment principles, and established related improvement measures for reporting to the Board of Directors of each company and delivery to the Company's Ethical Management Committee for reference. The companies also followed the recommendations of the Ethical Management Committee and increased the level of the dedicated unit and frequency of reports submitted to the Board of Directors. First Bank and First Life Insurance compile the implementation status of the fair customer treatment principles each quarter while First Securities and First Securities Investment Trust compile the implementation status of the fair customer treatment principles every six months and reported them to the dedicated units of each company for reporting to the Board of Directors. The aim of these reports is to improve the management procedures of the fair customer treatment principles and strengthen the actions taken by the Board of Directors.

## 2. Education and training

The Company conducts education on regulations related to integrity management of subsidiaries through the "Group Chief Compliance Officers Meeting " quarterly. We urge subsidiaries to organize education, training, and promotion events related to ethical management for employees, and to communicate the group's ethical management policy and whistleblower system. In 2019, the group provides all employees worldwide with a total of 59,183.25 hours of education and training for 38,023 participants. 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 Recent Years

Target	Year	Method	Total number of hours	Persons/Companies	Coverage Rate (Note 1)
Employees (persons)	2019	Each subsidiary organized at least two ethical management training sessions	59,183.25	38,023	100%
	2018		162,264.55	61,549	100%
	2017		297 <sup>(Note 2)</sup>	31,797	100%
Suppliers (companies)	2019	Increased the awareness of suppliers of the Group's "Supplier Management Guidelines" and encourage them to implement the Group's Ethical Management Policy	0.25	304	100%
	2018		0.25	256	100%
	2017	Organized the "Corporate Social Responsibility, Environmental Protection, and Energy Conservation Seminar"	3	252	100%
Subsidiaries (companies)	2019	Promoted during the quarterly "Group Chief Compliance Officers Meeting"	0.4	32	100%
	2018		0.4	32	100%
	2017		0.5	32	100%

Note 1: Coverage Rate= Required Participation (Persons/Companies)/Actual Participation (Persons/Companies)

Note 2: Total course hours

## 3. Whistleblower System, Process, and Results

### Assistance Platform

We set up a "Stakeholder Communications" section on the website to disclose contact, grievance, and whistleblower channels for employees, investors, and customers. We also set up a whistleblower section on our internal website to provide a whistleblower channel to employees.

Furthermore, the Whistleblower System Implementation Rules reviewed and passed by the Board of Directors is disclosed in the "Corporate Governance" section on our official website and internal website. Our subsidiaries all established a whistleblower system that was reviewed and passed by their respective Board of Directors.

### Supervisory Personnel

If the person being reported is a director, supervisor, or vice president or higher managerial officer, the investigation report shall be submitted to the Audit Committee or supervisor for review.

If a whistleblower case is found to be true, the Company and subsidiaries will assign related units to review the internal control system and operating procedures, propose improvement measures to the Board of Directors, and then submit the report to the Ethical Management Committee for future reference.

Major incidents or violations of the law shall be reported to the Company and relevant authorities in accordance with the FFHC Incident Reporting Guidelines and First Financial Group Compliance Notification Guidelines.

### Coordination Center

The internal audit unit/supervisor at the Company and subsidiaries is responsible for handling whistleblower cases. Depending on the type of case, an independent unit is designated to conduct the investigation. For cases received by the Company and investigated by a subsidiary, the subsidiary is required to report investigation results to the Company.

### Reporting hotline

The "Stakeholder Communications" section on our official website



We handled 4 external whistleblower cases and 17 internal whistleblower cases in 2019. No violations of ethical conduct were found after investigations.

Number of reports	External whistleblower cases	anonymous	0
		Named	4
	Internal whistleblower cases	anonymous	15
		Named	2
Total			21
Cases received (opened)			21
Type of report	Corruption and bribery		0
	Information confidentiality		0
	Avoiding conflict of interest		0
	Antitrust/anti-competitive practices		0
	Insider trading		0
	Fair customer treatment		0
	Internal procedures		15
	Internal management		6

## 4-2 Code of Conduct of Directors, Supervisors, managerial officers, and employees

To help the Company and subsidiaries' directors, supervisors, managers, and employees understand and abide by the group's ethical and moral values, we made the FFHC Code of Conduct for Directors, Supervisors, and Managers and FFHC Code of Conduct for Employees in June 2018. Contents include preventing conflict of interest, prohibiting employees from concurrently holding positions, preventing employees from benefiting themselves or others, fulfilling their obligation to confidentiality and preventing insider trading, engaging in fair trade and preventing monopolies and anti-competitive practices, protecting and appropriately using Company assets, complying with laws and regulations, encouraging the report of any illegal or unethical conduct, prohibiting bribes and accepting bribes, creating an equal employment environment, and maintaining the health and safety of the workplace environment and personnel. The Code of Conduct is signed by the Directors, Supervisors, managerial officers, and employees at the end of each year and upon taking office. The Company also revised the FFHC Code of Conduct for Directors, Supervisors, and Managers in accordance with Article 206 of the Company Act and the Declaration of Financial Institution Responsible Persons established by the FSC in April 2019 to manage responsible persons concurrently holding positions at non-financial businesses and implement corporate governance principles. The signature rate by Directors, Supervisors, managerial officers, and employees of the Group and subsidiaries in 2019 was 100%. The subsidiary First Bank also translated the "FFHC Employee Code of Conduct" into six languages (English, Simplified Chinese, Lao, Japanese, Vietnamese, and Cambodian) in 2019 to help employees hired by overseas business offices fully understand the contents of the Code of Conduct and actively prevent the occurrence of risks involving inappropriate conduct. The signature rate of the Employee Code of Conduct in local languages of overseas business offices in 2019 was 100%.



Customer service and privacy

Material Topic

GRI 417: Marketing and labeling  
GRI 418: Customer privacy  
GRI 419: Socioeconomic Compliance

GRI Financial Services Industry Disclosure Index: Local Communities  
FS14: Initiatives to improve access to financial services for disadvantaged people  
FS15: Policies for the fair design and sale of financial products and services  
FS16: Initiatives to enhance financial literacy by type of beneficiary

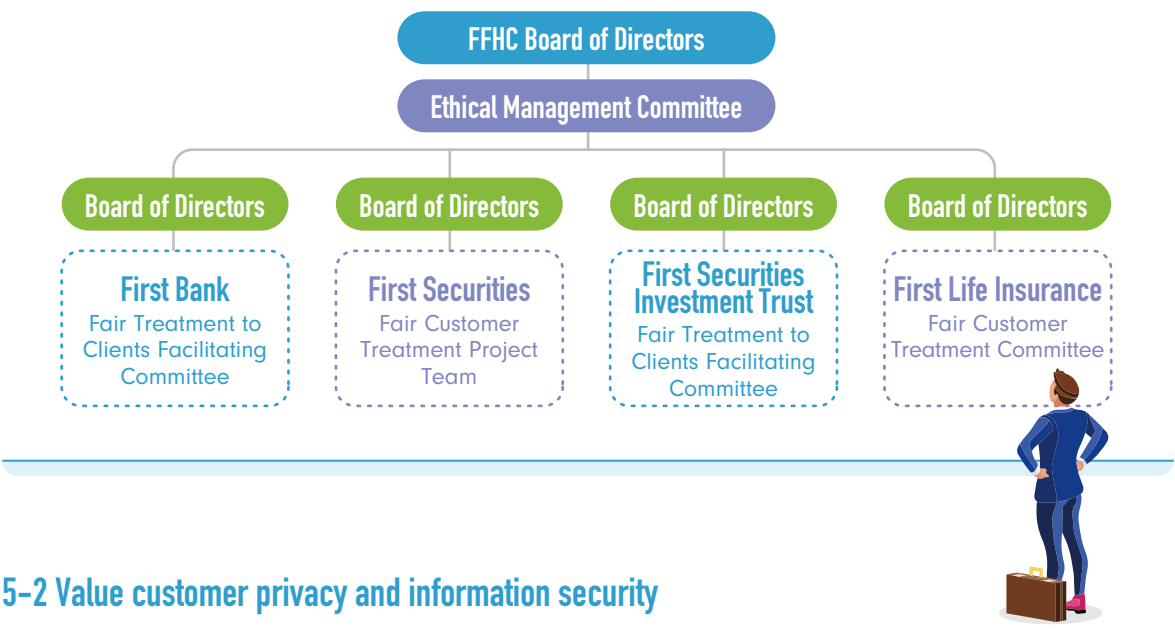
Management guidelines	
Policies	<ul style="list-style-type: none"><li>Continue to provide customers with innovative products and high-quality services, satisfy customers' needs and improve customer satisfaction.</li><li>Implement the fair customer treatment principle of the finance industry, ensure the transparency and safety of information regarding our products and services, and treat each customer or consumer in a fair and reasonable manner.</li><li>We established the "Personal Information Protection Policy of FFHC and Subsidiaries", "Guidelines for Personal Information Management" and the "FFHC Operating Guidelines for Responding, Processing, Reporting, and Preventing Material Personal Information Incidents" to protect the rights of the parties of personal data. The regulations are used as the basis for the personnel of the Company and subsidiaries for the use of personal information in their duties or emergency response to personal information incidents.</li><li>We fulfill the values of our corporate culture for placing customers first and increase the value of customer services. We provide financial product trading or services to customers and related matters based on our duty to exercise due care as a good administrator and fiduciary duty.</li></ul>
	<ul style="list-style-type: none"><li>We will comply with applicable laws and regulations, including the Financial Consumer Protection Act, establish, announce, and abide by our customer rights policy, and continue to train employees, establish customer compliant and dispute settlement mechanisms, and properly handle customer complaints and disputes to protect customers' rights and interests.</li><li>Cultivate a corporate culture which values financial consumer protection and conduct regular promotion of the "Principles for Fair Treatment of Customers in the Financial Services Industry" to the staff, and fulfill commitments to customer services to protect customer interests.</li><li>All companies of the Group shall assign dedicated units to take charge of the formulation, amendment, execution, and implementation of their Personal Information Protection Policy. All companies shall adopt rigorous protection measures for the collection, processing, and usage of customer information and enhance personal data management measures and training to protect customer privacy and interests.</li><li>We will enter into contracts with customers regarding the provision of products or services based on impartiality and reason, equality and reciprocity, and good faith. We will fully explain important contents of products, services, and agreements and disclose related risks.</li><li>We consider customer or consumer interest while determining the remuneration system of sales personnel to avoid actions that overemphasize the achievement of business goals and cause damage to customers or consumers.</li></ul>
Commitment	
Goals	<ul style="list-style-type: none"><li>We establish internal regulations for product design, sales, and services in accordance with the Financial Consumer Protection regulations and self-regulating standards to ensure that customer understand the contents of products, reduce consumer disputes, and implement the fair customer treatment principles.</li><li>Establish regulations, code of conduct, and anti-corruption measures for related operations, adopt strict confidentiality measures for customers' information, and rigorously review products and services for risk control.</li><li>Periodically organize education and training to step up the promotion of related businesses, strengthen the expertise of salespeople, and improve operating procedures to increase customer satisfaction.</li></ul>
Duties	The Customer Care Group of the CSR Committee
Re-sources	<ul style="list-style-type: none"><li>Establish a committee or inter-departmental project team to supervise the implementation status of the "Principles for Fair Treatment of Customers in the Financial Services Industry". We conduct self-evaluations of and report evaluation results to the Board of Directors to review the implementation status.</li><li>Through the implementation of customer satisfaction improvement programs, optimize business procedure, service quality and customer care activities to improve customer satisfaction. Ensure the implementation of related regulations for the protection customer rights and interests through self-evaluation procedures of the internal control system.</li><li>Collect and understand laws, regulations, and international standards related to products and services that are provided or sold, and continue to organize employee education and training to improve the customer service experience.</li><li>Integrate products and services across organizations to provide customers with comprehensive solutions across businesses, and hold investment and wealth management seminars to provide investment analysis and advice for customers.</li></ul>



Customer service and privacy

5-1 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 organized training programs. First Bank, First Securities, First Securities Investment Trust, and First Life Insurance have established the "Fair Customer Treatment Policy and Strategy", which were submitted to the Board of Directors of each subsidiary for review and approval. Audit opinions of internal audit units related to improvements on deficiencies in consumer protection are also included in semi-annual compliance reports submitted to the Board of Directors. In 2019, all companies have instructed their compliance units to complete the evaluation of the implementation status of the fair customer treatment principles and submit reports to their Board of Directors. They also established committees or inter-departmental project teams to supervise the implementation status of the "Principles for Fair Treatment of Customers in the Financial Services Industry". They review the implementation status of the fair customer treatment principles every quarter or every six months and propose improvement measures to the board of directors of the companies and report to the Ethical Management Committee of the Company. They also organized related training for the "Principles for Fair Treatment of Customers in the Financial Services Industry" and a total of 8,253 participants completed the training with a completion rate of 100%.



5-2 Value customer privacy and information security

To avoid leaks of customer data, FFHC established the "Personal Information Protection Policy of FFHC and Subsidiaries in accordance with the "Personal Information Protection Act", "Personal Information File Security Regulations for Non-Governmental Institutions Designated by the Financial Supervisory Commission", and the EU's General Data Protection Regulation (GDPR) to protect the rights of the principal of the personal information, applicable scope, and all actions taken for personal information by all personnel of the companies of the Group in the implementation of their duties. They shall establish limits on relevant employees' access to personal information and to control and manage such employees' access. They shall also enter into an agreement with such employees that establishes an obligation of confidentiality to prevent them from disclosing personal or customer information. FFHC also established the "FFHC Operating Guidelines for Responding, Processing, Reporting, and Preventing Material Personal Information Incidents". Material security incidents involving theft, alteration, damage, loss or disclosure of personal information shall be processed in accordance with the "FFHC Incident Reporting Guidelines" and companies must strengthen their emergency response and preventive measures for material personal information incidents.

We published the Group's Customer Privacy Protection Policy on the respective websites of the Group's companies and formulated the "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 accordance with the "Joint Marketing Firewall Policy and Guiding Principles for FFHC and its Subsidiaries". We also provided regular trainings for employees. The Group provided training on the Personal Data Protection Act, GDPR, and customer privacy protection for all employees (including contracted workers and security personnel) in 2019 for 9,759 participants totaling 27,984 training hours (including 892 hours for temporary workers and security staff). The training completion rate was 100%.



For the management of personal information protection, First Life Insurance continues to renew the certification of BS10012 Personal Information Management Systems every year; First Bank established the Personal Information Protection and Management Committee, which is chaired by the president and is responsible for supervising operations of the personal information management system, and established the Personal Information Event Response Team to effectively respond to and handle personal information incidents. Complaints of personal information leakage and handling results in 2019 are as follows:

Channel	Number of cases	Handling results
Customer Service Hotline	0	
Filed a complaint with an external unit	1 case (Through the Financial Ombudsman Institution)	Gained the understanding of customers after communication.
File a complaint with the competent authority	1 case (Through the Banking Bureau, FSC)	

First bank monitors the use of all customers' personal data. Up to 2019/12/31, there are 3.04 million (36.78%) customers' personal data used for the secondary purpose, which include selling targeted ads or analysis data for improving our products or services. The usage is based on the agreement with customer and without the violations concerning with related regulations.

◆ Measures taken by First Bank in response to the EU's General Data Protection Regulation (GDPR) are as follows:

Step	Measures
1. Appoint a Data Protection Officer (Data Protection Officer, DPO)	The compliance officer of the London Branch was appointed the DPO
2. Commissioned an external consultant to provide consultation services	To ensure that personal information protection for UN residents comply with the Standard Contractual Clauses (SCC) of the GDPR, we commissioned an accounting firm to conduct a risk assessment and information security inspection. The accounting firm's assessment was there are "no risks that require immediate improvement, so there is no need for subsequent risk management plans."
3. Response to the GDPR's restriction on international transfer	Signed the SCC and carried out international transfer under the SCC framework
4. Established a personal information leakage reporting mechanism in coordination with the GDPR	Established personal information violation incident response, reporting, and prevention mechanisms



5-3 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. We also adopted the Net Promoter Score (NPS) system to assign related departments to implement improvements on items with lower satisfaction ratings and customer recommendations.

◆ 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	Hardware equipment Overall service; Greeting service and attitude of services at the counter, correctness of business handling, business handling time, professionalism and waiting time for business dealing	Telephone etiquette, planning of marketing activities, problem resolution and attitude	On-site customer satisfaction survey at participating locations and investment information services	Investment information services	Sales personnel's attitude and familiarity with products
2019 Performance	86.17%	84.77%	85%	96%	74%
2018 Performance	85.23%	86.01%	84.5%	96%	77.4%
2017 Performance	84.89%	80.64%	84%	96%	71.5%
2016 Performance	88.90%	81.93%	82.7%	98%	70.8%
Sampling coverage rate in 2019 (Number of questionnaires / number of customers)	593,607/3,039,211 (19.53%)	6,000/795,282 (0.75%)	350/35,119 (0.99%)	689/33,443 (2.06%)	1,424/78,000 (1.83%)
2019 coverage rate target	13.09%	0.75%	0.95%	1.49%	1.54%
Improvement	<ul style="list-style-type: none"><li>Strengthen business training and optimize functions on digital channels to save time</li><li>Improve air-conditioning temperature</li><li>Set up additional automated deposit machines</li></ul>	<ul style="list-style-type: none"><li>Plan exclusive discounts for different consumer settings</li><li>Optimize online card application procedures</li></ul>	Continue to optimize the interface and operating procedures of the AI stock picking app	Continue to provide investment information and increase its frequency through electronic platforms	<ul style="list-style-type: none"><li>Improve the professional knowledge of salespeople and strengthen product risk control mechanisms</li><li>Implement an online insurance enrollment process optimization project</li></ul>

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 Group's 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. To properly handle financial consumer complaints filed through the Financial Ombudsman Institution, First Bank, First Securities, First Securities Investment Trust, and First Life Insurance report the types of financial consumer dispute cases, number of cases, compensation amount, and handling results periodically to the Board of Directors for future reference. There were 435 consumer complaints filed through all complaint channels in 2019 which was an increase of 4 cases from 2018.

For most complaint cases, we were able to support and respond to customers within the prescribed deadline. We also analyzed and compiled customer feedback based on business type and delivered them to relevant units as reference for further improvements.



5-4 Customer Care Events

To promote financial knowledge and improve different groups' ability to utilize financial tools and services, we provide information on financial products and services needed by customers in different stages of life through various seminars that tour rural, urban and remote areas. We provide customers with information on different financial products and offer investment analysis and advice to maintain good customer relationships, help customers build businesses, achieve growth, live in happiness, and retire in comfort.

2019 Customer Care Events Schedule

Financial Planning Country Road Show

We worked together with JPMorgan Asset Management and First Securities Investment Trust in organizing the Financial Planning Country Road Show, helping general consumers gain financial knowledge

Taipei, Taoyuan, Hsinchu, Taichung, Changhwa, Tainan, Kaohsiung	11 sessions in total	1,161 participants
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Reaching the Next Pinnacle of Corporate Success - Lecture Series

The Reaching the Next Pinnacle of Corporate Success - Lecture Series toured each industrial park, providing the latest financial information and investment advice, promoting green financing review principles and preferential loan programs for innovative industries and green enterprises, and sharing the measures and results in energy conservation and carbon emissions reduction.

Nangang Industrial Park, Anping Industrial Park, Linhai Industrial Park, New Taipei Industrial Park, [120th Anniversary, Gold Diamond 100] seminars, Zhongli Industrial Park, Dali Industrial Park, Douliu Industrial Park, Dafa Industrial Park	9 sessions in total	941 participants
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Financial Planning Workshop for Customers

Promote the correct consumer finance and wealth management concepts through financial product introduction, explanation of key topics and promotional offers.

First Bank business units	633 sessions in total	14,326 participants
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Financial Planning Clinic Seminar

FC personnel conduct one-on-one review of customers' assets and provide advice.

30 branches throughout northern, central and southern Taiwan	32 sessions in total	604 participants
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Customer care investment checkup seminar in rural communities

First Securities organized customer care investment checkup seminars in rural communities to provide customers with information and recommendations of the latest financial products.

Pingtung City, Toufen City, Magong City, Tainan City, Yuanlin City	5 sessions in total	171 participants
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Wealth Management Seminar, Celebrity Wealth Management Seminar

First Securities Investment Trust promotes investment and wealth management concepts through wealth management seminars and webinars and introduced financial products and investment trends.

Taipei, Taichung, Kaohsiung and First Securities Investment Trust's official website	45 sessions in total	1,946 participants
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Mother's Day/Father's Day Workshop

Widely invite customers to jointly promote social welfare under the theme of caring for society.

Taipei, Taichung, Kaohsiung	6 sessions in total	1,016 participants
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Information security

Material Topic

GRI 203: Indirect economic impact

GRI 418: Customer privacy

Management guidelines	
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.
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.
Goals	<ul style="list-style-type: none"><li>Establish a network security management framework, strengthen security mechanisms of information systems, and strengthen system access control.</li><li>Periodically execute information security tests and patches, and improve security controls during system development and maintenance every year. The measures are as follows:<ul style="list-style-type: none"><li>A. Appoint a professional external institution to conduct vulnerability scanning and penetration tests, and include all websites into the Group's scope of anti-phishing services (RSA). Continue to scan phishing websites and provide monitoring and removal services for phishing apps.</li><li>B. Apply for flow cleaning services with ISPs who provide the connections for external online services to strengthen DDoS defense capabilities.</li><li>C. Deploy an intrusion prevention system (IPS) and intrusion detection system (IDS) for important servers to block online attacks from malicious IPs and protect internal information security.</li></ul></li></ul>
Duties	The Customer Care Group of the CSR Committee
Re-sources	<ul style="list-style-type: none"><li>Establish an IT Development Committee responsible for reviewing, executing, and examining the results of the group's information strategy, group information structure, and information security management regulations.</li><li>Selected independent directors with an expertise in technology. 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.</li><li>Establish the information security policy, establish a business continuity plan, and implement information security training.</li><li>Establish an information security protection mechanism, implement the emergency response plan, and comply with information security standards set by the trade association.</li><li>Information security incidents are reported in accordance with the "Guidelines for Reporting Information Security Incidents" to rapidly and effectively restore normal operations and prevent the incident from reoccurring.</li><li>Join the Financial Information Sharing and Analysis Center (F-ISAC) created by the FSC and use the intelligence and case reports shared between members to increase information security protection capacity and work together to create a joint defense system for financial information security.</li></ul>



VI Information security

6-1 Information Security Management Framework and Strategies

We established an IT Development Committee with the president of FFHC as the chairperson. Committee members include vice presidents, the head of the Information Technology Department, presidents of subsidiaries, and vice presidents responsible for IT operations (or managers with an expertise in IT). The IT Development Committee is convened regularly to discuss and review IT development, IT security and management issues at each subsidiary. The head of the dedicated information security unit or the highest level supervisor and the chairperson, president, and chief auditor of First Bank, First Securities, First Securities Investment Trust, and First Life Insurance jointly issued the 2019 Declaration on Overall Information Security of each subsidiary, which was submitted to the Board of Directors of each subsidiary and then disclosed on the MOPS.

Please refer to the MOPS for the Declaration on Overall Information Security of each company.



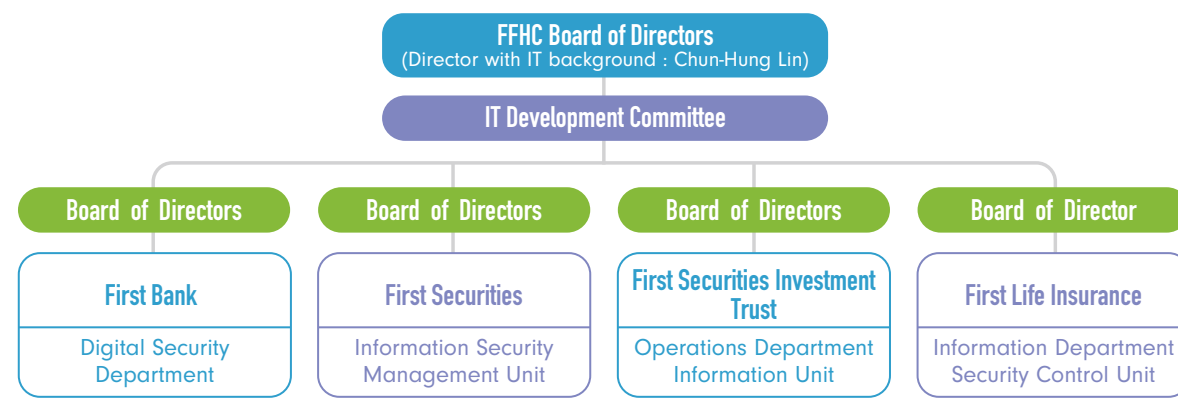
## IT Development Committee

### Duties

- I. Review the group's IT development strategy
- II. Review the group's IT structure
- III. Review the group's information security regulations
- IV. Plan the group's IT resource integration
- V. Review the annual IT development and investment plans of subsidiaries and review implementation results
- VI. Track and review major IT incidents that were reported
- VII. Other IT management related matters requiring coordination between FFHC and Subsidiaries

The Board of Directors of FFHC reviewed and passed the Information Management Policy and Guidelines to support the group's overall business development and ensure the effective utilization of IT resources, while giving consideration to the security of information systems and operations. The policy and guidelines stipulate that FFHC and subsidiaries must establish information management regulations based on the characteristics of their industry. Furthermore, the IT Management Guidelines was established in coordination with information management related laws and regulations to strengthen the information systems, network equipment, and data security of FFHC and subsidiaries, and also to strengthen internal control functions. Provisions on the use and security of IoT equipment were added to the Information Security Management Regulations in response to the requirements of the Bankers Association of the Republic of China on IoT equipment. The Internal Control System contains detailed rules and manuals for information security/online security risks, including application system operations management, hardware and environment management, network management, webpage management, e-mail security management, computer user access rights management, disaster recovery procedures, subsidiary supervision and computer file preservation, storage and processing principles.

First Bank established a dedicated information security unit - "Digital Security Division" in 2016, so as to overhaul our digital banking operations and information security management. The former director of the National Center for Cyber Security Technology and deputy director of the Cybersecurity Technology Institute was appointed as a Chief Information Security Officer (CISO). It is responsible for planning IT strategies, establishing and managing the information security policy, managing system and network security, planning the IT infrastructure, and implementing and maintaining the information security management system.



## 6-2 Information Security Measures

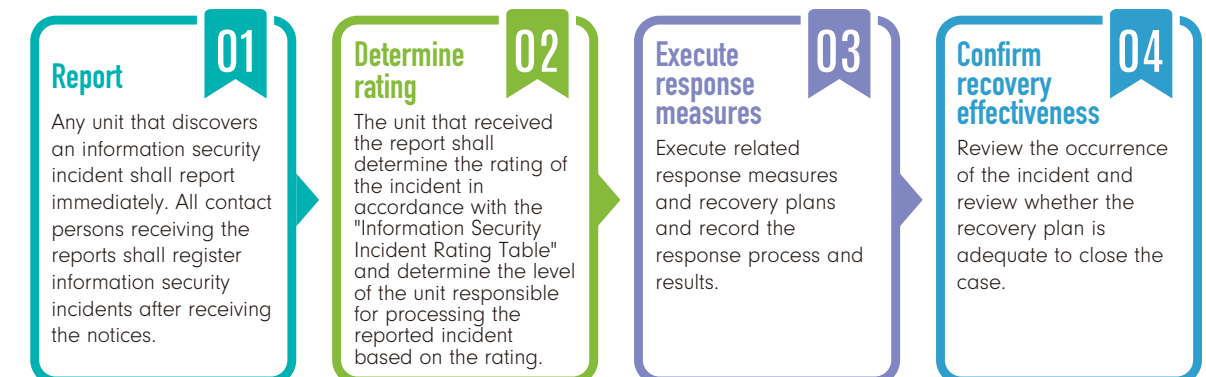
To ensure the security of the IT operating system, network, and data, and ensure continuity of operations, the Company established the "IT Management Guidelines" and "Guidelines for Disaster Recovery Plan" which serve as the basis for emergency response for IT operations. The Company executes disaster recovery drills every six months and established the "IT Emergency Response Team" to quickly respond to the occurrence of IT operation incidents. The highest-ranking supervisor of the IT unit (or personnel designated by the supervisor) serves as the convener and the deputy supervisor of the IT unit and persons in charge of various systems serve as team members. The responsibilities of the IT Emergency Response Team are as follows:

## IT Emergency Response Team

### Responsibilities

- I. Review and adjustment of the recovery plan and test items.
- II. Review of emergency response measures and related announcements
- III. Review of the course of events and handling results.
- IV. Review of other matters.

The Company established the "Guidelines for Reporting Information Security Incidents" as guidance for all companies of the Group to quickly monitor the efficiency in processing information incidents. The Company also established the "Detailed Guidelines for Processing Information Security Incidents" and "Flowchart for Processing Information Security Incidents" as shown below to strengthen information security incident reporting and response procedures:



To build the right concepts of information security among employees, 55 related training sessions were held in 2019 and attended by 25,686 people. Details are shown in the table below:

Training Recipients	Sessions	Number of Trainees	Course Content
Regular employees	13	22,408	Information security training, social engineering protection, and e-mail social engineering drills
IT personnel	42	3,278	Financial mobile app information security, Regulations Governing the Standards for Information System and Security Management of Electronic Payment Institutions, concepts and methods of hacker attacks, web application penetration test overview and network security inspection, program security training, APT terminal detection and response system malicious program activity analysis, and related operating regulations for ISO 20000 and ISO 27001.
<b>Total</b>	<b>55</b>	<b>25,686</b>	

The Company enhanced information security education to prevent malicious programs from penetrating the Company's information system through social engineering. First Bank, First Securities, First Securities Investment Trust and First Life Insurance organized social engineering drills within the scope of security monitoring for all employees. The employee test coverage rate was 100% and drill items included opening mail, clicking on the link, delivery receipt, opening the attachment, and successful phishing.

To ensure the security of network and information systems and provide customers with secure automated services, First Bank, First Securities, and First Life Insurance have all obtained the ISO 27001 certification. The subsidiaries commission a certification unit for annual renewal and triennial re-certifications to maintain the effectiveness of their certificate, so as to provide more secure financial products and trading procedures.

First Bank has purchased the "information system illegal conduct insurance" to mitigate the financial losses of the penetration of the system. It also appoints an independent third party to conduct information security evaluations, examine the completeness and appropriateness of existing control measures for the overall computer system, and uncover potential information security threats and vulnerabilities. This provides the basis for implementing control measures in technical and management aspects, and improves network and information system security capabilities.





◆ First Bank's information security emergency response plan:

Emergency response plans and drill scenarios	Time drill was completed	Drill results
<b>1.Response plan for abnormal ATM withdrawal incidents:</b> Simulated emergency response measures for branches being robbed by hackers.	2019／01／23	Met expectations
<b>2.Response plan for website under DDoS attack:</b> Simulated emergency response measures for branches under DDoS attack by hackers.	2019／10／05	Met expectations
<b>3.Local backup plan for servers:</b> Simulated emergency response measures for switching to servers of the Taichung Center when servers in the Taipei Center malfunction.	2019／03／17	Met expectations
<b>4.Information security defense plan for the website application system:</b> Simulated emergency response measures for when the Bank's website services are embedded with a Trojan horse or malicious link by hackers.	2019／08／30	Met expectations
<b>5.Remote backup plan for servers:</b> Simulated emergency response measures for switching all information services to the Taichung Center when the Taipei Center encounters a disaster.	2019／10／19	Met expectations
<b>6.SWIFT abnormal remittance response plan:</b> Simulated emergency response measures for when hackers hack the SWIFT system and transfer funds.	2019／11／28	Met expectations

If an information security incident occurs and causes FFHC and subsidiaries to be imposed a severe penalty, their performance score will be deducted in accordance with the Employee Bonus Rules, resulting in a reduced performance bonus that year. In 2019, FFHC and subsidiaries did not experience material incidents that require reporting or IT infrastructure incidents that cause damage to revenue. They were also not imposed penalties by the competent authority.



Sustainable finance

Material Topic

GRI guidelines and financial services sector disclosure standards: Product portfolio  
FS1: Policies with specific environmental and social components applied to business lines  
FS2: Procedures for assessing and screening environmental and social risks in business lines.  
FS3: Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.  
FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.  
FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.

GRI guidelines and financial services sector disclosure standards: Active Ownership  
FS11 : Percentage of assets subject to positive and negative environmental or social screening.

GRI guidelines and financial services sector disclosure standards: Local communities  
FS14: Initiatives to improve access to financial services for disadvantaged people.  
FS15: Policies for the fair design and sale of financial products and services

Management guidelines

**Policies**

- The Group established sustainable lending, sustainable investment, and sustainable insurance policies to incorporate ESG issues into the development strategies and operating procedures of core businesses such as investment, financing, underwriting, and insurance. We help customers and investees fulfill their obligations for environmental protection and social sustainability.
- Invest resources in sustainable financing services to increase the breadth and depth of sustainable financial products and facilitate sustainable development of the society.
- Integrate ESG factors into voting and product review mechanisms to implement requirements in the Stewardship Principles and exercise the due care of a good administrator.

**Commitment**

- Fulfill the social responsibility of the financial industry in the financial supply chain, and make sure that operating activities, products and services do not impact the society and ecological preservation, and improve the social and environmental benefits created by the products or services.
- Provide products that meet requirements for customers' investment interests and sustainable finance and strengthen investors' support for sustainable financial products.
- Combine core competencies and address environmental and social issues through our core businesses. Connect green finance and inclusive finance to attain the goal of "No. 1 Brand in Green Finance".

**Goals**

- Continue the optimization and implementation of the Green Financing Review Principles and sign the Equator Principles before the end of this year (2020).
- Make full use of the influence of the financial industry and be committed to the implementation of a sustainable development philosophy. In addition to promoting various green finance and ESG lending projects, FFHC shall use long-term equity investment, stocks, and bonds to continue to invest in industries and small and medium enterprises related to environmental protection, green energy, aging population, and low-birth rate. We seek to help the development of related ESG industries and help customers fully implement corporate social responsibility.
- Combine the core functions of the financial industry to provide financially disadvantaged groups with equal access to financial services, fulfill social responsibilities of financial institutions and create a win-win friendly financial consumer environment for consumers and financial institutions.
- Use the "Green Financing Review Principles" and "Do-Not-Invest List for CSR Violations" to evaluate the impact of borrowers and investees on the sustainability of the environment and the society. Avoid providing funding for companies engaged in businesses that affect social sustainability to reduce the environmental and social risks caused by credit loans or investment of the financial industry.

**Duties** The Customer Care Group of the CSR Committee

**Re-sources**

- Host symposiums on sustainable financial products, environmental education courses, and Corporate Gold Workshop, and work with social service groups or government institutions on inclusive finance symposiums for the elderly or disadvantaged groups to communicate the Group's sustainable finance products, policies, or ideals with customers and various stakeholders.
- Integrate FinTech applications and set up digital channels such as "e-speed loan" and "Micro Enterprise e-Services" to increase financing channels, insurance protection, etc. for the disadvantaged people in remote areas.
- 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.
- Work with the Small and Medium Enterprise Credit Guarantee Fund (SMEG) in organizing SME loans and green financing loans to provide funding necessary for development.



## VII Sustainable finance

### 7-1 Due Diligence, Responsible Investment, and Product Review

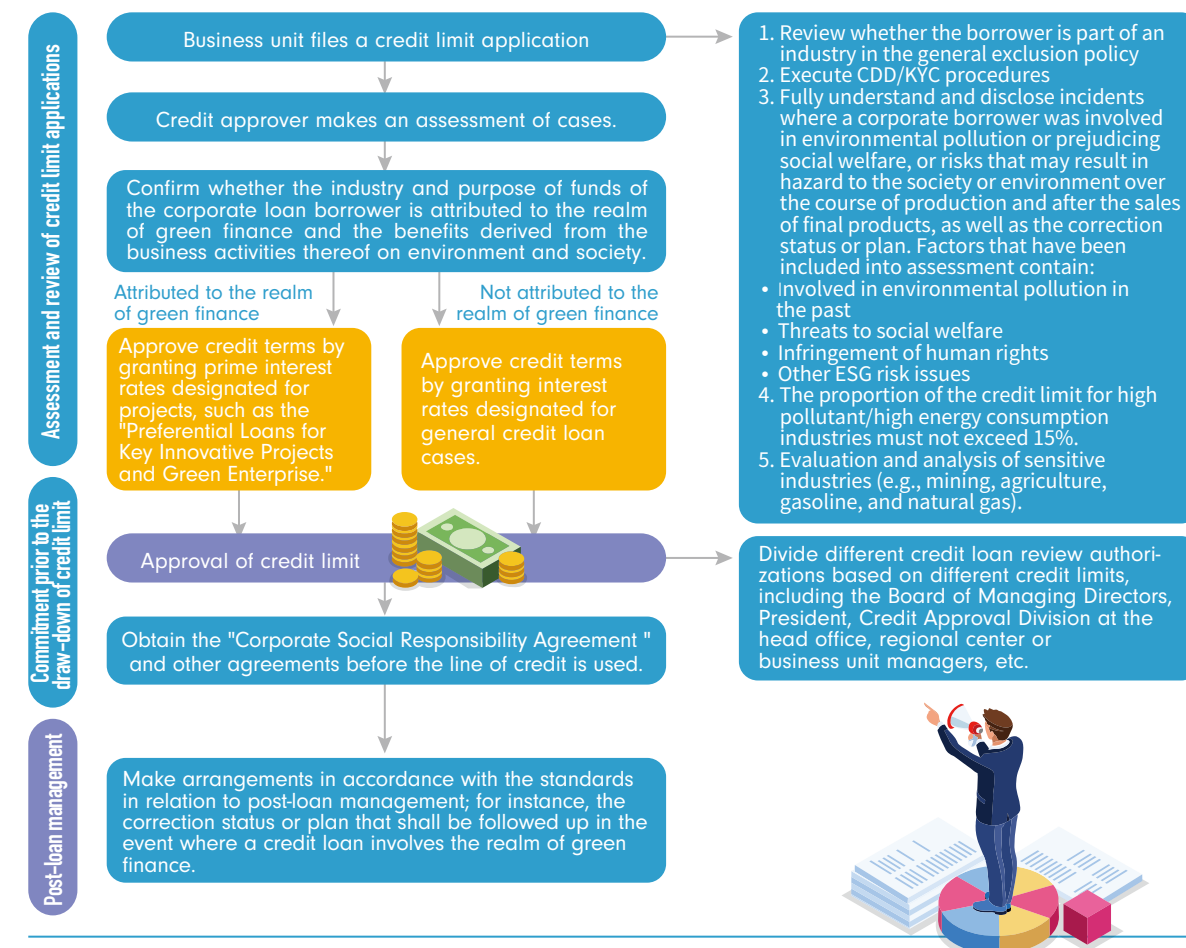


In order to best fulfill the social responsibility of the financial industry in the financial supply chain, we applied the finance industry's ability to direct cash flow to safeguarding the environment and society. The Group established sustainable lending, sustainable investment, and sustainable insurance Policies to incorporate ESG due diligence procedures into all investment, financing, underwriting, and insurance businesses. We carefully execute the customer due diligence (CDD) and know your customer (KYC) procedures and include involvement in environmental pollution, threat to public interests, infringement of human rights, and related ESG risk issues as factors for evaluations. With regard to equity investment of the Group's funds or assets under management in listed companies, we review whether the investee violates requirements in screening criteria such as product sustainability, human rights, environmental protection, and controversial social issues. Investments shall not proceed if any violation is found. We guide customers to fully perform the responsibility of environmental protection and social sustainability.

Before the launch of a new fund, we require all fund companies to submit the CSR commitment and include it as a requirement for the preliminary review of the fund. We require domestic investment trust companies to sign the compliance statement for the "Stewardship Principles" and offshore investment trust companies to sign the compliance statement for Principles for Responsible Investment (PRI) to protect the interests of customers and beneficiaries. In terms of the evaluation of the development and offering of insurance products, those with positive ESG benefits are listed first (e.g. small-sum lifetime insurance and micro insurance). If the funds associated with investment insurance policies are ESG funds, restrictions on scoring based on quantified indicators screening may be waived for such funds.

#### 7-1-1 Due Diligence

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 gambling), and included whether the corporate credit loan borrowers have 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 man-made fiber), cement, paper making, semi-conductor and LCD panels, printing and dyeing, leather, metal second-processing, printed circuit board and battery manufacturing) for which the proportion of credit extension limit may not exceed 15%. This restriction is provided as the basis and reference for risk management in the industry. First Bank also established management guidelines for careful evaluation of sensitive industries (e.g., biodiversity, climate change, energy use, mining, forestry, agriculture, gasoline, and natural gas) to avoid significant adverse effects on ESG sustainability. First Bank adopted the "Green Financing Review Principles" for all corporate loans regardless of credit amount. The three phases consisting of assessment and review of credit limit applications, commitment prior to the draw-down of credit limit and post-loan management are as follows:



First Bank evaluates the customer's operations and financial status for corporate credit loans as well as related ESG factors. If a customer has polluted the environment, threatened social welfare, or infringed human rights, we shall communicate with the customer and specify the improvement status or improvement plans during the credit limit application. The credit review unit shall approve or reduce the credit limit or add restrictive conditions for passage based on the severity of the violations. Where a dispute cannot be removed or improved, the loan shall be declined to fulfill corporate social responsibilities. In response to climate change and extreme weather, the value of real estate collateral may be reduced. If the real estate acquired by the credit guarantee is located in a geologically sensitive area such as a hillside conservation area, it will be independently evaluated by the valuation management department of the headquarters. During the appraisal operation, they need to go to the website of the Central Geological Survey of the Ministry of Economic Affairs to inquire about the information of geologically sensitive areas and soil liquefaction potential areas, and expose them in the appraisal report for the review personnel to comprehensively examine the credit risk of the collateral.

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 ESG risk factors assessed. 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 96% of its borrowers in 2019.



## ◆ CSR commitment signed by domestic and foreign borrowers over recent three years

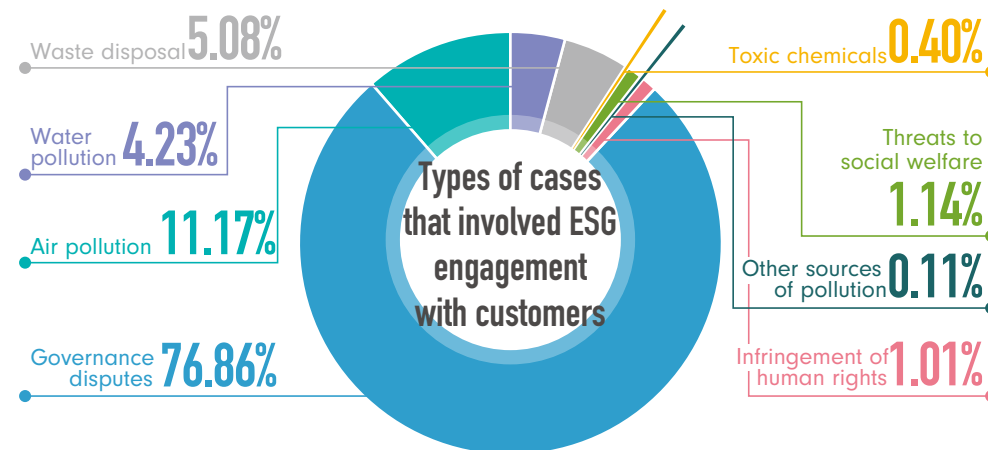
Unit: no. of borrowers signing the CSR commitment or Evaluation Form

Item	Year	2017	2018	2019
CSR commitment		16,525	16,659	<b>24,353</b>
CSR Evaluation Form for Overseas Branches		2,133	2,913	<b>3,703</b>

In 2019, we reviewed 53,353 cases (51,613 domestic cases and 1,740 overseas cases) according to the "Green Financing Review Principles"; these cases accounted for 100% of the corporation's financing cases. 48,698 cases (47,305 domestic cases and 1,393 overseas cases) passed the review process. There were 4,468 cases in which a borrower was implicated in environmental pollution, harm to society, human rights violations, or other ESG risk issues and the case was conditionally passed (reduced credit limit or additional conditions). Cases that involved environmental pollution, harm to society, and human rights violations totaled NT\$297,975,005 thousand; 187 loans were not approved (tabled or withdrawn applications) including NT\$12,423,822 thousand in cases of environmental pollution, harm to society, and human rights violations.

Unit: Case/thousand NTD

ESG dispute factors	Review results	Conditional pass (including reduced approval or additional conditions)	Refusal of credit loans (including tabled or withdrawn applications)
<b>Governance</b>	ethical corporate management, personal data protection, and information security	3,434 / 369,241,596	138 / 72,120,590
<b>Environment</b>	air pollution	499 / 196,807,591	18 / 3,216,428
	water pollution	189 / 50,970,266	20 / 5,440,214
	waste	227 / 37,841,177	11 / 3,767,180
	toxic substances	18 / 1,427,894	0 / 0
	Other sources of pollution	5 / 1,401,499	0 / 0
<b>Society</b>	Threats to social welfare (including food safety, product accountability, and public welfare benefits)	51 / 9,315,123	0 / 0
	Infringement of human rights (including violations of gender equality, overwork, and failure to pay overtime pay)	45 / 211,455	0 / 0
<b>Total</b>		<b>4,468 / 667,216,601</b>	<b>187 / 84,544,412</b>



The following are the top three borrowers whose credit loans that have been rejected in 2019 for involvement in ESG dispute factors such as environmental pollution, threatening social welfare, and infringement of human rights based on the amount:

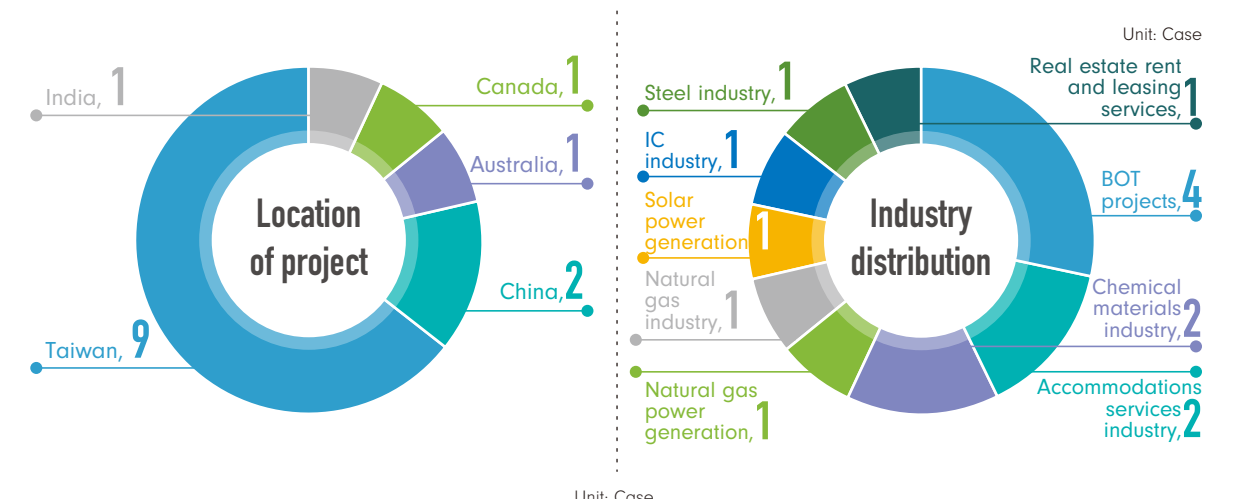
Unit: NTD thousands

Name of borrower	ESG dispute factor	Amount of credit loans rejected
XX Co., Ltd.	Involved in environmental pollution- JCIC material pollution penalty information - waste	2,000,000
XX Engineering Co., Ltd.	Involved in environmental pollution- Pollution source as announced by the Environmental Protection Administration, Executive Yuan - water pollution \ waste	1,400,000
XX Electronics Co., Ltd.	Involved in environmental pollution- Pollution source as announced by the Environmental Protection Administration, Executive Yuan - air pollution \ water pollution and waste	960,000
<b>Total</b>		<b>4,360,000</b>

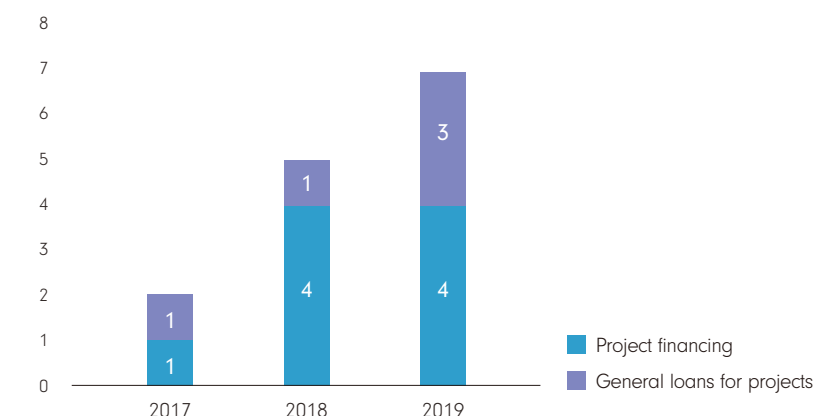
In correspondence with the promotion of green finance in 2017, First Bank added the remark columns of "whether the borrower engages in planning and category of green industry" and "whether the case complies with the purpose and category of green funds" to the credit loan system and added mandatory fields, 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 reports must disclose whether the borrower engages in planning of green industry; if it does, credit reports 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. We also communicated and explained ideas and relevant information of green finance to credit approvers at risk control business review meetings in order to carry out the group's idea of assisting in green enterprise development.

## ESG review for project financing

We adopted the spirit of the Equator Principles to determine and evaluate the environmental and social risks involved in project financing to control and manage risks more adequately and maximize the influence of the finance industry in the distribution of resources. We officially introduced the Equator Principles in 2020 and included multiple ESG factors such as climate change, environmental assessments, biodiversity, local communities, human rights, and social risks into project financing evaluations. Where necessary, environmental and social risk assessment documents from independent third parties are required for due diligence tasks to mitigate the impact of corporate borrowers on the environment and society and pursue sustainable development with customers together. We reviewed 14 cases of project financing and loans for project companies that meet the review requirements of the Equator Principles from 2017 to 2019, including approximately 2-7 loan cases each year that are governed by the Equator Principles. Cases are mainly distributed in Taiwan and build-operate-transfer (BOT) projects account for the largest share of projects.



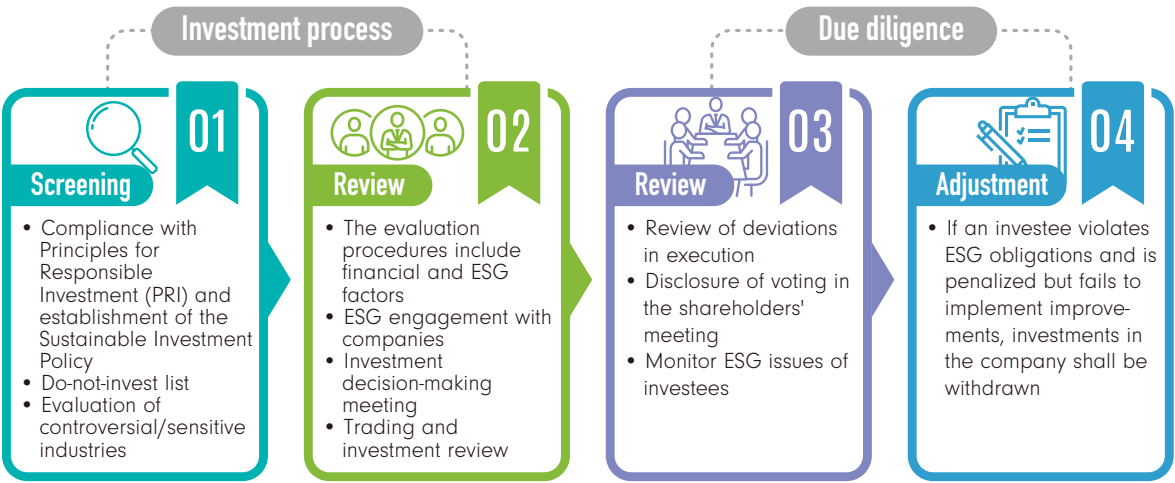
## ◆ Number of Cases





### 7-1-2 Responsible Investment

First Financial Group establishes standard evaluation procedures for responsible investment, abides by the Stewardship Principles, complies with related regulations, and fulfills fiduciary duties as an asset manager to maximize interests for beneficiaries and shareholders.



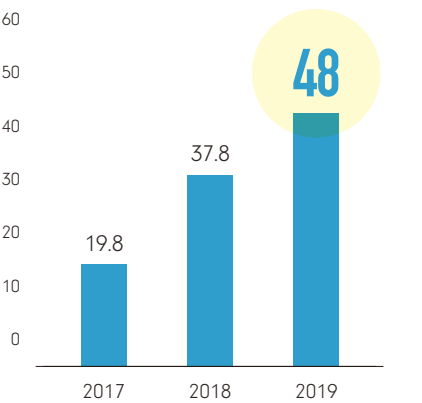
Since, 2015, First Capital Management has revised and updated the "Do-Not-Invest List for CSR Violations" every two weeks. It continuously reviews investees based on product sustainability, governance, social, and environmental criteria. Any company that is found to have engaged in conduct which is not in the spirit of corporate social responsibility is added to the do-not-invest list. In the fourth quarter of 2016, we fine-tuned our screening guidelines for social factors 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." The number of companies included in the do-not-invest list from 2017 to 2019 were 31, 16, and 44 companies, respectively. The list was provided to First Financial Holding, First Bank, First Securities, First Securities Investment Trust, First Life Insurance, and First Venture Capital for reference purposes. Thus, the six domestic funds (Small Capital, Innovation, Great China, High-Tech, OTC and Greater China Balanced) of FSITC excluded 2 individual stocks from the investment pool based on this list in 2019. 57.62% of the individual stocks that the said six funds have invested in have formulated and filed CSR reports.

Screening Standards	Main Basis	No. of individual stocks excluded from the investment pool in the past three years		
		2017	2018	2019
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	7	7
Governance	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.	25	8	35
Social	<ul style="list-style-type: none"><li>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.</li><li>The company has laid off employees without warning.</li><li>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."</li></ul>	0	0	0
Environmental	<ul style="list-style-type: none"><li>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.</li><li>Those which have legal actions taken against them by the prosecutor are entered on the watchlist.</li></ul>	0	1	2
Total		31	16	44

In response to the increasing severe impact of climate change on the environment, First Bank has increased its proportion of investments in green bonds each year to take action for supporting investees' carbon emissions reduction and green plans, and stipulated that the proportion of investment in high pollution/energy consuming industries should not exceed 15%. It also references Bloomberg ESG ratings for investments and considers the proportion of GHG emissions to revenue for environmental factors. In terms of social factors, it references the proportion of female employees and female managers, employee turnover rate, proportion of employees in unions, and the lost day rate due to accidents. In terms of corporate governance, it references the proportion of independent directors, proportion of female directors, average age of directors, attendance rate of board meetings, and the scale of the board of directors. According to Bloomberg ESG ratings, approximately 85.17% of investees of First Bank meet ESG review standards and approximately 20% of the positions are constituents of the 2019 Dow Jones Sustainability Index.

◆ Green bond investment balance in past years

Unit: 100 million NTD



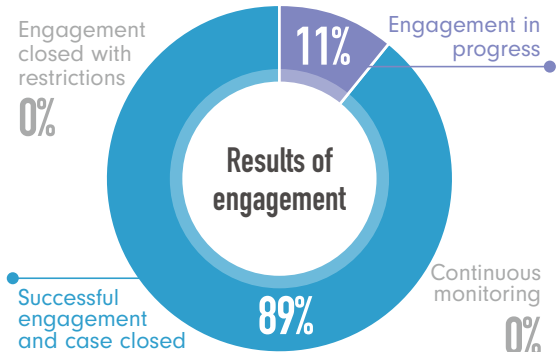
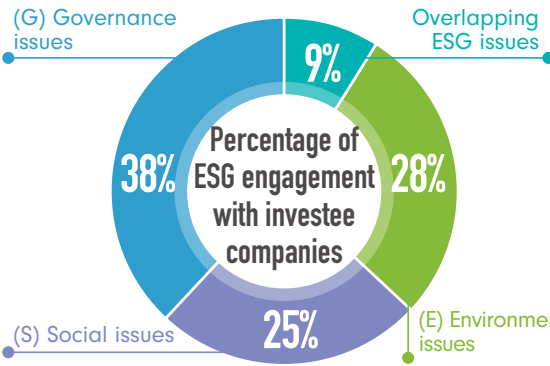
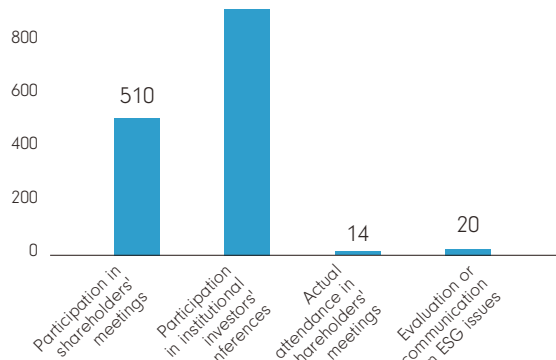
To support the transformation and upgrade to a low-carbon economy, First Bank issued NT\$1 billion in green bonds and the funds raised will be used to invest in loans for projects such as "renewable energy and energy technology development". The annual electricity output of power stations constructed with the fund is expected to reach 26.3 million kWh. In addition, First Consulting raised and managed a green energy fund of NT\$330 million and First Venture Capital also invested NT\$150 million (with 45% shareholding ratio) for the construction of solar power plants with a total installed capacity of approximately 24.5MW. Once the power plants are completed, they are expected to reduce 39,000 tons CO<sub>2</sub>e of carbon emissions each year which is equal to the carbon absorption of 100 Da'an Forest Parks.

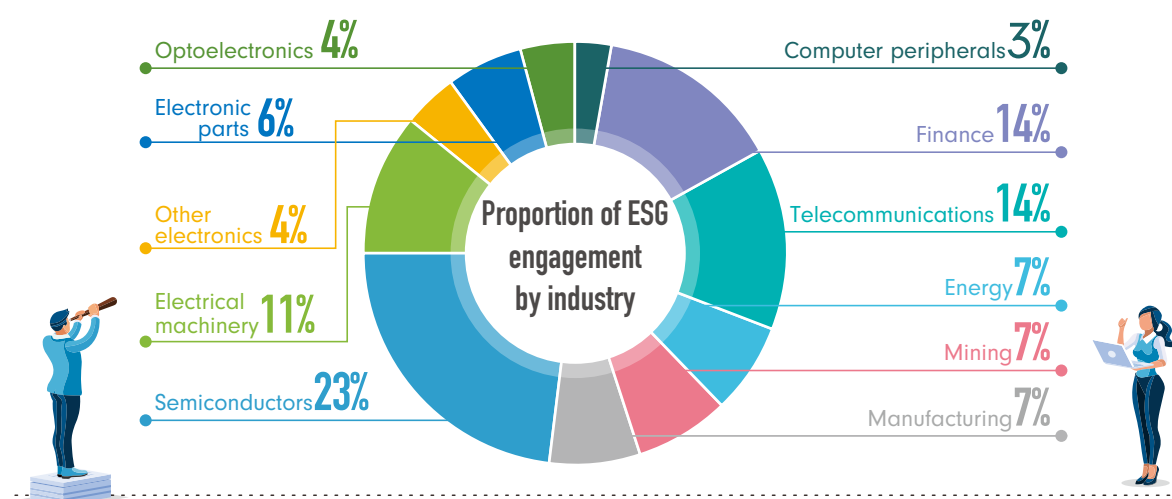
The Group aims to fulfill responsibilities as an asset owner or administrator and increase long-term value for the Group and fund providers. First Bank, First Securities, First Securities Investment Trust, and First Life Insurance have signed the compliance statement for the "Stewardship Principles" and shall disclose their performance of due diligence governance on their company websites. They regularly screen core investment targets to incorporate ESG standards into investment decision-making procedures for monitoring and continue to engage investees on ESG issues. They use e-mails, telephone interviews, distribution of questionnaires, or onsite plant visits to pay attention to related ESG opportunities and risks of investees. Where an investee is penalized for violation of related ESG regulations and fails to implement effective improvements, the Group shall gradually reduce or dispose of investment in the company. The attendance in shareholders' meetings of investees and ESG engagement with investees in 2019 are as follows:

Attendance rate in shareholders' meetings of listed investee companies in 2019 [Number of (attendance in person + electronic voting) / number of attendances expected]	
First Bank	91.3%
First Securities	100%
First Securities Investment Trust	100%
First Life Insurance	100%

◆ Responsible investment/stewardship implementation status

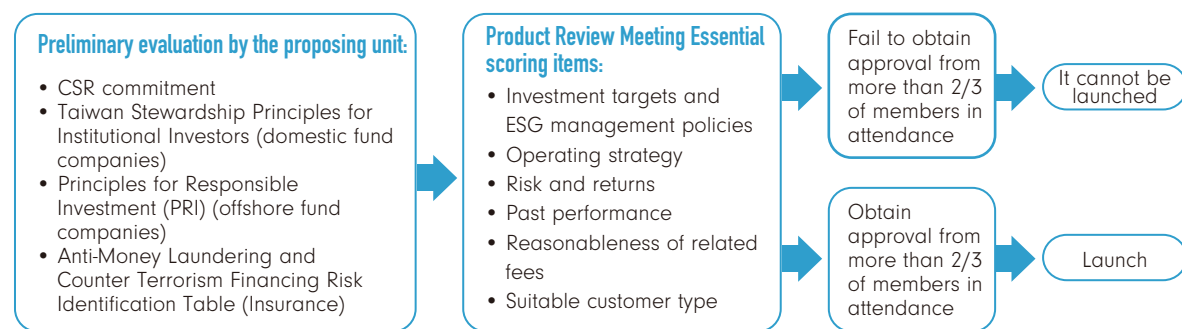
Unit: Attendances



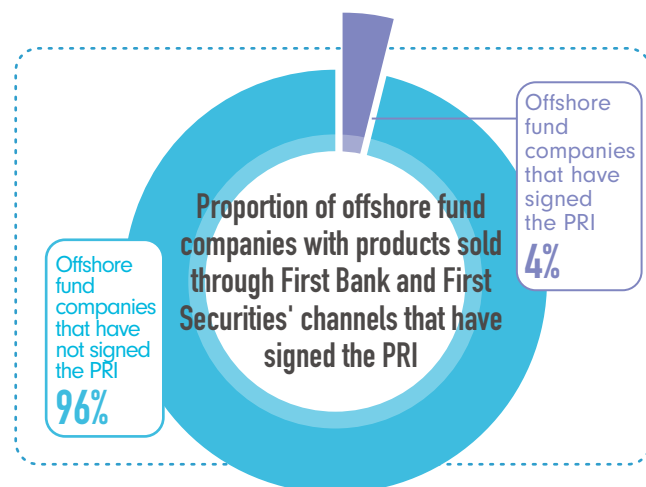


### 7-1-3 Product Review

To ensure product and service quality, we implement ESG ideals in the screening process for launching wealth management products to account for both risk management and sustainable development for the society and environment and achieve sustainable and long-term returns for customers and investors. To implement Know Your Product (KYP) principles, wealth management products launched by First Bank must pass preliminary review of the proposing unit before related information is compiled and sent to the "wealth management product review meeting" for the preliminary review. Review items include at least the investment targets, ESG management guidelines, operating strategy, risks return and past performance, reasonableness of related fees, and suitable customer categories. The product risk ratings are established based on product characteristics and the product must obtain the approval of more than 2/3 of members in attendance before it can be launched and sold. The Bank must also implement anti-money laundering and counter terrorism financing regulations in the sales process and evaluate the compatibility of product risks and customer risks to ensure that the risks of the products sold are commensurate to the customers' risk tolerance to protect the interests of the customers and investors. 100% of the products passed ESG review and a total of 246 ESG-related financial products were launched in 2019, accounting for approximately 11.8% of all products.



Currently 45 fund companies that sell products through First Bank and First Securities' channels have all signed the "CSR commitment", 33 of which have completed the signing of the statement of compliance with the "Stewardship Principles"; 24 out of the 25 offshore fund companies have signed the Principles for Responsible Investment (PRI); 13 out of the 16 insurance companies have formulated and provided their CSR reports, 3 have signed the "CSR Commitment," and 16 have completed the signing of the statement of compliance with the "Stewardship Principles". FFHC teamed up with its partners to contribute to the development of a sustainable environment and safeguard customers' rights and interests.



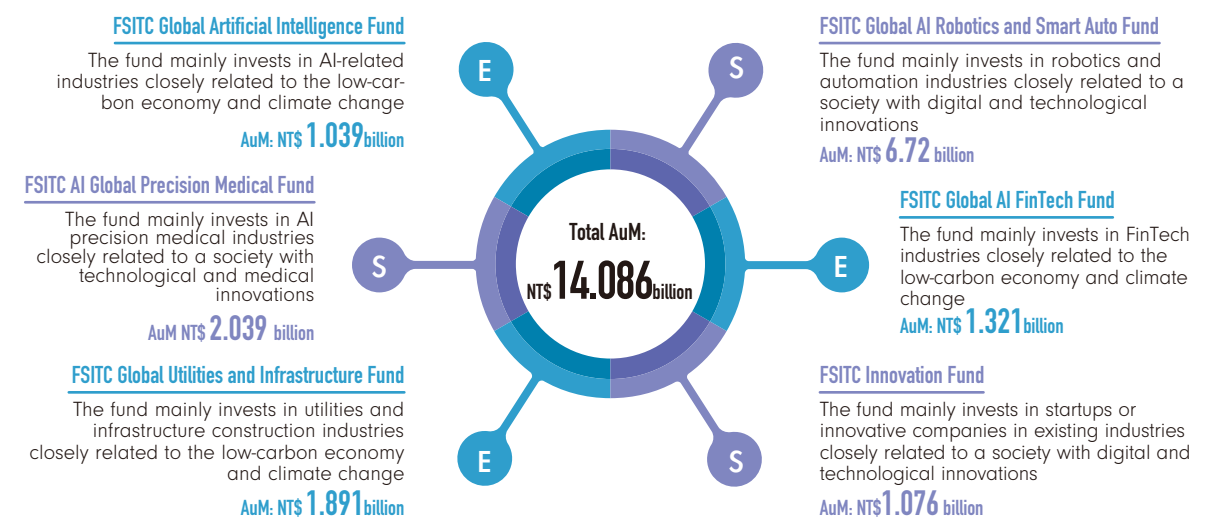
Highly complex or high-risk products often involve highly specialized and complex financial or financial engineering, and the utmost caution must be taken prior to listing such products for sale in order to shield customers from taking on excessive risk. During the first quarter of 2016, First Bank completely 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 review criteria and passes the selection of First Capital Management before the launch review. Such products are only sold to professional investors. 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 2019, 267 products were reviewed before listing, 55 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 2019														
First Bank	<ul style="list-style-type: none"><li>• First Bank convened 19 wealth management product review meetings; a total of 119 products passed the review (including 28 ESG-related products) and 29 products met conditions requiring delisting.</li><li>• The Insurance Agency Division convened 22 product review meetings; a total of 111 products passed the review (including 14 investment insurance policies), and 14 products met conditions requiring delisting.</li><li>• 3 insurance companies have signed the CSR commitment and 13 prepared CSR Reports.</li><li>• 45 fund companies signed the CSR commitment and 33 companies signed the compliance statement for the "Corporate Investors Stewardship Principles".</li><li>• 24 of 25 offshore fund companies have signed the Principles for Responsible Investment (PRI).</li></ul>														
First Securities	<ul style="list-style-type: none"><li>• 14 financial product and service review meetings were convened; a total of 22 fund products passed the review (including 9 ESG-related products) and 0 products met conditions requiring delisting.</li><li>• 1 fund company compiled a Corporate Social Responsibility Report.</li><li>• 1 fund company signed the compliance statement for the "Corporate Investors Stewardship Principles".</li></ul>														
First Securities Investment Trust	<p>All 29 funds were classified into different risk levels according to regulations.</p> <table><tr><th>Risk Rating</th><th>RR1</th><th>RR2</th><th>RR3</th><th>RR4</th><th>RR5</th><th>Total</th></tr><tr><td>Number of funds</td><td>3</td><td>4</td><td>4</td><td>10</td><td>8</td><td>29</td></tr></table>	Risk Rating	RR1	RR2	RR3	RR4	RR5	Total	Number of funds	3	4	4	10	8	29
Risk Rating	RR1	RR2	RR3	RR4	RR5	Total									
Number of funds	3	4	4	10	8	29									
First Life Insurance	<p>Confirm the appropriateness of all insurance products according to various internal control systems of insurance product development and related product development meetings to protect consumer interests. In 2019, 16 insurance product evaluation group meeting were convened, 15 new products were sent to competent authority for provisional review, 41 products were partially altered and sent to competent authority for provisional review, and 12 discontinued products were sent to competent authority for provisional review.</p>														

### 7-2 Sustainable Financial Products and Services

FFHC integrates core competencies to support the transformation to a low-carbon economy. It makes full use of the influence of the financial industry for sustainability to provide the following products or services that produce social and environmental value in 2019:

#### ◆ Scale of asset management of related ESG-related funds issued by First Securities Investment Trust



◆ Corporate finance – ESG-related products and their respective proportions

Unit: NT\$100 million

Item	Amount	Product content description
Green/ESG related loan balance	621.97	• Energy service company (ESCO) industries, renewable energy creation loans, and other preferential green enterprise and green industry loans
	7,007	• Preferential loans for key innovative industries, Preferential loans for small and medium enterprises and micro loans for small and micro enterprises
	464.83	• Preferential loans for financing urban renewal and reconstruction of dangerous and old buildings
Corporate loan financing balance	8,680.9	
Percentage (%)	93.24	

Unit: NT\$100 million

Item	Amount	Product content description
ESG-based fixed-income product issuance amount	10	Issuing green bonds
Total fixed-income product issuance amount	279.5	
Percentage (%)	3.58	

Unit: NT\$100 million

Item	Amount	Product content description
ESG infrastructure construction loan balance	271.83	• Taiwan HSR loans
	12.14	• Wan-Da line and San-Yin line MRT loans
	7.28	• Taoyuan Airport MRT loans
Infrastructure construction loan balance	387.4	
Percentage (%)	75.18	

Unit: NT\$100 million

Item	Amount	Product content description
Financing for ESG-based entrepreneurship investment and consulting services	4.87	• We cooperated with the government's "Financial Support for Physical Economy - Five Plus Two Key Startup Industries" policy and invested in green energy, biotech and medicine, and circular economy companies that are not listed on the exchange
	2.67	• We helped small and medium enterprises obtain working capital and regularly follow up on their operations and provide recommendations to promote growth of small and medium enterprises
Financing for entrepreneurship investment and consulting services	16.52	• We pay more attention to investment opportunities in environmental protection and green energy, circular economy industries, and assist small and medium-sized enterprises to obtain funds.
Percentage (%)	45.64	

◆ Consumer finance – ESG-related products and their respective proportions

Unit: NT\$100 million

Item	Amount	Product content description
ESG consumer loan financing balance	322.41	• Comfort Loan, green consumption loans, First Time Home Buyer Mortgage, e-speed loans, First Bank e-Student Loans
	162.49	• 4 types of credit cards including Leezen Cards, Living Green Cards, Yilan Cards, and World Cards
Consumer loan financing balance	6,766.07	
Percentage (%)	7.17	

Unit: NT\$100 million

Item	Amount	Product content description
Total assets under management (AuM) in sustainable investments	140.86	• 6 sustainability investment funds raised by First Securities Investment Trust: FSITC Global Utilities and Infrastructure Fund, FSITC Innovation Fund, FSITC Global AI Precision Medical Fund, FSITC Global AI Robotics and Smart Auto Fund, FSITC Global AI FinTech Fund and FSITC Global Artificial Intelligence Fund
	170.47	• First Life Insurance launched products such as health insurance, annuity insurance and injury insurance.
Total assets under management (AuM)	1,191.13	
Percentage (%)	26.14	

Unit: NT\$100 million

Item	Amount	Product content description
ESG-based project trust asset balance	72.17	• Retirement care for senior citizens and care for disabled people trust
	109.58	• Urban renewal trust
	10.90	• Employee welfare trust
Project trust asset balance	1,360	
Percentage (%)	14.17	

## 7-2-1 Green Finance

We provide the following products and services with environmental benefits to help companies reduce pollution or resources waste in the production or service process:

### Urban renewal

We use core businesses of the finance industry to promote environmental sustainability. We fully support the urban renewal financing and financing projects for the reconstruction of dangerous and old buildings of the government and provide comprehensive one-stop financial services for urban renewal. 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 emissions reduction, and eco-friendliness; and establish all-win situation for the environment, residents and the Group. Since the launch of its urban renewal financing businesses in 2009, First Bank has provided financing loans for regular construction, encouraged applicants to apply for the Green Building mark, and provided financing guarantees for green building projects. We launched the "preferential financing loans for accelerating the reconstruction of dangerous and old buildings" in 2017. Old buildings that meet the criteria in the "Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings" or "New Taipei City Simple Urban Renewal or Disaster Prevention Renewal" are eligible for preferential loan applications for reconstruction with business units of First Bank. Applicants may receive full loans for the reconstruction and related fees with a maximum period of five years to help the people reduce their burden and help achieve the government's goals for promoting environmental protection and creating a low-carbon city. As of the end of 2019, First Bank had approved a total of 55 urban renewal financing projects and financing projects for the reconstruction of dangerous and old buildings totaling NT\$47.018 billion. First Bank has helped 40 urban renewal projects obtain Silver-Level Green Building Label or above and benefited 2,129 households.

Unit: NT\$100 million/Case

Item	Year	2016	2017	2018	2019
Self-managed urban renewal and the reconstruction of dangerous and old buildings projects		40.63/5	34.33/4	36.13/5	43.98/9
Developer-consolidated urban renewal and the reconstruction of dangerous and old buildings projects		235.18/24	320.11/33	364.91/36	426.2/46
Landowners benefited		1,280	1,722	2,026	2,129



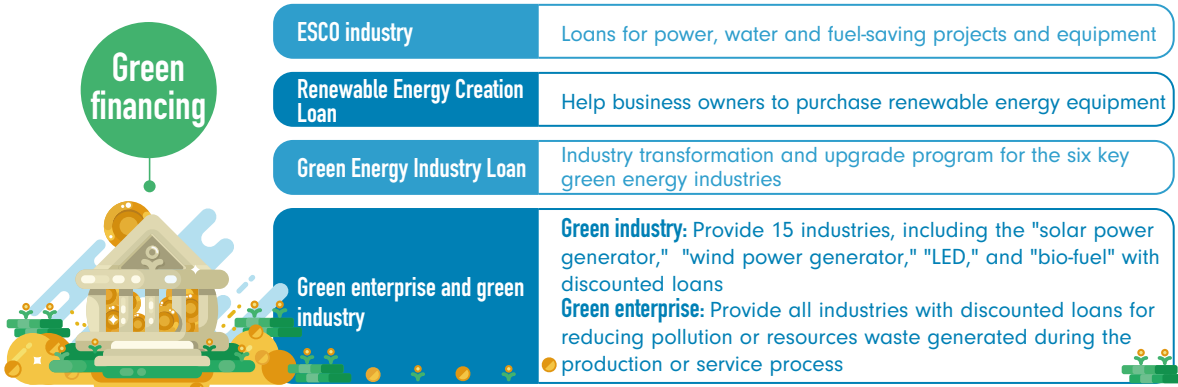
Green Finance

To help companies reduce the pollution and resources waste in the production or service process, First Bank launched the "No.1 Promoter in the Energy Industry" financing program in 2010 to support energy service companies (or "ESCO Industry"). First Bank also used the "Renewable Energy Creation Loan" in line with the "Million Solar Roof" policy by Bureau of Energy, Ministry of Economic Affairs (MOEA) and the power purchase guarantee from Taiwan Power Company to achieve three wins for the equipment user, supplier, and the Bank. 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 President as the chairman in March 2017. The committee is responsible for setting up policy goals and reviewing the results. It is also responsible for incorporating the green industry financing projects mentioned above, and expanding the scope of green financing to "Green industries" and "Green enterprises". In 2018, the applicable scope was expanded to overseas branches across the globe to help achieve conservation of the local environment and help local industries complete their transformation.

Unit: NT\$ million

	2016		2017		2018		2019	
	Approved amount	Credit Balance	Approved amount	Credit Balance	Approved amount	Credit Balance	Approved amount	Credit Balance
Green loan	33,469	15,220	99,549	51,009	118,147	64,208	124,588	68,137

Note: Amount and balance of approved green financing loans including overseas branches from 2018 to 2019.



FFHC supports the "5 Plus 2" key development projects of the government's "Digital Nation & Innovative Economic Development Program" as the core of next-generation industrial growth in Taiwan. First Bank organized the "Industrial Innovation Plan Loan" which helps industries involve in key development projects such as green energy technologies, the Asia Silicon Valley plan, biomedical technology, defense industries, and smart machinery, as well as organic agriculture, and circular economy. New credit limits totaling NT\$64.8 billion was approved in 2019. First Bank was awarded Rank A in the "Incentive Policy for Loans from Domestic Banks to Innovative Key Industries (Phase 2)" promulgated by the Financial Supervisory Commission, showing our determination to support the continual development of the real economy.

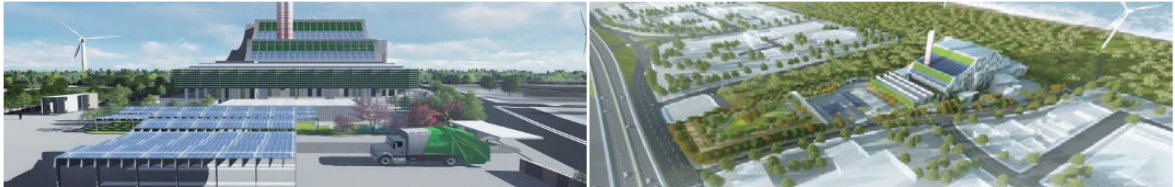
Applicable to

Green technology	Aaia Silicon Valley	biopharmaceuticals	Defense industries	Smart machinery	Modern agriculture	Circular economy
<ul style="list-style-type: none"><li>PV</li><li>LED</li><li>hydrogen energy, fuel cells</li><li>energy telecommunications</li><li>bio-fuels</li><li>wind power</li><li>electric vehicles</li></ul>	<ul style="list-style-type: none"><li>Innovation &amp; R&amp;D in IoT industry</li><li>Strengthening and innovation in business startup ecology (sensor components, internet transfer, information collection, application in service)</li></ul>	<ul style="list-style-type: none"><li>Biotech</li><li>Pharmaceuticals</li><li>Medical Equipment</li><li>Health Promotion</li><li>Health &amp; Welfare</li></ul>	<ul style="list-style-type: none"><li>Aerospace</li><li>Shipbuilding</li><li>Information Security</li></ul>	<ul style="list-style-type: none"><li>Integrates smart-tech elements</li><li>Robotics</li><li>IoT</li><li>Big data</li><li>Virtual-physical integration</li><li>Lean management</li><li>3D Printing</li><li>Sensors</li></ul>	<ul style="list-style-type: none"><li>Agriculture, Forestry, Fishery and its processing and manufacturing industries</li><li>Service industry</li><li>Manufacturing of mechanical equipment and leasing industry</li><li>Wholesale</li></ul>	<ul style="list-style-type: none"><li>Integration and supply of energy resources industry</li><li>Waste recycling and reuse industry</li></ul>

Unit: NT\$100 million

	2016	2017	2018	2019
Balance of preferential loans for key innovative industries	3,967	4,288	4,462	4,568

In response to government policies for supporting the development of a circular economy, First Bank co-organized a syndicated loan of NT\$4.06 billion and participated in the Biomass Energy Center BOT project of the Department of Environmental Protection of Taoyuan City in Taoyuan Hi-Tech Industrial Park. The project uses the heat produced in the refuse incineration and the biogas produced from the anaerobic fermentation of food waste to produce electricity. The overall power generation efficiency is approximately 28%. Emissions standards designed to meet EU standards and the project has the highest specifications of large-scale incineration plants in Taiwan. It produces approximately 200 million kWh of electricity for use by citizen of Taoyuan and achieves both waste processing and power generation benefits. It is expected to reduce carbon emissions by 4,239 tons CO<sub>2</sub>e each year, equivalent to the carbon absorption of 10.9 Da'an Forest Parks.



Green Consumer Finance

To encourage customers to use low-carbon products, 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 73 cases in 2019, which amounts for 477 million dollars.

FFHC founded the "Organic Agriculture Assistance Project" and First Bank launched the first Leezen Card combining the concepts "organic and health" and "land & environmental protection" in 2010. 0.6% of domestic and overseas spending with the card is reserved for charitable purposes, and donated to the Tze-Xin Organic Agriculture Foundation and the Bliss and Wisdom Foundation of Culture and Education 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 and protect the land of Taiwan.



As a response to the UN's focus on global warming, First Bank launched the "Green Credit Card - Living Green Card" on World Oceans Day on June 8, 2017. The card 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. First Bank sets aside 0.2% of regular domestic payments with the card for donations to the First Bank Education Foundation for charity programs dedicated to environmental sustainability so that cardholders can participate in charitable causes with their spending and contribute to protecting the earth's environment. So far, it has assisted social welfare organizations to install 1,449 sets of LED lamps. It is estimated that the power consumption will be reduced by 148,000 kWh, saving electricity costs by about NTD \$590,000, and reducing carbon emissions of 98.62 metric tons of CO<sub>2</sub>e. First Bank issued the "Yilan Affinity Card" in collaboration with Yilan County Government in November 2018 and allocates 0.3% of domestic payments with the card to Yilan County Government for use in social welfare, tree planting, and tree protection activities to provide care for disadvantaged groups in the County and environmental protection.



Number of green cards in circulation and donation amount in past years

Unit: NT\$1,000

Item	Year	2016	2017	2018	2019
Leezen Card	Number of cards in circulation	40,383	41,332	49,581	51,687
	Accumulated donation amount	62,939	75,371	87,387	99,276
Living Green Card	Number of cards in circulation	Not yet issued	17,566	29,843	36,913
	Accumulated donation amount	Not yet issued	269	1,210	2,368
Yilan Affinity Card	Number of cards in circulation	Not yet issued	Not yet issued	23,129	58,948
	Accumulated donation amount	Not yet issued	Not yet issued	85	2,608

### 7-2-2 Inclusive Finance

To support the United Nations SDG for promoting inclusive finance and providing disadvantaged groups and people in remote areas with basic financial services, FFHC has adopted related measures with effectiveness as follows:

Unit: NTD\$ million

Recipients of Services	Methods and Items	2017	2018	2019
Disadvantaged groups	No. of micro-insurance effective contracts	89	214	155
	Micro insurance and effective contract amount	44.2	106.7	77.7
	No. of Loving Small-sum Lifetime Insurance effective contracts	3,377	4,411	5,359
	Cumulative amount of Loving Small-sum Lifetime Insurance	967.4	1,262.14	1,567.06
Persons with disabilities and the elderly	Number of new beneficiaries of property trusts for senior citizens and persons with disabilities in the current year	3,560	526	1,235
	Amount processed in property trusts for senior citizens and persons with disabilities	2,435.18	1,664.11	3,929.94
	Cumulative trust assets in property trusts for senior citizens and persons with disabilities	3,048.21	4,451.94	7,216.57
	No. of Comfort Loan being processed	25	26	53
	Comfort Loan approval amount	317	187	486
	Number of loans for medical biotechnology and long-term care projects	20	21	21
	Amount in loans for medical biotechnology and long-term care projects	2,057	2,290	2,129
	Number of effective contracts in annuity insurance programs related to aging society and low birth rates	275	555	1,587
	Contract amount of effective contracts in annuity insurance programs related to aging society and low birth rates	637.81	518.6	2,232
	The number of senior citizens' branches	6	6	6
	The number of wheelchair-accessible ATMs	361	415	473
Female	No. of Micro Loans for Female Entrepreneurs	43	40	47
	Micro Loans for Female Entrepreneurs approval amount	26.08	27.24	30.17
	Percentage of female who received loans from the "Micro Loans for Female Entrepreneurs" program	74.42	82.50	72.34
Youth	No. of "Loans for Young Entrepreneurs and Start-ups" and "Loans for Minor Entrepreneurs"	202	153	241
	"Loans for Young Entrepreneurs and Start-ups" and "Loans for Minor Entrepreneurs" approval amount	249.87	243.79	285.39
Small and medium enterprises	New Loans through SMEG	135,600	145,600	146,300
	SMEG Loan Amount	64,300	64,800	73,000
	SME Loan Amount	657,800	672,300	700,700
	Balance of SME entrepreneurship investment	279	280	266
Debt negotiation	No. of preliminary negotiation approval accounts	652	635	675
	Amount of preliminary negotiation contracts signed	40	42	43

### Watch & care for senior citizens

In response to the increased demand for retirement, care, and economic security of an aging society, FFHC continues to support government policies for promoting elderly care trusts (program titled "Easy-care Trust to Treasure a Retired Life"). FFHC continued collaboration with government and professional institutions in 2019 in organizing the following seminars on trusts for the elderly and persons with disabilities, financial planning for the elderly, and property protection:

Subject	Location	Course Outline
[Elderly Care Trust]	Songnian University, New Taipei City	Elderly Property Planning and Trust System
[Financial Planning] [Financial Management]		<ul style="list-style-type: none"><li>• How much money do you need for retirement?</li><li>• How to manage pension?</li><li>• Trust system introduction.</li></ul>
[Property Protection] [Consumer Protection]	Shulin District, Xinzhuang District, Banqiao District, Sanchong District, Xizhi District, and Tucheng District of New Taipei City	<ul style="list-style-type: none"><li>• Review personal asset and liability tables.</li><li>• Careful investment to avoid risks.</li><li>• Development of digital finance (mobile payment).</li><li>• Fraud and money laundering prevention (canceling payment in installments).</li><li>• Protection of the rights of financial consumers.</li></ul>
[General Legal Knowledge] [Old-Age Dignity]		<ul style="list-style-type: none"><li>• How to live a dignified life in old age.</li><li>• Legal issues related to life in old age.</li><li>• Important notes for writing wills including property division methods.</li></ul>

### "Glory+ World Card" Education and Support for Remote Areas

First Bank donated 0.1% of the domestic payments with Glory+ World Cards to the First Bank Culture & Education Foundation to sponsor education activities for disadvantaged children in remote areas, school lunches, classes after school, etc. As of the end of 2019, First Bank had issued 2,449 "Glory+ World Cards" and donated NT\$1.77 million through the "School Education Savings Account" platform of the Ministry of Education, which in turn helped 502 disadvantaged schoolchildren.



### Creating a friendly financial environment

First Bank has set up accessible service counters in branches in Taipei, New Taipei City, Taoyuan, Taichung, Kaohsiung, Yilan, and Hualien to provide friendly financial services to people with difficulties (including the elderly, those who need assistance, women, and 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, inform them of the necessary information, and assist them in filling out relevant application documents.

To provide disabled people with basic, equal, reasonable and convenient financial services, First Bank has constructed an accessible website (<https://firstbank.firstbank.com.tw/ANB/index.jsp>) (Friendly Financial Service Network) and announced the "List of Accessible Service Facilities (Measures) in First Bank Branches". The Friendly Financial Service Network link provides 24/7 uninterrupted accessible website banking services. In addition to basic functions such as account inquiries, scheduled fund transfers, and password reset, First Bank also added non-designated account transfer functions to improve transaction services. Depositors who provide proof or identification confirming their disabilities may submit an application at any business unit to receive a service fee waiver for interbank ATM withdrawals. Applications may be filed via mail, over the counter, or through the Bank's friendly financial service network. They are limited to one account for one person; once approved, the customer may have up to 3 service fees waived per month.



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 official website to provide customers with information concerning its friendly financial services. In addition, it offers text-to-speech functionality for transactions, allowing customers to complete mutual fund subscriptions or redemptions online using a PC or mobile phone. Designated customer service personnel also provide services to persons with disabilities over the counter to help them process businesses.

Assisting debtors in resolving debts

For debtors applying for preliminary negotiation/arbitration/rehabilitation under the Statute for Consumer Debt Reform, or individual customers who applied for debt negotiation, the Bank conducts a comprehensive evaluation of their properties, income, and capacity for work and encourage them to actively resolve their debts to regain a normal life and for the Bank to recover creditor rights. First Bank approved 675 accounts in preliminary negotiation in 2019 and accumulated NT\$42,702 thousand in total contracts signed. The Bank waived NT\$45,733 thousand in debts. We established 104 preliminary mediation accounts. The Bank settled NT\$15,648 thousand in debts and waived NT\$5,758 thousand in debts. We established 132 rehabilitation accounts and the total rehabilitation debts amounted to NT\$52,136 thousand while NT\$32,589 thousand was waived.

Helping Developing Countries and the Least Developed Countries Obtain Financial Services

FFHC actively makes use of the "Overseas Credit Guarantee Fund" financing guarantee mechanisms to help overseas Taiwanese businesses obtain access to financial services and provide a diverse range of financing services. We introduced the Overseas Credit Guarantee Fund into least developed countries such as Laos and Cambodia and help Taiwanese businesses expand local markets. We transferred 29 overseas credit guarantee cases in 2019 including 18 cases in developing countries and least developed countries with approximately US\$5.98 million in total loans.

Support of with Government Policies in Relief Loans

As the Covid-19 epidemic sweeps across the world and wreaks havoc on global economic development, we actively provide care to customers regarding the impact of the epidemic on customer business operations and rapidly responded to customers' demand for funding in operations. The "Epidemic Relief Loan Platform" on First Bank's official website provides 24-hour online application services for companies and workers to obtain the necessary relief funds within the shortest time possible. As of April 13, 2020, First Bank had processed 515 relief loan applications and approved 328 applications totaling NT\$3.42 billion with an approval rate of 63.69%.



Prevention of money laundering, financial fraud and terrorism financing

Material Topic

GRI 419: Socioeconomic Compliance

Management guidelines	
Policies	To maintain financial stability and prevent facilitating money laundering and terrorist financing activities through the provision of financial products or services of the Company, the Company has established related regulations for protecting depositors from fraud, conducted employee education and training, and established the "FFHC AML/CFT Policy" which serves as a consistent set of anti-money laundering and counter terrorist financing guidelines.
Commitment	All companies of the group shall establish a culture of anti-money laundering and countering terrorism financing in accordance with government policies. They shall allocate the manpower and resources required for executing operations related to anti-money laundering, prevention of financial fraud, and countering terrorism financing.
Goals	<ul style="list-style-type: none"><li>The Company convenes quarterly workshops for the chief compliance officers of each group subsidiary for each company to report their AML/CFT operations.</li><li>Strengthen the effectiveness of blocking financial frauds.</li></ul>
Duties	Corporate Governance and Customer Care WG of the CSR Committee
Re-sources	<ul style="list-style-type: none"><li>Subsidiaries have invested adequate resources and manpower, and hired Deloitte to provide "AML/CFT system consulting service project" to strengthen anti-money laundering and countering terrorism financing systems.</li><li>We subsidize Certified Anti-Money Laundering Specialist (CAMS) membership fees, registration fees, and incentives, and provide extra credit for passing AML/CFT related certifications.</li></ul>



VIII Prevention of money laundering, financial fraud and terrorism financing

8-1 The Group's AML/CFT Management Framework

1. Assigned dedicated officer – Chief Compliance Officer of the head office

The Board of Directors assigned a Vice President to take charge of supervising the Group's AML/CFT compliance status. In addition to reporting the Group's AML/CFT implementation status and reviewing improvement measures to the Risk Management Committee every two months, the Vice President also reports the AML/CFT implementation status to the Audit Committee and the Board of Directors every six months for Directors to learn about the Group's money laundering and terrorism financing risk exposure and the implementation status of AML/CFT plans.

2. Establishment of dedicated unit - Compliance Department

To strengthen AML/CFT mechanisms, the Compliance Department oversees the establishment and management of the Group's overall AML/CFT plans. First Bank and First Life Insurance set up dedicated AML units to take charge of the planning, coordination, and management of AML/CFT mechanisms and reporting suspected ML/TF transactions. First Bank also established the AML/CFT Committee to learn about the Bank's ML/TF risks and the operations of AML/CFT plans.

3. Assign supervisor

First Bank assigned dedicated AML/CFT supervisors to 35 domestic business units. Other domestic units that do not implement the dedicated supervisor system are assigned a three-in-one supervisor to oversee AML/CFT operations, compliance, and self-audits.



**Reporting mechanisms**

Subsidiaries are required to regularly report their AML/CFT implementation status:

- Regulatory change management
- Audit results and improvements
- IRA report and plan
- AML management implementation status
- Structural and operational review and improvements
- Subsidiaries' implementation status
- Manpower assignment and training
- Key AML plans for next period
- STR de-identification case studies
- CDD information sharing implementation status

**Board of Directors**

**Audit Committee**

**Risk Management Committee**

**Senior management**  
(Group Chief Compliance Officers Meeting)

**FFHC Compliance Department**

**Risk Management Division**

**Report to Board of Directors**

**FFHC Audit Unit**

**Horizontal communication platform**

**Subsidiaries onsite visit meetings**

**First Bank**

**First Securities**

**First Securities Investment Trust**

**First Life Insurance**

**First Commercial Bank(USA)**

**FCB Leasing**

**First Worldsec Securities**

**First Capital Management**

**Regularly request subsidiaries to report implementation status**

**Convene meetings to discuss the implementation status every six months Use communication form to immediately forward related information**

**Management mechanisms:**  
Including "horizontal communication" and "reporting mechanisms"

## 1. Education and training

	FFHC	Banks	Securities	Securities Investment Trust	Life Insurance	AMC
Regular internal training that uses cases for learning	63 people 189 hours	6,092 people 7,957.5 hours	7 people 7 hours	30 people 90 hours	56 people 56 hours	
Computer training course self-evaluation form		8,453 people 14,732.5 hours	502 people 502 hours	305 people 610 hours		
The laws/regulations manager is responsible for company-wide internal network training			476 people 464.5 hours	32 people 96 hours		
The laws/regulations unit provides face-to-face training	73 people 18.25 hours		16 people 16 hours	392 people 486 hours	315 people 630 hours	
Face-to-face training by external institutions		49 people 49 hours	1,447 people 2,894 hours	58 people 95 hours	3 people 17 hours	11 people 36 hours
Mandatory annual training	10 people 145 hours	377 people 3,534 hours	35 people 234 hours	32 people 228 hours	66 people 223 hours	
<b>Total</b>	<b>18,900</b> people attended the courses with a total of <b>33,309.75</b> hours					

To encourage employees to improve their knowledge of money laundering prevention, FFHC, First Bank, First Securities, and First Life Insurance provided subsidies for CAMS membership fees and registration fees and incentives that totaled NT\$12,577,371 in 2019. As of the end of 2019, a total of 1,506 and 1,509 employees obtained CAMS or AML/CFT professional certificate. Furthermore, First Bank provides extra credit for CAMS and AML/CFT certifications when considering employees for promotions. As the customer risk rating is used as the basis for related AML operations and the integrity of customer data directly affect the results of risk ratings, First Bank organized the "2019 customer basic information update and 120 anniversary concert ticket lucky drawn event" to encourage customer to complete their basic information. 43,438 holders of personal accounts visited the Bank to complete updates of their basic information which greatly increased the accuracy of risk ratings. The Bank also provided suitable rewards for employees who helped process suspicious transaction reports to encourage employees to implement monitoring and reporting of transactions suspected of money laundering or terrorist financing.

We live in an era where smartphones are banks, which was brought by the trend of digitalization. First Bank encountered the issue of identity verification when new customers open a digital account with the smartphone app. First Bank uses the customer's account, Chinese name, ID number, date of birth, and mobile phone number at another bank, along with dual ID documents uploaded by the customer on the app for two-factor authentication. After verifying that the account is opened by the customer via a phone call, subsequent account opening procedures are carried out according to the bank's due diligence procedures.

Politically exposed persons serving in important political roles in a domestic or foreign government or terrorists or terrorist groups receiving economic sanctions or determined and traced by foreign governments or the international AML organizations, and individuals, entities, or organizations designated for sanctions in accordance with the Terrorism Financing Control Act are directly considered as high-risk customers. Before the aforementioned individuals establish or add business relations, the approval of the supervisor one level above the original approval level must be obtained. A subsidiary may define the types of high-risk customers based on its business type and in consideration of relevant risk factors. We require subsidiaries to periodically examine whether if they have sufficient information for identifying customers and beneficial owners, and ensure that the information is updated. For high-risk customers, the information must be examined at least once a year, and different control measures must be adopted for high-risk customers and customers with specific high-risk factors based on the risk prevention policy and procedures, so as to effectively manage and reduce known risks.

Where the customer's identity verification cannot be completed or where the customer declines to provide verification

**1. Check and authenticate customer identity**

- Request application form for opening an account and business dealings
- Request the customer's identification documents
- Establish non-face-to-face customer due diligence methods for electronic payment and digital banking

**2. Check and identify the beneficial owner**

- Request declaration from senior management and beneficial owner
- Request the Articles of Incorporation, shareholders list, and identification documents of the customer and its institutional shareholders for identification, and examine if bearer shares were issued

**3. Request information on senior management**

- Request declaration from senior management and beneficial owner

**4. Understand the nature of the relationship and purpose for dealing with the customer**

- Request the business dealing statement

**Complete customer identity verification**

**Hit**

The AML system verifies the name and the processing personnel of the branch manually reviews the comparison and enter results into the system

**No hit**

Connect the customer risk factor scores in the AML system and immediately generate the customer's risk rating

**Blacklist**

- Entity subject to economic sanctions.
- An individual, legal entity, or organization sanctioned by the Ministry of Justice in accordance with the Counter-Terrorism Financing Act.
- Terrorists or terrorist organizations identified or investigated by foreign governments or international organizations.

**Domestic or foreign PEP or special material incidents**

**The Bank's system specifies customer information**

**Medium and low-risk customers**

Maintain original review level

**High-risk customers**

Adopt enhanced due diligence (EDD) customer due diligence measures and increase review level by one level

**Review measures completed**

**Decline account opening**

**Approve account opening**

**File suspected money laundering and terrorism financing transactions.**

**If the customer is on the Specially Designated Nationals List, report the customer and freeze the customer's assets.**

**Review measures not completed**

## 5. Measures superior than what the law requires

- The Company commissioned Deloitte to provide the "AML/CFT system consulting service project" to guide and assist the Company, First Bank, First Securities, First Securities Investment Trust, and First Life Insurance to establish more comprehensive AML/CFT control measures to strengthen the implementation of AML/CFT systems of companies of the Group optimize the AML system, ensure the effective management of the Group's ML/TF risks, optimize the methodology and report contents of the Institutional Risk Assessment (IRA), review the reasonableness of customer risk factors and list scanning rules, and strengthen CDD mechanisms and information sharing in the Group. First Bank received the "Anti-Money Laundering Evaluation Publication and Recognition Ceremony - Rating Award" from the Anti-Money Laundering Office of the Executive Yuan.
- The FSC only requires banks and insurance companies to commission an accountant to audit AML/CFT assurance projects. However, the Company also appointed the CPA to verify the implementation of the AML/CFT measures by First Securities and First Securities Investment Trust to ensure that they conduct AML/CFT risk assessments. The Company also reappointed PWC to organize the AML/CFT project review for First Bank, First Securities, and First Securities Investment Trust for 2019.

## 6. Monitoring criminal activity such as ML/TF

First Bank uses the 53 suspicious trading patterns of ML/TF in the appendix of the Model Guidelines for Banks' AML/CFT Policies and Procedures announced by the Bankers Association of the Republic of China for monitoring. In 2019, the Bank also analyzed 3,925 suspected ML/TF transactions reported by external inspection authorities and 995 STRs from the Bank and identified criminal risks faced by the Bank for formulating related operating procedures.

## 7. AML-related Information Disclosures

First Bank discloses AML information and the Wolfberg AML Questionnaire it signed in the AML section of its website to increase AML information transparency.



## 8-3 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. In 2019, a total of 59 fraud attempts were successfully prevented, resulting in NT\$21.39 million in fraudulent funds being blocked.





# ENVIRONMENTAL MANAGEMENT



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



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.

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.

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 "ISO 14064-1 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

2018

- FFHC received the Climate Change A List rating and Water Resources B List rating from the Carbon Disclosure Project (CDP) in 2018 and became the first Company in Taiwan's financial industry to attain Leadership A List.
- All First Bank's 188 domestic branches adopted the "ISO 50001 - Energy Management System certification".
- All 192 business locations of First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Financial AMC achieved "ISO 14001 Environmental Management System" certification
- Yilan Branch green building obtained the only "Diamond-class" Green Building Mark for historical site in Taiwan.
- First Bank collaborated with Yilan County Government and issued the "Forest Yilan Affinity Card". First Bank donated 0.3% of regular purchase payments for use in tree planting, tree protection, and social welfare activities.
- We coordinated the syndicated bank loan of over NT\$10 billion for the largest solar cell manufacturer in Taiwan as the lead arranger.
- We raised and managed a green energy fund of NT\$330 million for investment and construction of solar power plants with total installed capacity of approximately 27MW.
- First Bank London Branch applied for the certification for old buildings based on the Building Research Establishment Environmental Assessment Method (BREEAM) and was rated "Good" for its own office building improvement project.

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.

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.

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 CO<sub>2</sub> 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 (Indirect greenhouse gas emissions in transportation - Business travel) for the first time and received certification.

2019

- Rated as level A- leadership level in CDP questionnaires for climate change and B in water security questionnaire.
- First Bank Wanhua Branch became the first in the finance industry in Taiwan to obtain the "environmental education site certification" from the Environmental Protection Administration.
- First Bank Yung-Ho Branch became the first in the finance industry in Taiwan to receive the "Product Carbon Footprint Reduction Label" certificate.
- Established the Supplier Management Guidelines as the policy and guiding principles for companies in the group to manage suppliers.
- Expanded the statistics on domestic waste and recycled resources to all First Bank branches in Taiwan.
- Jointed organized the syndicated loan for the construction of a three-in-one bioenergy center with "anaerobic fermentation, incineration plant, and bottom ash landfill site".

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.

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.





Climate Change

Material Topic

GRI 203: Indirect economic impact

Management guidelines	
Policies	<ul style="list-style-type: none"><li>Identify risks and opportunities in climate change in accordance with the "Climate-Related Financial Disclosures Recommendations" framework published by the Task Force on Climate-Related Financial Disclosures (TCFD) and established response mechanisms.</li><li>Use our influence in the finance industry for mitigating climate change and use training and inventory meetings to actively communicate and help business units identify the connections between their businesses and climate change and uncover potential risks and opportunities.</li></ul>
Commitment	<ul style="list-style-type: none"><li>Conduct climate change and environmental sustainability engagement with stakeholders to promote the Group's environmental sustainability policies and ideas in response to climate change.</li><li>Establish systematic mechanisms to enhance climate change governance and evaluate the financial correlation to lower risks and seize business opportunities.</li><li>Support low-carbon economy transformation: Integrate core competences to help companies reduce the pollution and waste of resources in production or service process and provide funding required for pollution prevention, green transportation, green building/green factory, energy and resource conservation, and other measures for improving the environment.</li><li>Provide products or services that produce social and environmental value: Make sure that its operating activities, products and services shall not impact the society and ecological preservation, and improve the social and environmental benefits created by the products or services.</li><li>Identify customer groups sensitive to climate change and evaluate the climate risks faced by investment/loan portfolios, and connect them to traditional risks of the finance industry to enhance the Company's capacity for withstanding climate change risks.</li></ul>
Goals	<ul style="list-style-type: none"><li>Establish risk management strategies for material climate change risks and use the strategies to evaluate the cost of management and the financial impact. Integrate the results into the Company's management system to strengthen climate change governance.</li><li>Fill out the CDP questionnaires for climate change.</li><li>Collect related information on information carbon pricing and conduct calculations.</li><li>Sign the Equator Principles in 2020; introduced the Equator Principles in 2021.</li><li>Sign the Standard Climate-related Financial Disclosures (TCFD) framework before the end of April 2020.</li></ul>
Duties	CSR Committee Environmental Sustainability Group and Customer Care Group
Re-sources	<ul style="list-style-type: none"><li>The Company's CSR Committee reviews the climate change management policy; senior executives of each business group direct business management units to propose response 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.</li><li>Assign personnel to collect information on domestic and foreign environmental sustainability and climate change mitigation measures as well as seminars and research reports on related domestic and foreign issues and share results with employees.</li></ul>



Climate Change

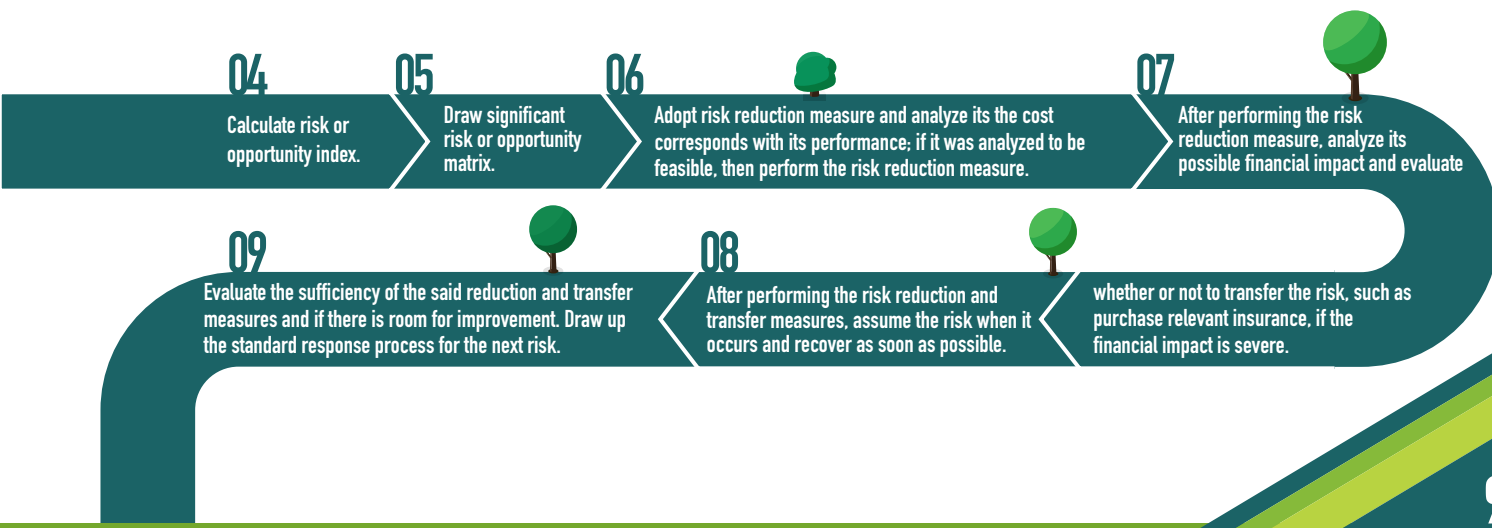
Strengthen climate change governance in response to business risks in the finance industry brought forth by climate change. The Environmental Sustainability Group of the CSR Committee is tasked to identify potential climate change risks and opportunities. It uses the "Climate-Related Financial Disclosures Recommendations published by the Task Force on Climate-Related Financial Disclosures (TCFD) to check and identify the operation risks and opportunities of the Company due to physical, transformation and other aspects. It shall establish a risk and opportunity matrix and use the outcomes of the matrix analysis to establish risk management strategy regarding the major risks as the core response action to the climate change, and estimate management cost and financial impact accordingly. To avoid the investments and financing risks derived from climate change, our Green Finance Committee-Green Examination Group identified and assessed the environmental risk factors and revised the related policies or principles of credit and investment review to prevent financing risks arising from climate change The goal is to strengthen the Company's climate change governance, systematically connect assessments and finances, reduce risks, and gain business opportunities.

Senior executives of each business group of the Company direct business management units to establish and execute plans and set short, medium and long-term goals for climate change risks and opportunities. The results of their execution are periodically filed to the Board of Directors for review. In 2019, the Company continued to strengthen the climate change risk identification capabilities of loan and investment review personnel to enhance their core competencies. The Company's Board of Directors also approved the inclusion of emerging risks (including climate change risks) into the risk management policy in February 2020 to implement climate change governance and management.



TCFD Indicator Disclosure Framework and Actions

	2011~2018	2019	2020 and 2021
Governance	<ul style="list-style-type: none"><li>Matters implemented after the resolution of the Board of Directors:<ul style="list-style-type: none"><li>✓ Corporate Social Responsibility Policy</li><li>✓ CSR Code of Conduct</li></ul></li><li>Matters supervised by the Board of Directors:<ul style="list-style-type: none"><li>✓ Green Financing Review Principles</li><li>✓ Environmental Management Policy</li><li>✓ Energy Management Policy</li></ul></li><li>Established the Green Finance Committee and Assigned the President to serve as the Chairman of the Committee</li></ul>	<ul style="list-style-type: none"><li>The Board of Directors reviewed and established the CSR Policy:<ul style="list-style-type: none"><li>✓ Integrated ESG factors into voting and product review mechanisms to implement requirements in the Stewardship Principles</li><li>✓ Integrated ESG issues into the development strategies and operating procedures of core businesses</li></ul></li><li>Supported the low-carbon economy transformation, provided funding needed by companies to improve their environmental performance, and reduced the impact of the products and services provided by the Company on the society and the environment.</li><li>Implemented the Supplier Management Guidelines based on the approval of the President as the policy and guiding principles for companies in the group to manage suppliers</li></ul>	<ul style="list-style-type: none"><li>The Board of Directors reviewed and approved the inclusion of climate change risks into the risk management policy</li><li>The Board of Directors reviewed and passed the "Sustainability Credit Policy", "Sustainability Investment Policy ", and "Sustainability Insurance Policy" and included ESG issues into the planning and operating procedures for investments, financing, underwriting, and insurance businesses</li><li>The Board of Directors shall continue to monitor related targets for countering climate change and the implementation status</li></ul>
Strategy	<ul style="list-style-type: none"><li>Supported the "Intended Nationally Determined Contributions" (INDC) targets</li><li>Identified the physical, transformational, and other risks of the organization caused by climate change</li><li>Identified the climate change risks and opportunities of the organization</li></ul>	<ul style="list-style-type: none"><li>Identified the climate change risks and opportunities of the organization. Introduced parameters for different scenarios for the Group's clients in high-carbon emission industries and analyzed the climate change risks of these industries to enhance the Company's capacity or withstanding climate change risks.</li><li>Engaged customers in environmental sustainability and climate change issues</li></ul>	<ul style="list-style-type: none"><li>Sign the Standard Climate-related Financial Disclosures (TCFD) framework before the end of April 2020.</li><li>Sign the Equator Principles in 2020</li><li>Introduce the Equator Principles in 2021</li><li>Identify customer groups sensitive to climate change and evaluate the climate risks faced by investment/loan portfolios, and connect them to traditional risks of the finance industry</li><li>Use the "General Circulation Model" (GCM) and Representative Concentration Pathways (RCP) for analyses of different scenarios and evaluate the current and future physical risks to establish future business, strategic, and financial plans</li></ul>
Risk management	<ul style="list-style-type: none"><li>Introduced tools for evaluating climate change risks and opportunities</li><li>Studied and analyzed new developments in domestic and foreign climate change mitigation and adaptation to produce environmental education materials for the Company's employees</li></ul>	<ul style="list-style-type: none"><li>Studied tools used to evaluate climate change risks and opportunities</li><li>Continued to strengthen the climate change risk identification capabilities of loan and investment review personnel</li></ul>	<ul style="list-style-type: none"><li>Establish risk identification, measurement, supervision, and control and management procedures for climate change risks</li><li>Formulate climate change risk offsetting measures and establish management mechanisms</li></ul>
Indicators and Goals	<ul style="list-style-type: none"><li>Please refer to the "Sustainable Development Goals" chapter on page 38 to page 43 of the Company's 2018 CSR Report</li></ul>	<ul style="list-style-type: none"><li>Please refer to the "Sustainable Development Goals" chapter on page 34 to page 37 of this Report.</li></ul>	<ul style="list-style-type: none"><li>Please refer to the "Sustainable Development Goals" chapter on page 34 to page 37 of this Report.</li></ul>



# 1-1 Climate change risks

## ◆ FFHC Identify the risks of climate change

Type	Item	Impact on Company Operations	Risk Mitigation Management Measures
Physical	Tropical cyclone/ Extreme precipitation	<ul style="list-style-type: none"><li>Caused damage to offices, equipment, or transportation vehicles Heavy rain or strong wind brought forth by tropic cyclones may directly impact the Company's operation sites.</li><li>Employees suffer losses on their way to or from work, at the workplace, or on their way to confirm damages caused by disasters.</li><li>Work being called off which resulted in the disruption of operations.</li><li>Caused the affected households to be unable to repay loans which led to the loss of principal to the Company.</li><li>Caused bodily injury to the insured of the Company which led to the increase of claim amount.</li><li>Investee personnel's loss of property causes investment profitability to fall.</li><li>Borrowers suffer from interruption of operations or loss of personnel or property which leads to difficulties in repayment.</li><li>Caused decrease in the asset value of the Company's investment real estates.</li></ul>	<ul style="list-style-type: none"><li>Include climate change risks into the Company's risk management policy and report to the Board of Directors for review and approval before rigorous implementation in accordance with the Company's risk management policy.</li><li>As tropical cyclones and extreme precipitation may cause damage to the information appliances, the Company appoints professional contractors to conduct inspections and maintenance for mechanical and electrical equipment and we set up waterproof gates, sandbags, other flood-prevention measures, and uninterrupted power system to ensure normal operation.</li><li>We purchase insurance for investment property held by the Company and all-risk home insurance for credit asset to transfer risks and enhance protection of creditor's rights.</li><li>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 and establish defense corps for responding to typhoons, flooding, earthquakes, bank runs, epidemics, fires, explosions and other emergencies to manage climate change risks.</li><li>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.</li></ul>
	Rising sea levels	<ul style="list-style-type: none"><li>Exposes some business units to flood risk.</li></ul>	
	Extreme drought	<ul style="list-style-type: none"><li>May lead to lack of electricity which results in disruption of operations</li><li>May lead to fires.</li><li>Difficulties in obtaining water resources will increase operating costs</li></ul>	
	Extreme climate change	<ul style="list-style-type: none"><li>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 and water of the Company, which increased the energy consumption.</li><li>The increase of the occurrence rate of infectious diseases increases the risks to employee health and disruption of operation.</li></ul>	
Transformation	Uncertainty of new regulations	<ul style="list-style-type: none"><li>Regulations on renewable energy certificate or carbon right certificate transactions being unclear.</li><li>The government plans to institute regulations to require users with a contractual capacity of more than 5,000kW to install a certain capacity of renewable energy and energy storage equipment, purchase renewable energy certificates, or use alternative payment. These measures will increase operating cost.</li><li>Regulatory change regarding renewable energy will influence power companies the Company reinvests in.</li><li>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.</li><li>If the government requires users with a contractual capacity of 800 kW or more to save 1% of electricity every year, the Group may be subject to government sanctions since it has already reduced carbon emissions since 2012 and encountered bottlenecks. The Group may face difficulties in achieving voluntary carbon emissions reduction goals if no new low-carbon technology is developed. The Group must reach the goals by trading carbon rights or purchasing renewable energy certificates.</li></ul>	<ul style="list-style-type: none"><li>In response to possible legislation in the future that requires any unit with a contract capacity of 5,000 kW to install a certain capacity of renewable energy, the Company shall replace existing equipment with more efficient equipment, reduce contract capacity, formulate plans for power generation and reduce electricity purchased from external sources, and seek cheaper renewable energy. We shall pay close attention to information on new technology and consult suppliers on the availability of new equipment with higher efficiency or carbon reduction technology.</li><li>As the "Indoor Air Quality Management Act" may be expanded to include all business units, the Company shall initiate autonomous management of air quality for all business units in advance. We shall inspect and monitor CO<sub>2</sub> concentration in office environments every six months. For business units with CO<sub>2</sub> concentration of higher than 1,000ppm, we shall send personnel to the locations to survey and plan improvement measures.</li><li>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.</li></ul>
	International conventions or agreements	<ul style="list-style-type: none"><li>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.</li></ul>	
	Mandatory declaration	<ul style="list-style-type: none"><li>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.</li></ul>	
	Bad reputation	<ul style="list-style-type: none"><li>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.</li></ul>	<ul style="list-style-type: none"><li>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.</li><li>Avoid investment in stocks of companies with disputed performance in environmental conservation, human rights, and social issues.</li></ul>

Type	Item	Impact on Company Operations	Risk Mitigation Management Measures
Transformation	Sustainable trends of the financial industry	<ul style="list-style-type: none"><li>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.</li><li>All loan customers of the Company are required to sign the CSR Declaration, which could lead to the loss of business.</li></ul>	<ul style="list-style-type: none"><li>Implement responsible investment and stewardship principles and invest Company's own funds and loans in sustainable companies.</li><li>Thoroughly execute the ESG review policies and adopt the "Green Financing Review Principles" for all financing cases. Evaluate risk factors and communicate with customers.</li><li>The two fund companies that sell products through First Bank's channels have signed the compliance statement for the "Stewardship Principles" and signed the "CSR Declaration".</li><li>Educate and encourage loan customers to sign the CSR Declaration for them to understand the importance of ESG values.</li></ul>
	Increase domestic and international environmental protection awareness	<ul style="list-style-type: none"><li>As environmental protection awareness increases, an increasing number of industries and companies have been identified as companies that pollute the environment. It would reduce the stock price of such companies and indirectly affect the returns on the Company's investments.</li></ul>	<ul style="list-style-type: none"><li>Pay close attention to the current state of the industries and future trends while gradually reducing the amount of shares it holds in companies that may be identified as polluting the environment.</li></ul>
Other	Change in socioeconomic condition	<ul style="list-style-type: none"><li>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 financial product and service provision.</li></ul>	<ul style="list-style-type: none"><li>Pay close attention to change in socioeconomic conditions due to climate change and properly design differentiated products and services.</li></ul>

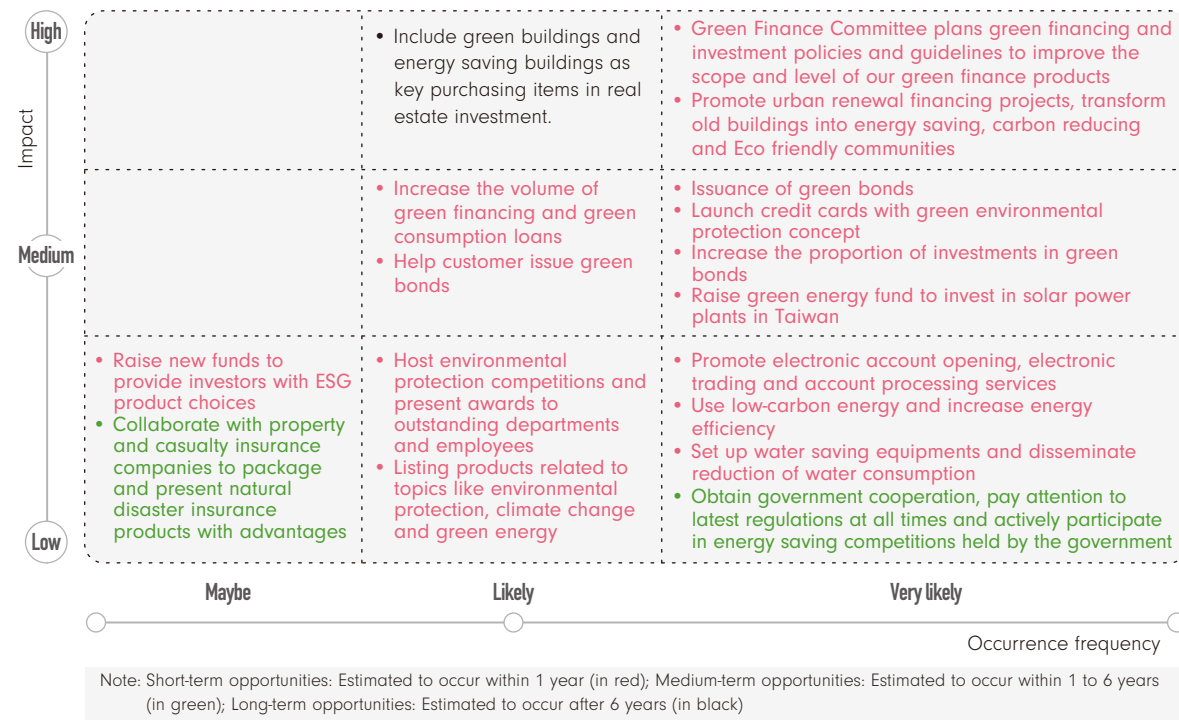
## ◆ Climate change risk matrix identified by FFHC

Impact	High	<ul style="list-style-type: none"><li>Damage to the information appliances due to tropical cyclones</li></ul>	<ul style="list-style-type: none"><li>Tropic cyclones cause borrowers to suffer from interruption of operations or loss of personnel or property which leads to difficulties in repayment.</li></ul>	<ul style="list-style-type: none"><li>Regulations on renewable energy certificate or carbon right certificate transactions being unclear</li><li>All loan customers of the Company are required to sign the CSR Declaration, which could lead to the loss of business</li></ul>
	Medium	<ul style="list-style-type: none"><li>Extreme drought may lead to difficulties in obtaining water resources which will increase operating costs</li><li>Extreme temperature changes increase the occurrence rate of infectious diseases which increases the risks to employee health and disruption of operation.</li></ul>	<ul style="list-style-type: none"><li>Tropical cyclones cause investee personnel's loss of property which causes the Company's investment profitability to fall.</li><li>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</li><li>Make mandatory declaration for rental cars in compliance with the policies and regulations</li><li>Increase environmental protection awareness</li></ul>	<ul style="list-style-type: none"><li>International conventions or agreements</li><li>Tropical cyclone caused decrease in the asset value of the Company's investment real estates</li></ul>
	Low	<ul style="list-style-type: none"><li>Tropical cyclone caused the affected households unable to repay loans of the First Bank which led to the loss of principal</li><li>Bad reputation: When loan customers of the Company involve in environmental pollution, reputation of the Company will be indirectly affected</li><li>Rising sea level exposes some business units to flood risk</li><li>Extreme drought may lead to lack of electricity which may caus disruption of operation.</li><li>Tropical cyclone caused harms to the staff end route for the confirmation of disaster damage</li></ul>	<ul style="list-style-type: none"><li>Tropical cyclone caused damage to offices or equipment</li><li>Sustainable trends of the financial industry</li><li>Change in socioeconomic condition</li><li>Tropical cyclone caused bodily injury to the insured of the Company which led to the increase of claim amount</li><li>The government plans to institute regulations to require users with a contractual capacity of more than 5,000kW to install a certain capacity of renewable energy and energy storage equipment, purchase renewable energy certificates, or use alternative payment. These measures will increase operating cost.</li><li>Impact of Indoor Air Quality Act on the operating offices</li></ul>	<ul style="list-style-type: none"><li>Work being called off due to tropical cyclone which resulted in the disruption of operations</li><li>Extreme temperature led to the increase of electricity and water used</li><li>Regulatory change regarding renewable energy will influence electric companies the Company reinvests in</li></ul>
	Occurrence frequency			

Note: 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)



## ◆ Climate change opportunity matrix identified by FFHC



## Low-carbon operations and circular economy

### Material Topic

GRI 302: Energy GRI 305: Emissions GRI 306: Effluents and Waste

GRI 307: Environmental Compliance

GRI 308: Supplier environmental assessment GRI 414: Supplier Social Assessment

GRI guidelines and financial services sector disclosure standards: Product Portfolio

FS1: Policies with specific environmental and social components applied to business lines

FS2: Procedures for assessing and screening environmental and social risks in business lines.

FS4: Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines

### Management guidelines

- Policies**
- To ensure the sustainability of the environment, the Group upholds its responsibility for the sustainable development of the environment and cooperates with all low-carbon operation initiatives to reduce greenhouse gas emissions and reduce waste. The Group is fully committed to developing a sustainable, renewable, and circular homeland.
  - FFHC established the "Supplier Management Guidelines" as the policy and guiding principles for the management of suppliers of the Group. We require suppliers to abide by the International Bill of Human Rights, laws, universally-recognized labor rights principles, related environmental protection regulations, occupational safety and health, ethical corporate management, corporate social responsibilities, and other international initiatives.

- Commitment**
- FFHC is committed to reducing greenhouse gas emissions and emissions intensity. It formulates operation strategies, sets carbon emissions reduction targets, and implements measures to improve energy efficiency to achieve the goal of reducing greenhouse gas emissions.
  - Green and environmentally-friendly building materials with minimum negative impact on the environment and health are prioritized for the construction or refurbishment of office buildings or work areas.
  - FFHC introduces high-performance electrical equipment, power generation systems, ISO verification guidelines, and products that adopt the cradle-to-cradle design to integrate operations with the circular economy and reduce energy resource consumption.
  - FFHC chooses to work with high-quality suppliers with related human rights and labor rights regulations and jointly fulfills corporate social responsibility with the suppliers.
  - Suppliers in the area/country of operations and those nearby are prioritized for procurement to reduce carbon emissions in the transportation process and create local job opportunities.
  - FFHC selects and uses green-label or recyclable materials in operating activities and commits to resource recycling and domestic waste reduction.

### Management guidelines

- FFHC has adopted different ISO Environmental or Energy Management Systems and obtained certification. We also use various action plans to reduce carbon emissions in operations and continue to increase the use of renewable energy in order to effectively implement carbon management.

### Goals

- FFHC actively discloses the service carbon footprint to help customers understand the concept of carbon management and monitor the carbon emissions in the service process to establish effective carbon emissions reduction measures.
- Each year, FFHC improves energy efficiency of old buildings owned by the Group and obtains Green Building Marks.
- All suppliers agreed to comply with the Company's "Supplier Management Guidelines" and signed the "Declaration on Human Rights and Environmental Sustainability Clauses" to regularly audit whether suppliers are subject to environmental or occupational disasters or violation of labor laws. FFHC monitors suppliers that have been penalized for violation of environmental protection regulations and requires them to submit improvement plans or terminate business relations.

### Duties

The Environmental Sustainability Group of the CSR Committee

- FFHC cooperates with domestic and foreign stakeholders and business units and strives to reduce all GHG emissions in daily operations.
- FFHC assists branch offices to replace old, energy-consuming equipment with energy saving equipment and apply for Green Building Mark by improving energy efficiency in accordance with the "Green Building Evaluation Manual" published by the Building Research Institute, Ministry of the Interior.
- FFHC actively expands digital paperless services in sectors such as marketing, transactions, payment, and account services to reduce the carbon footprint in operations.
- The Company supports employees in obtaining professional engineer certification as architects, civil engineers, electrical engineers, and HVAC engineers as well as "environmental education personnel", "energy management personnel", and "professional indoor air quality management personnel" licenses to improve environmental and energy management quality.
- FFHC studies and analyzes new developments in domestic and foreign environmental sustainability and climate change mitigation and adaptation to produce environmental education materials for the Company's employees, suppliers, and other stakeholders.



## II Low-carbon operations and circular economy

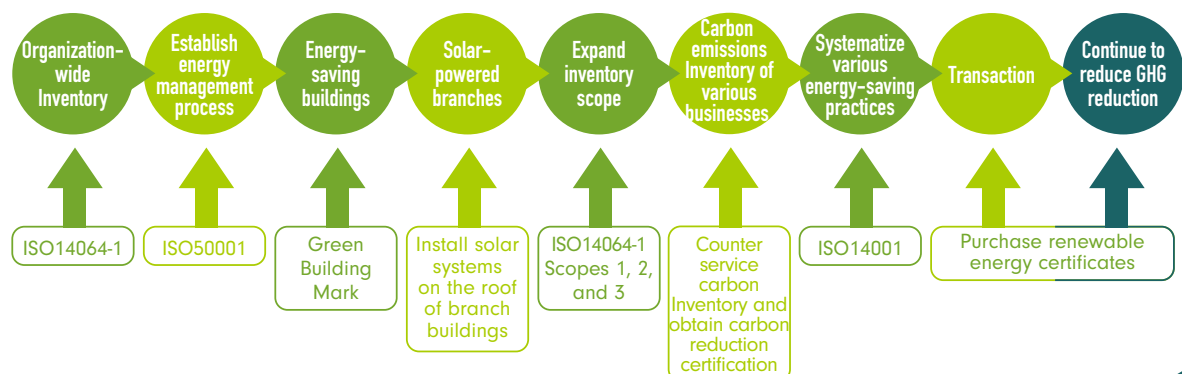
FFHC set up the first action year 2005 as the base year. By means of different projects, the long-term goal is to reduce 50% of the carbon emission in 2050 compared to the year 2005. FFHC has embraced a policy of environmental sustainability. In 2019, savings in fuel, electricity and gas reduced carbon emissions by 474 tons of CO<sub>2</sub>e. Paperless operations reduced carbon emissions by 18,783 tons of CO<sub>2</sub>e. Total carbon reductions therefore amounted to 19,257 tons of CO<sub>2</sub>e, equal to the annual amount of carbon absorption by 49.5 Daan Parks. Related measures and outcomes are described below:

Note: According to the standard rate released by Bureau of Energy in 2011, MOEA, Daan Park can absorb 389 tons of CO<sub>2</sub> per year.

### 2-1 Human Resource Management Risk Map

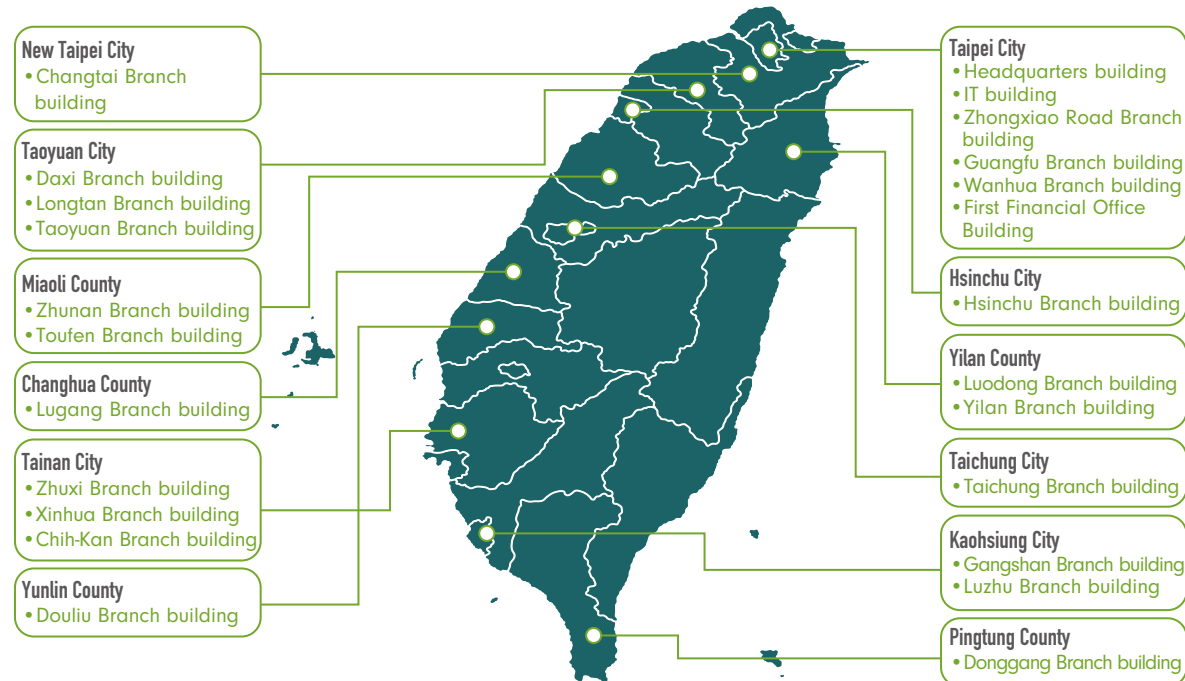
FFHC has 72 buildings with an average age of more than 40 years. To alleviate the heat island effect of office buildings, the "Green Building Certification Program" team was formed in 2010 to transform the head office buildings into green buildings. As of 2019, 24 existing buildings have been certified by the Ministry of Interior as Diamond-class green buildings. We established a goal for obtaining the Diamond-class green building certificate for 38 buildings by the end of 2025. In 2017 the company had all of the 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's Steps to reduce carbon emissions





## ◆ FFHC GHG Reduction Steps Carbon Reduction Results in 24 Green Building Company Locations



Carbon reduction result	Carbon reduction area
(kWh/yr)*1    tonsCO <sub>2</sub> e*2	<ul style="list-style-type: none"> <li>Enthalpy control</li> <li>Replacement with more efficient chilled water and cooling water pumps or addition of variable speed drive</li> <li>Addition of variable speed drive to air conditioning unit</li> <li>Replacement of T8 with LED lamps</li> <li>Implement self-management in electricity usage</li> <li>Replacement with more efficient DC inverter air-conditioning unit or multi-split inverter air-conditioning</li> <li>Implement Energy Management System</li> <li>Replacement of Closed Loop Water Pump and addition of variable speed drive</li> <li>Implement total heat exchanger system</li> <li>Installation of additional air-conditioning units and small ventilators</li> <li>Installation of additional solar power generating systems</li> </ul>
<b>4,506,279</b> <b>2,401</b> 16,223GJ (1kWh=0.0036GJ)	

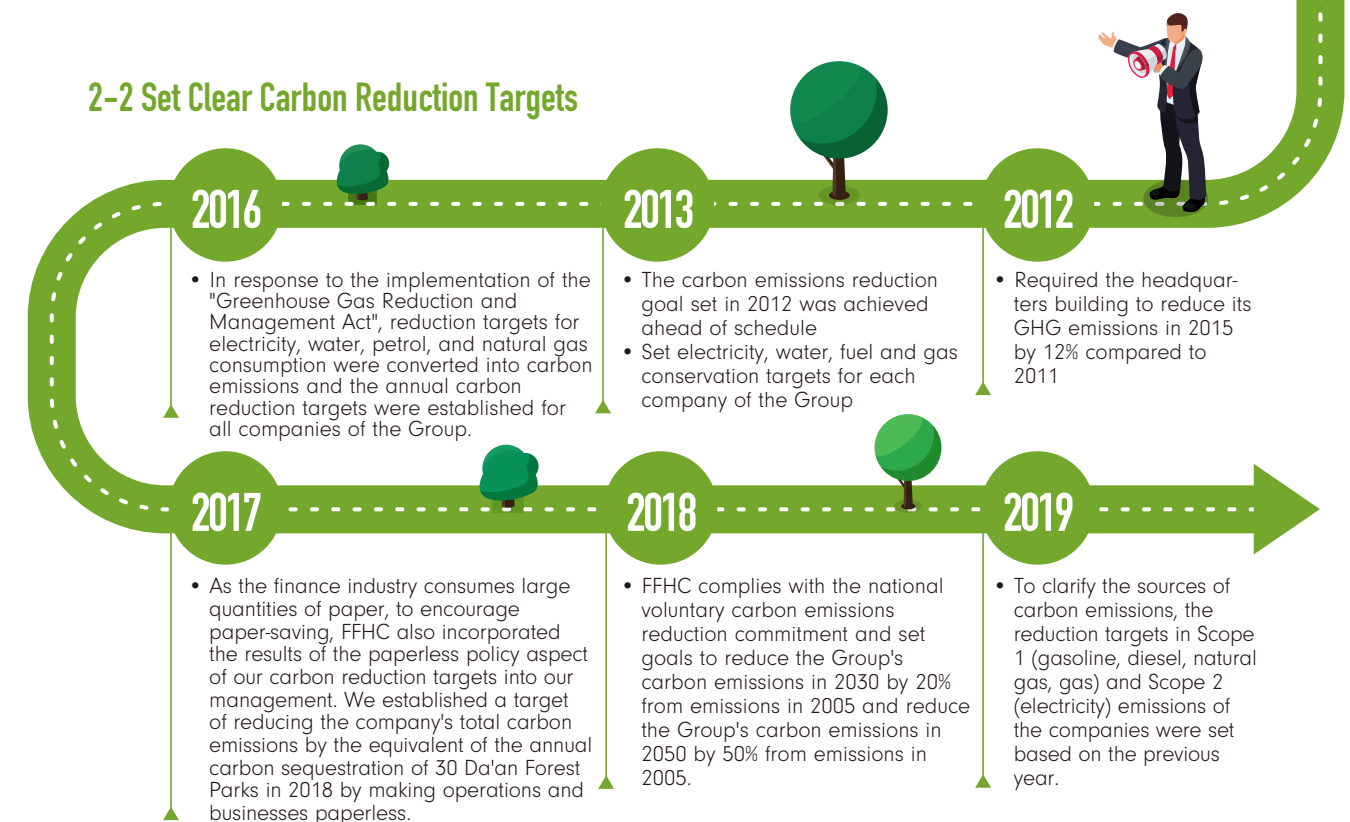
Note1: The difference in performance between improved air-conditioning and lighting equipment and the usage time are used as main factors to estimate the carbon emissions reduction.

Note2: An "electricity emission factor" of 0.533 as published in 2019 was used.

## ◆ Environment Management certifications received by FFHC

Item	Certified sites in 2019
"Diamond-class" Green Building	24
ISO 14064-1 Greenhouse Gas Inventory	All domestic and foreign company locations
ISO 50001 Energy Management System	188
ISO 14001 Environmental Management System	All domestic company locations
ISO 14046 Water Footprint	8
Air Quality Self-Management	188
Office CO <sub>2</sub> level measurement	237
Implement Real-time Indoor Air Quality Monitoring System	41
ISO 14064-1 Other Indirect Emission Inventory (Indirect greenhouse gas emissions in transportation - Business travel) Verification	Bank, Securities, Securities Investment Trust, Life Insurance, AMC
ISO 14064-1 Other Indirect Emissions Inventory (Waste disposal in operations) Verification	Bank, Securities, Securities Investment Trust, Life Insurance, AMC Headquarters and Bank Information Building
Environmental educator certification.	4 people
"Product Carbon Footprint Reduction Label" certification	First Bank Yung-Ho Branch
"Product Carbon Footprint Label" certification	First Bank Head Office Business Department Wanhua Branch
"Environmental Education Site" certification	First Bank Wanhua Branch

## 2-2 Set Clear Carbon Reduction Targets



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. FFHC also received the Climate Change A- (Leadership Level) rating which was the best performance in Taiwan's finance industry in 2019.

## ◆ The energy conservation and carbon reduction performance of FFHC Group companies in 2019:

Unit: %

company	First Bank		First Securities		First Securities Investment Trust		First Life Insurance		First Financial Assets Management	
	Compared to 2018 reduction target	Actual Results Effective-ness	Compared to 2018 reduction target	Actual Results Effective-ness	Compared to 2018 reduction target	Actual Results Effective-ness	Compared to 2018 reduction target	Actual Results Effective-ness	Compared to 2018 reduction target	Actual Results Effective-ness
Scope 1 Carbon reduction	1	-4.77	1	23.40	1	-2.60	1	3.09	1	-1.76
Scope 2 Carbon reduction	0.5	2.71	0.5	2.71	0.5	4.53	0.5	0.71	0.5	11.46

## ◆ Total Carbon Reduction Result and Goal for FFHC Group

	2019 Carbon Reduction Goal	2019 Total carbon reductions	2020 Goals
Scope 1 Carbon reduction volume	24 tons of CO <sub>2</sub> e	-101 tons of CO <sub>2</sub> e	39 tons of CO <sub>2</sub> e
Scope 2 Carbon reduction volume	104 tons of CO <sub>2</sub> e	575 tons of CO <sub>2</sub> e	344 tons of CO <sub>2</sub> e
<b>Total</b>	<b>128 tons of CO<sub>2</sub>e</b>	<b>474 tons of CO<sub>2</sub>e</b>	<b>383 tons of CO<sub>2</sub>e</b>

## ◆ 2019 Greenhouse gas emissions

Greenhouse Gas	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs	PFCs	SF <sub>6</sub>	NF <sub>3</sub>	Total emissions of 7 Greenhouse gas
Emissions (t-CO <sub>2</sub> e/year)	21,839	366	48	516	0	0	0	22,769
Proportion of total emissions (%)	<b>95.91</b>	<b>1.61</b>	<b>0.21</b>	<b>2.27</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>

Note: The Company does not emit NO<sub>x</sub>, SO<sub>x</sub>, and other significant air emissions

◆ FFHC Overall Carbon Emissions

		2016	2017	2018	2019	2019 Goals	2019 compared to 2018 (%)	
Scope 1 Carbon Emissions Under ISO -14064 Inventory (tons CO <sub>2</sub> e) <sup>Note 1</sup>		2,725	2,670	2,386	2,487 <sup>Note 6</sup>	2,362 <sup>Note 5</sup>	4	
Scope2 Carbon Emissions Under ISO -14064 Inventory (tons CO <sub>2</sub> e) <sup>Note 1</sup>		22,812	20,978	20,857	20,282	20,753 <sup>Note 5</sup>	-3	
Total Emissions (Scope 1 + Scope 2) (tons CO <sub>2</sub> e)		25,537	23,648	23,243	22,769	23,115	-2	
Scope 1 and Scope 2 inventory Ratio of business locations (%)		96	100	100	100			
ISO 14064-1Other Indirect Emission Inventory (tons CO <sub>2</sub> e)	Indirect greenhouse gas emissions in transportation - Business travel	347	318	418	373	500	-11	
	Indirect greenhouse gas emissions from other sources - Waste disposal in operations			109 <sup>Note 7</sup>	78 <sup>Note 7</sup>			-28
Total energy consumption (GJ) <sup>Note 2</sup>		399,331	366,471	345,508	351,505			2
Total energy consumption (MWh) <sup>Note 3</sup>		46,084.76	42,289.52	39,869.80	40,563.23 <sup>Note 6</sup>	39,656.56	2	
Energy Consumption Per Capita (GJ/person) <sup>Note 4</sup>		47.78	40.68	37.45	36.75			-2
Energy intensity (GJ/Net Profit in million NTD)		8.86	7.21	5.73	5.64			-2
Greenhouse gas (GHG) emissions intensity (tons CO <sub>2</sub> e/Net Profit in million NTD)		0.57	0.47	0.39	0.37			-5

- \*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, The emission factors used are based on the EPA's published greenhouse gas emission coefficient management table version 6.0.4; this inventory refers to the GWP adopted by the EPA's national login platform, using the 2007 IPCC 4th assessment report. If the IPCC 4th assessment report in 2007 did not have a reference number, it refers to the warming potential of the IPCC 5th assessment report in 2013; the method used to consolidate greenhouse gas volume is Operated Control Method; the inventory standard is based on ISO 14064-1.
- \*2 : The scope of total energy consumption (GJ) mainly includes diesel used for the generators, gas, natural gas, diesel used for official vehicles,gasoline used for official vehicles, and electricity. The statistics are filed by each unit in accordance with related forms, compiled by the Sustainable Environment Work Group of the CSR Committee, and verified by SGS. The conversion of the energy consumption (GJ) coefficient is mainly based on the parameters in the Heat Content of Energy Products in the Energy Statistics Handbook 2013 and Energy Audit Annual Report for Productive Industries 2012 compiled by the Bureau of Energy, Ministry of Economic Affairs.
- \*3 : MWh (Megawatt Hour)
- \*4 : The number of employees investigated was 8,362 in 2015, 8,357 in 2016, 9,008 in 2017 and 9,227 in 2018, 9,565 in 2019.
- \*5 : In 2019, the scope 1 target is First Bank, First Securities, Securities Investment Trust, Life Insurance and AMC's carbon emissions reduced by 1% compared with 2018; the scope 2 carbon emissions target is reduced by 0.5%; the MWh target is the vehicle oil , Generator diesel and gas are reduced by 1% compared with 2018, and electricity consumption is reduced by 0.5%.
- \*6 : Scope 1 and MWh's failure to meet the standard were mainly due to a net income of NT \$ 62.318 billion in 2019, which was an increase of 3.43% from 2018's 60.249 billion. The business volume also increased simultaneously, resulting in an increase in vehicle fuel and electricity consumption from the previous year.
- \*7 : In 2018, the scope of waste inventory was the bank headquarters and information building; in 2019, the headquarters of Securities, Securities Investment Trust, Life insurance and AMC were added.
- \*8 : In 2019 we received no complaints over environmental impact or penalties for environmental violations.
- \*9 : 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)

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. As a principle, official vehicles shall be used for carpooling. Until 2019, FFHC has replaced 88 traditional gasoline scooters which were set for retirement with environmentally friendly Gogoro electric scooters which reduced carbon emissions by 8.9 metric tons CO<sub>2</sub>e. We also set up battery exchange stations on vacant lots at the Chung-Shan Branch, Ta-Tao-Cheng Branch, Pei-Tou Branch, and Hsin-Hsing Branch to promote low-pollution scooters. 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 and remote areas, which help reduce carbon emissions of employees commuting to and from work. Our overseas travels in 2019 were verified to total 6,674,916 kilometers, total energy consumption was 5,857 GJ (note), which emitted a total of 373 metric tons of CO<sub>2</sub>e.



We established dormitories for employees at multiple locations (pictured left is the Hualien dormitory and pictured right is the Hengchun dormitory) to reduce the carbon emissions of employees commuting to and from work.

Note: according to the National Chiao Tung University thesis titled "Aircraft Fuel Consumption analysis and Fuel Saving Strategy" (2013), flights consume 4,112 kilograms (assume an average density of 0.701g/ml for jet fuel, totaling approximately 5,866 liters) of fuel for a 1,074-km flight. The conversion of the energy consumption (GJ) coefficient is mainly based on the parameters in the Heat Content of Energy Products in the Energy Statistics Handbook 2013 compiled by the Bureau of Energy, Ministry of Economic Affairs and the assumption that a flight carries on average 250 passengers.

◆ The CO<sub>2</sub>e Emissions of business travels made by the FFHC in the past years

Item \ Year	2016	2017	2018	2019		2020 Goals
				Actual number	Goals	
ISO 14064-1 Other indirect emission inventory (Indirect greenhouse gas emissions in transportation - Business travel) (Unit:ton CO <sub>2</sub> e)	347	318	418	373	500 <sup>Note</sup>	Less than 500
Percentage of coverage (%)	100	100	100	100	100	

Note: As FFHC plans to add at least 7 overseas operations from 2019 to 2024, the total carbon emissions goals set for business travel of 2019 are higher than levels in 2018.

2-4 Carbon Footprint Management

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 in June 2017 and announced on the Carbon Footprint Labeling website, providing financial industry peers with a set of regulations for calculating counter service carbon footprint. In July 2017, we obtained the SGS-certified Carbon Footprint Verification Statement and received the EPA Service Carbon Footprint Label Certificate in September 2017. According to our research, the First Bank HQ Sales Department and Wanhua Branch produce 2 kg and 800 g of CO<sub>2</sub>e when providing counter service to a single person. By disclosing the service carbon footprint, we help customers understand the concept of carbon management. It also allows us to closely monitor the carbon emissions in the service process so that we can establish effective carbon emissions reduction measures. In 2019, we used our existing inventory experience and took part in the Chunghwa Telecom Counter Service PCR amendment meeting. We also received a carbon emissions reduction label from the Environmental Protection Administration for reducing carbon emissions in over-the-counter services by 3.79% at Yung-Ho Branch. We fully demonstrated our carbon management and performance in carbon emissions reduction.

◆ Yung-Ho Branch obtained the EPA Carbon Reduction Label





2-5 Use of Renewed Energy

A. Installation of Rooftop Solar Power Generation Systems

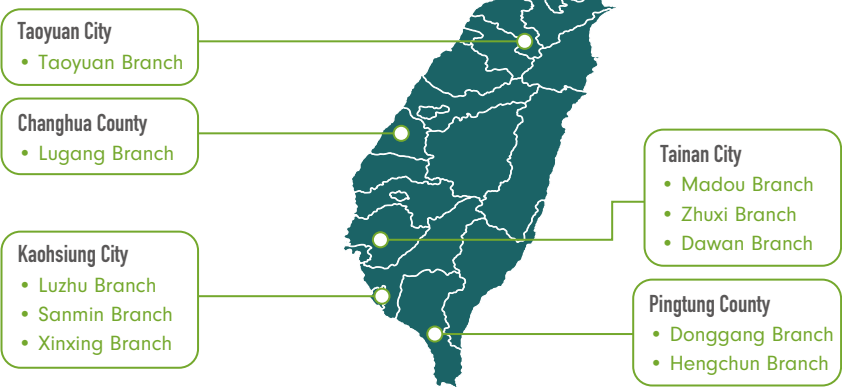
To respond to the green energy policy, the FFHC has used the renewable energy. In 2019, it reduced 65.40 metric tons of CO<sub>2</sub>e. It has bought a total of 1,500,000 kWh of green power for solid from 2015 to 2019. In addition, after assessing the sunshine conditions of the operating sites, rooftop solar power generation systems were built in 2016. As of the end of 2019, 10 rooftop solar generation systems have been completed and the total annual carbon reduction amounted to 62.45 metric tons CO<sub>2</sub>e. FFHC set goals for producing and using 60,000 kWh of renewable energy for 2020 and will continue to increase the proportion of the Group's use of renewable energy, so that we may implement environmental sustainability policies.

Renewable energy consumption & green power purchases in the past years

Item \ Year	2016	2017	2018	2019		2020 Goals
				Actual Result	Goal	
Energy consumed (MWh)	4.99	22.76	85.81	122.71	50	60
kWh purchased <sup>Note 1</sup>	160,000	240,000	790,000	300,000		
Total kWh of purchased and used renewable energy	164,986	262,755	875,811	422,705	400,000	500,000
Energy consumption (GJ) <sup>Note 2</sup>	1,428.92	2,275.69	7,585.29	3,661.00		
Emission factor from the use of power <sup>Note 3</sup>	0.525	0.530	0.554	0.533		
Carbon reduction result (MT of CO <sub>2</sub> e)	86.62	139.26	485.20	225.30		

Note1: The number of kWh purchased from 2016 to 2017 refers to green electricity purchased from Taiwan Power Company. In 2018, FFHC purchased 440 tons of carbon right certificates which equals approximately 790,000 kWh of renewable energy. In 2019, FFHC purchased 160 tons of carbon right certificates which equals approximately 300,000 kWh of renewable energy.  
Note2: The conversion of the energy consumption (GJ) coefficient is mainly based on the number of kWh used in the electricity meters and the parameters compiled by the Bureau of Energy, Ministry of Economic Affairs in the Energy Audit Annual Report for Productive Industries 2012.  
Note3: The "Emission factor from the use of power" is announced every year by Bureau of Energy, MOEA.

10 Rooftop Solar Power Generation Systems in Taiwan



Carbon Emissions Reduction of Rooftop Solar Power Generation Systems

Item \ Year	2017	2018	2019
Energy consumed (MWh)	17.46	80.16	117.17
Emission factor from the use of power <sup>Note</sup>	0.530	0.554	0.533
Carbon reduction result (MT of CO <sub>2</sub> e)	9.25	44.41	62.45

Note: The "Emission factor from the use of power" is announced every year by Bureau of Energy, MOEA.

B. Installation of decorative solar-powered billboards

In light of the fact that solar-powered digital billboards are able to store additional energy on sunny days which allows them to operate at night, they offer the benefit of providing advertisements while simultaneously reducing both energy use and carbon emissions. The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in annual decrease of the external power purchase of 4,987 kWh or annual reduction of 2.66 MT of CO<sub>2</sub>e.

Photos of Lugang Branch's Solar-powered Digital Billboard



C. Ecological hydroponic green rooftop from solar power generation and rainwater harvesting systems

The FFHC is committed to promoting the greening policy for buildings. In 2017, our Wanhua Branch set up a "Ecological hydroponic green rooftop from solar power generation and rainwater harvesting systems" which combined the solar power generation, rainwater harvesting, and aquaponic systems. The rainwater harvesting system is to complement water supply for the aquaponic system. We use solar panels to generate electricity for use in the systemic circulation to decontaminate, filter and purify the water. The aquaponic system grows vegetables on the water and raise fish in the water. Fish excrement is used as a nutrient source for plants to form a self-sufficient circular mode, which creates a "zero-carbon farm". Green rooftop can be used to increase greening and reduce the urban heat island effect. It establishes a horizontal and vertical ecosphere and provides wildlife with habitats. In 2019, the solar power system in Wanhua Branch generated 545 kWh of electricity and reduced 0.29 MT of CO<sub>2</sub>e. We plan to set up the second "green rooftop" at Hua-Shan Branch in 2020 and continue to promote our building greening policy.



"Ecological hydroponic green rooftop from solar power generation and rainwater harvesting systems"

2-6 Reducing Water Use and Conserving Water Resources

In 2012, the FFHC installed a 1.3 million liters rainwater reclamation tank in the basement of the Headquarters building to supply water for watering the gardens and toilets. In 2019, the Group's total water consumption was 242.46 million liters. Tap water therefore made up 82.85% of the water consumption and 17.15% came from the Headquarters building basement's overflow and rainwater. FFHC investigated water consumption at each company including operating sites.

The head office building uses a management and monitoring system to control the operations of each water pump. 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. 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. FFHC participated in the "Water Conservation Assistance and Improvement Incentive" activity organized by the Water Resources Agency, Ministry of Economic Affairs in 2019. The head office won the Non-Industry Category Excellence Award for water conservation measures such as the rainwater recovery and reuse and adjustments of kitchen cleaning procedures. Our real actions taken for protecting water resources have received government recognition.



A gray water reclamation system was installed and a 1.3 million liters rainwater reclamation tank was built in the headquarters basement to supply water for landscaping and toilets. In 2019, the gray water reclamation system helped conserve 41.59 million liters of tap water, accounting for 17.15% of the FFHC's total water consumption.

Through water conservation measures such as the rainwater recovery and reuse and adjustments of kitchen cleaning procedures, FFHC won the Water Conservation Assistance and Improvement Incentive - Non-Industry Category Excellence Award" from the Water Resources Agency, Ministry of Economic Affairs

The FFHC's Consumption of Municipal Water Supplies

Unit: million liters

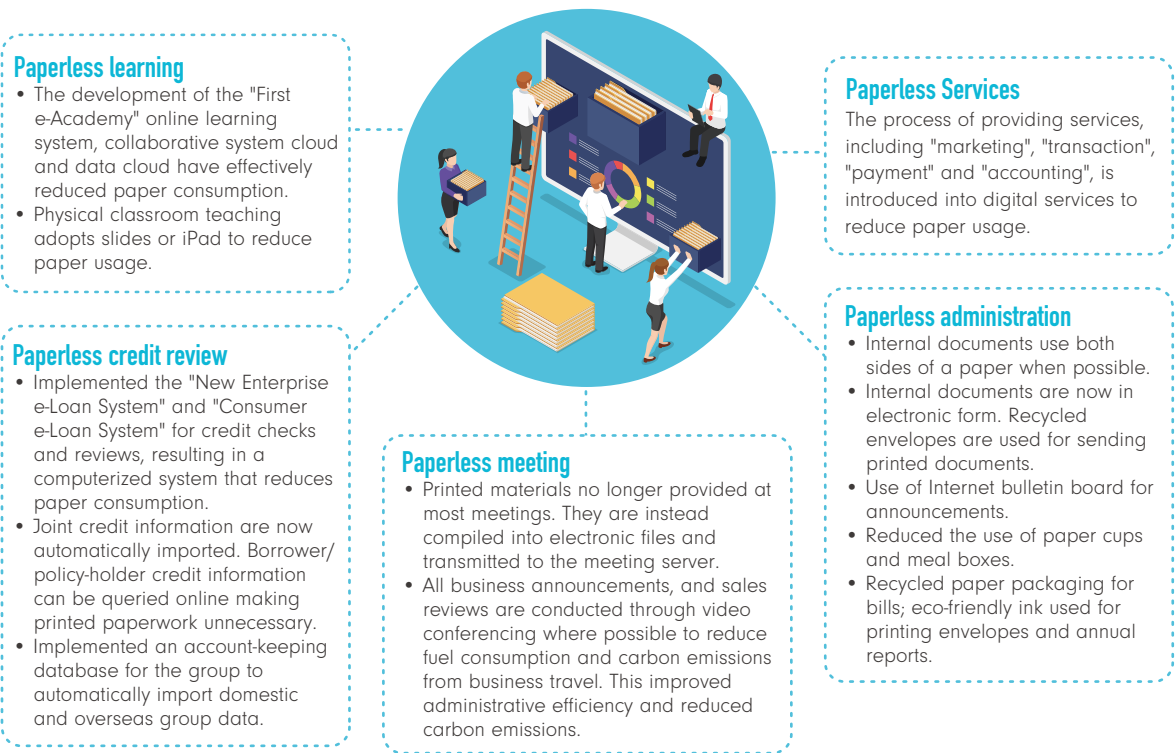
Item \ Year	2016	2017	2018	2019		2020 Goals
				Actual Results	Goals	
Total water consumption	193.50	199.35	194.46	200.872	202.5	Less than 204
Percentage of coverage (%)	99	99	99	99		

Note1: FFHC's water consumption statistics are mainly filed by each unit in accordance with water bills and compiled by the Sustainable Environment Work Group of the CSR Committee.  
Note2: The Scope includes all domestic operations of First Bank, First Securities, First Securities Investment Trust, First Life Insurance, and AMC head office.  
Note3: The increase in the total capita water consumption in 2019 over the previous year was mainly due to the increase of the annual average temperature of 0.34°C in Taiwan in 2019 which increased the dissipation from the cooling towers of the Group and resulted in an increase in water consumption.



## 2-7 Upgrading IT Equipment: Paperless Operation

Through the building of a green data center, the FFHC upgraded its information equipment, replaced the old servers, and implemented paperless teaching, meetings, services, and administration. 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, FFHC upgrades IT equipment and actively incorporates digital services in "marketing", "transactions", "payment", and "account services" to reduce the usage of paper.



### Carbon reduction at FFHC from paperless initiative

Item \ Year	2016	2017	2018	2019	Growth in 2019 compared with 2018 in carbon reduction(%)
Number of official documents issued electronically/carbon quantity reduced	143,108 / 11,067 MT CO <sub>2</sub> e	288,101 / 11,738 MT CO <sub>2</sub> e	278,257 / 11,474.72 MT CO <sub>2</sub> e	360,590 / 15,580.39 MT CO <sub>2</sub> e	36
Number of electronic bills and DM/carbon quantity reduced	152,618,012 / 1,373.56 MT CO <sub>2</sub> e	209,614,034 / 1,886.53 MT CO <sub>2</sub> e	244,623,499 / 2,201.61 MT CO <sub>2</sub> e	310,690,198 / 2,796.21 MT CO <sub>2</sub> e	27
Hours of online teaching/carbon quantity reduced	330,031 hours / 36.96 MT CO <sub>2</sub> e	244,676 hours / 27.40 MT CO <sub>2</sub> e	505,480 hours / 56.61 MT CO <sub>2</sub> e	662,935 hours / 74.25 MT CO <sub>2</sub> e	31
Number of electronic automated transactions/carbon quantity reduced	47,050,208 / 263.48 MT CO <sub>2</sub> e	50,248,204 / 281.39 MT CO <sub>2</sub> e	53,998,931 / 302.39 MT CO <sub>2</sub> e	59,250,942 / 331.81 MT CO <sub>2</sub> e	10
<b>Total carbon reductions from paperless initiative</b>	<b>12,741 MT CO<sub>2</sub>e</b>	<b>13,933 MT CO<sub>2</sub>e</b>	<b>14,035.33 MT CO<sub>2</sub>e</b>	<b>18,782.66 MT CO<sub>2</sub>e</b>	<b>34</b>

Note: 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 CO<sub>2</sub>e 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 CO<sub>2</sub>e emission.

### Carbon quantity reduced from official documents issued electronically in 2019

Company	Quantity Utilized	No. of Users	Calculation Method	Carbon reduction result (Unit: MT of CO <sub>2</sub> e)
First Bank	346,893	8,002	346,893*8,002*0.0056/1,000	15,544.69
First Securities	6,300	730	6,300*730*0.0056/1,000	25.75
First Securities Investment Trust	3,636	156	3,636*156*0.0056/1,000	3.18
First Life Insurance	3,535	338	3,535*338*0.0056/1,000	6.69
First Financial AMC	226	65	226*65*0.0056/1,000	0.08
<b>Total</b>	<b>360,590</b>	<b>9,291</b>	<b>-</b>	<b>15,580.39</b>

\* 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 CO<sub>2</sub>e emission.

### Carbon quantity reduced from online teaching in 2019

Company	Hours of online teaching	Calculation Method	Carbon reduction result (Unit: MT of CO <sub>2</sub> e)
First Bank	621,321	621,321*20*0.0056/1,000	69.59
First Securities	36,965	36,965*20*0.0056/1,000	4.14
First Securities Investment Trust	1,510	1,510*20*0.0056/1,000	0.17
First Life Insurance	2,666	2,666*20*0.0056/1,000	0.30
First Financial AMC	473	473*20*0.0056/1,000	0.05
<b>Total</b>	<b>662,935</b>	<b>-</b>	<b>74.25</b>



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

## 2-8 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 2019, we established a target for maintaining domestic waste volume produced Subsidiary HQ Buildings and First Bank IT Building to less than 64.2 tons. The domestic waste produced by the head offices of the subsidiaries totaled 59.7 tons in 2019 which reached the goal. We aorganized the "ISO 14064-1 Indirect greenhouse gas emissions from other sources - Inventory of waste processing from operations" to inventory the CO<sub>2</sub> emissions. The inventory volume was 78 tons CO<sub>2</sub>e, 28% decrease from 2018. We also implemented a trial program to compile statistics on the domestic waste and recycled resources of First Bank branches in Taiwan. We increased the awareness for reducing waste and resource recycling and sorting to implement resource recycling and sorting in operation sites and monitor domestic waste volume.

### Comparison of Trash and Recycling Amounts of Subsidiary HQ Buildings and First Bank IT Building in 2019

Item \ Year	2016	2017	2018	2019	Magnitude of change from previous year (%)
Paper and paper containers	25,003	29,228	32,485	26,988	-17 <sup>Note2</sup>
Plastic and PET bottles	1,515	2,535	2,940	2,928	-0.4
Aluminum, other metals, glass	1,864	2,580	2,085	2,192	5
Batteries and electronic devices	788	58	4,073 <sup>Note 1</sup>	233	-94
Cooking oils	900	774	743	708	-5
<b>Total</b>	<b>30,070</b>	<b>35,175</b>	<b>42,326</b>	<b>33,049</b>	<b>-22</b>

Note1: First Bank IT building replaced multiple servers and various electronic equipment in 2018 and contributed to a significant increase of the recycled resource volume from 2017.

Note2: The Group completed all paperless measures in 2019 which caused the paper recycling volume to fall drastically from levels in 2018.

◆ **Total Waste, Recycled Waste, and Domestic Waste Amount of Subsidiary HQ Buildings and First Bank IT Building in 2019** Unit: Tons

Item	Year	2016	2017	2018	2019	2019 Goals	2020 Goals
Total waste (a)		66.18	95.86	102.22	92.76		
Recycled waste (b) <sup>Note 1</sup>		30.07	35.16	42.33	33.05	Not Less than 23.18	Not Less than 156.99 <sup>Note3</sup>
Domestic waste (a-b) <sup>Note 2</sup>		36.11	60.70	59.89	59.71	Less than 64.20	Less than 249.93 <sup>Note3</sup>
Percentage of coverage (%)		60	80	80	80		

Note 1: The scope of coverage includes the subsidiaries' HQ buildings and First Bank IT Building.  
Note 2: Statistics in 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 for 2017-2019.  
Note 3: The Group included domestic waste and resource recycling volume of First Bank branches in Taiwan under management. Therefore, the target for 2020 increased from the target for 2019.

2-9 Environmental Education

General administration personnel have been designated as the energy-saving and carbon reduction promotion cadre as each FFHC unit. They are responsible for implementing energy-saving and carbon reduction measures and promoting the latest environmental protection regulations. Four employees have obtained the "Environmental Educator Qualifications" certification and they are responsible for planning and providing environmental education courses. In 2015, we began organizing online environmental education courses for employees to enhance their understanding of environmental sustainability. In 2019, the contents were focused on sustainable development based on SDGs. We connected six major topics to explain environmental protection ideas such as adaptive lighting, energy-saving lighting equipment, solar photovoltaic systems, rainwater recovery, construction of a green rooftop, and composts. In 2019, 39 sessions of environmental protection-related training were held by the companies and attended by 8,955 people. Employees in each company on average received at least 2 hours of training.



2-9 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. In 2019 we selected 11 of the most outstanding units for their achievements in environmental protection and energy conservation and provided 20 commendations, 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 addition, FFHC has also encouraged employees to propose their ideas for environmental protection and energy conservation measures since 2014. Proposals are reviewed by business units and bonuses are issued to the employee. In 2019, a total of 35 related proposals were submitted, wherein 22 were approved for implementation. Rewards totaling NT\$7,400 were provided.

◆ **Assessment Criteria for the FFHC Environmental Protection and Energy Conservation Competition**

Item No.	Area Assessed	Points Assigned
1	Environmental protection and energy conservation compliance	24 points
2	Promotion of environmental protection and energy conservation measures	56 points
3	Promotion of environmental education and awareness	14 points
4	Green finance innovation	6 points
Total		100 points



2-11 Supplier Sustainability Management and Sustainable Procurement

A. Sustainable Procurement

FFHC included sustainability issues into the procurement policy in accordance with the sustainable procurement goals in ISO 20400.

Adoption of the ISO 20400 Sustainable Procurement Guidance to Execute Sustainable Procurement

- Established a supplier scoring system to include economic, environmental, and social factors include the "preliminary supplier review items". If a supplier passes the review, it is included in the database of qualified suppliers which is provided to procurement units for conducting inquiries and selecting preferred suppliers. Until year end of 2019, we have established 29 categories of information for qualified vendors.

ESG Factors Evaluated in the Preliminary Supplier Evaluation		
Economic Factors	Social Factors	Environmental Factors
Quality control	Labor rights management	Environmental management
Ethical corporate management	Health and safety	Pollution and hazardous substance management
Compliance		Waste management



Sustainable Procurement Policy

- Prioritize the purchase of products with environmental protection, energy conservation, or water conservation mark and green architecture materials.
- Select EPA-approved products made from recycled materials which are recyclable, generate low amounts of pollution, and offer energy savings benefits.
- Reject the purchase of products which have excessive packaging, cause environmental damage, or are non-biodegradable and machinery which consumes large quantities of energy.
- 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.
- We use green architecture materials for at least 45% of materials in reconstructions of company locations.
- Before suppliers 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 companies are excluded as potential partners.

**Green purchasing targets** NT\$55 million per year. The actual purchase amount in 2019 totaled NT\$111.43 million. We were recognized as Benchmark Private Businesses and Groups in Green Purchasing by Taipei City Government for the fifth consecutive year.

**Procurement staff skills and awareness** To strengthen the procurement staff's skills and awareness, we organized 2 related training sessions in 2019 for 72 participants.

**Procurement practices** We use the three-step supply chain management procedures to incorporate the sustainability policy into procurement practices. Please refer to the "Supplier Sustainability Management" for the Company's specific measures for supplier management.

B. Supplier Sustainability Management

FFHC established the "Supplier Management Guidelines" as the policy and guiding principles for the management of suppliers of the Group. We require suppliers to comply with the Guidelines when signing contracts and we require suppliers to sign the "Human Rights and Environmental Sustainability Clauses" and to increase awareness. We also require subsidiaries to use site visits and audits to encourage suppliers to implement the Guidelines. The contents include basic labor rights for suppliers, corporate social responsibilities, environmental protection, sustainable management, and occupational safety and health regulations. Please refer to the Company's website for specific contents of the Company's Supplier Management Guidelines.



FFHC set up a 3-step supply chain management process in 2013, supplier management is used to select vendors that satisfy the spirit of sustainable development as long-term partners, including: purchasing of energy-saving equipment, purchasing and maintenance of IT equipment, construction and interior design, purchasing of business-related OA equipment and consumables, and building maintenance. As a principle, the main procurement regions include suppliers of the place country of operations and those close to business locations (Note). In 2019, 99% of all purchasing came from local (registered) suppliers to ensure the stability and localization of the supply chain as well as reduce carbon emissions in the transportation process and create local job opportunities. The "First Financial Group Supplier Meeting" was organized in December 2019 and we work with suppliers to implement environmental protection and social sustainability ideals.

Note: Local suppliers are suppliers in the country where FFHC conducts operations.



◆ 3-step Supply Chain Management Process

Management Strategy	Tangible Actions Taken	Implementation Results
Preliminary Screening	<ul style="list-style-type: none"><li><b>Active Inquiries:</b> 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.</li><li><b>Overseas locations:</b> 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.</li><li><b>Providing guidance to vendors:</b> The Company's CSR report is provided in electronic format and vendors are asked to observe the Company's CSR policies.</li></ul>	<ul style="list-style-type: none"><li>Completed <b>1,747</b> vendor inquiries. (accounting for <b>100%</b> of all vendors)</li><li>FFHC's overseas locations completed "Human Rights and Environmental Sustainability Evaluations" for <b>641</b> vendors.</li><li><b>1,960</b> vendors made an effort to observe the Company's CSR policy.</li></ul>
Concurrent declaration	<ul style="list-style-type: none"><li><b>Education and Compliance Declaration:</b> When entering into an agreement, we request vendors to sign a "Declaration on Human Rights and Environmental Sustainability Clauses" and to agree to comply with the "Directions for Supplier Management of FFHC and its Subsidiaries." 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.</li><li><b>Declaration to Use Green Materials:</b> When entering into a real estate agreement, the prospective tenant must sign a declaration to use green building materials.</li><li><b>Negotiated Procurement:</b> 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.</li></ul>	<ul style="list-style-type: none"><li>The "Declaration on Human Rights and Environmental Sustainability Clauses" has been signed by <b>1,747</b> suppliers and we have advocated ideas of human rights protection. In addition, <b>230</b> suppliers have agreed to comply with the "Directions for Supplier Management of FFHC and its Subsidiaries" and implementation of environmental sustainability in accordance with the Directions.</li><li><b>100%</b> of new vendors signed the declaration.</li><li><b>100%</b> tenants pledged to use green building materials.</li><li><b>23</b> pieces of high-energy consumption equipment were purchased with high coefficient of performance (COP) A/C systems.</li></ul>
Post hoc management	<ul style="list-style-type: none"><li><b>Employee Qualifications:</b> 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.</li><li><b>Education and training:</b> Promote the concept of social sustainability and environmental protection through supplier meetings, and explain "Contractors' Safety and Health Management Precautions" and "Directions for Supplier Management of FFHC and its Subsidiaries" to ensure that suppliers clearly understand relevant requirements and jointly implement the corporate responsibility.</li><li><b>Regular Audits:</b> 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.</li></ul>	<ul style="list-style-type: none"><li>Held sessions of energy management awareness training to train a total of <b>20</b> employees.</li><li>We organized supplier meetings for a total of <b>62</b> participants.</li><li>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.</li><li>FFHC conducted onsite inspections on <b>7</b> suppliers in 2019 and found no violations of environmental protection or labor regulations.</li></ul>

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

Item	Year	2017	2018	2019
(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 (%)		45 <sup>*1</sup>	42 <sup>*1</sup>	50 <sup>*1</sup>
(c) Ratio of mitigation procedures that have been implemented to items with identified risks among (b) (%)		100	100	100

Note 1: In the 2017 statistics based on the no. of vendors, 278 out of 618 suppliers were identified as risks in violation of human rights; In the 2018 statistics based on the no. of vendors, 247 out of 593 suppliers were identified as risks in violation of human rights; In the 2019 statistics based on the no. of vendors, 244 out of 491 suppliers were identified as risks in violation of human rights.

Note 2: There were no cases where suppliers of the Company received penalties for violation of labor laws before signing contracts or within the contract duration and failed to make improvements. Therefore, there were no records of termination of partnerships with suppliers.

◆ Number and ratio of suppliers subjected to document and onsite evaluations in the most recent three years

Evaluation method	Year	2017	2018	2019
Number of suppliers with transactions		184	195	188
Document evaluations	Number of suppliers	184	195	188
	Percentage	100%	100%	100%
Onsite evaluations	Number of suppliers	5	5	7
	Percentage	2.72%	2.56%	3.72%



We invite suppliers to participate in supplier meetings to jointly implement CSR.





## Talent recruitment and retention

### Material Topic

GRI 401: Employment, GRI 402: Labor/Management Relations

GRI 404: Training and education, GRI 405: Diversity and Equal Opportunity

#### Management guidelines

We focus on employees. From recruiting, cultivation, retention through to protection, we are committed to building up a comprehensive compensation system and welfare measures as well as creating friendly working environment with tolerance for diversity and mutual respect to retain quality talent and reduce loss of key talent.

#### Policies

- By creating a positive work environment, we are committed to assisting employees to maintain work-life balance, comprehensive salary and benefits structure, realizing employee care, creating a fair and reasonable evaluation system, and actively attracting and retaining quality talent.
- Promote a friendly working environment with tolerance for diversity and provide a fair, reasonable, and competitive workplace and remuneration policies.

#### Commitment

#### Goals

- Plan long-term benefits and refine the compensation system to actively retain outstanding talents and improve employee retention rate.
- Encourage employees to engage in recreational activities and daily exercises, and actively organize clubs, activities, and courses for enhancing the physical and mental well-beings of employees.

#### Duties

Employee Care WG of the CSR Committee

#### Re-sources

- Establish clear hiring principles and avenues of promotion and create a fair and transparent evaluation system.
- Improve all compensation systems and provide diverse benefits for employees to attain balance between work and family.
- Provide young students who seek to advance their careers in finance with work experience. Organize internship for college and university students and select outstanding talents with potential as official employees.

### 1 Talent recruitment and retention

#### 1-1 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 2019, our Group had 9,565 regular employees (including 3 female part-time employees in overseas offices) including 531 foreign nationals. FFHC has 5,731 female employees and 3,834 male employees. The ratio of female to male employees is 6:4. Employees in management roles account for 17% in which female managers account for 51.2%. There are more women than men in management and general positions. FFHC employed a total of 315 senior executives (based on definition of "managerial officers" (including managers of foreign sub-branches) established in Tai-Cai-Zheng-3 No. 920001301 letter dated March 27, 2003), female senior executives account for 51.1% and female employees for 48.4% of employees in revenue generating positions. There are more women than men in management and general positions, demonstrating gender equality and equal opportunity in our workplace. Otherwise, our Group employed 446 atypical employees (including temporary workers and security personnel), or 4.66% of our total workforce in 2019.

### ◆ Proportion of Female Executives and Employees in Past Years

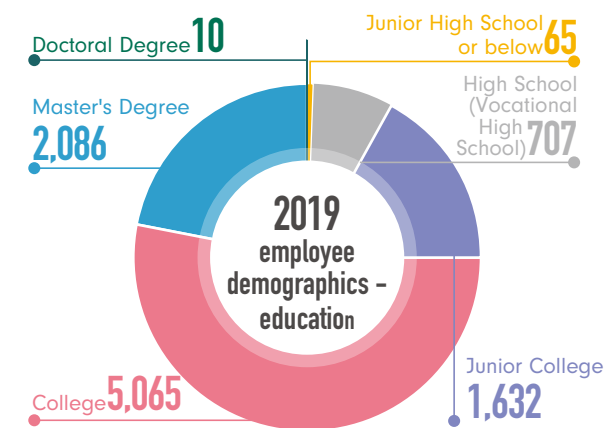
Item	Year	2016	2017	2018	2019
Percentage of female employees (%)		59.0	59.0	60.0	59.9
Percentage of female executives (%) (Note 1)		53.0	53.0	53.0	51.2
Percentage of junior female executives (%) (number of junior female executives/total number of junior executives) (Note 2)		54.2	53.6	53.6	51.3
Percentage of senior female executives (%)		36.5	41.7	48.6	51.1
Percentage of female employees in management roles that have the potential for salary increase (e.g. sales; excluding supporting departments such as human resources, IT, and legal affairs) (Note 3)		50.2	49.3	47.4	48.4

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

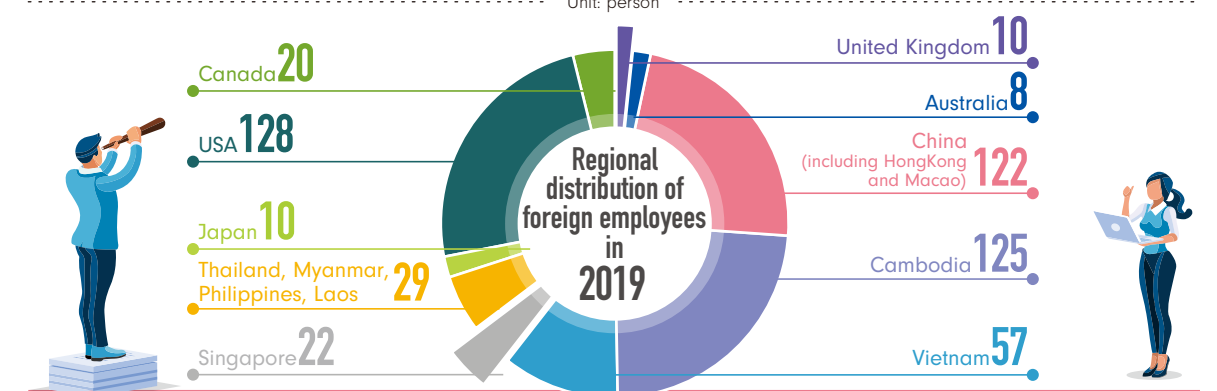
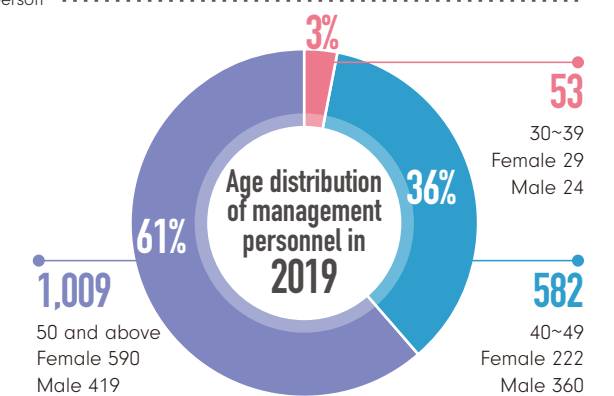
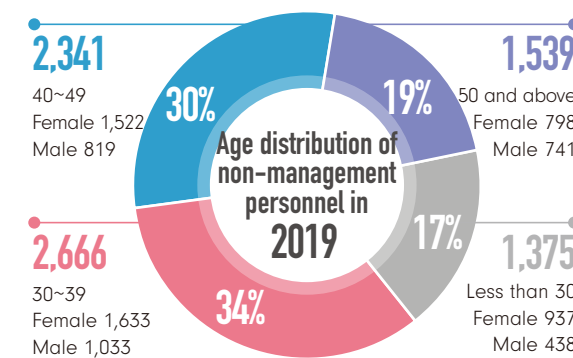
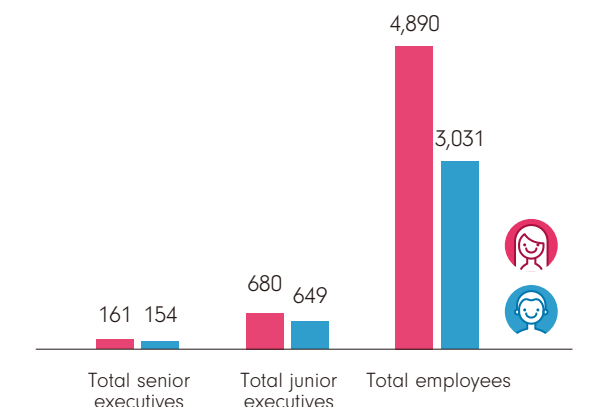
Note 2: Definition of junior executive: Management personnel other than senior executives

Note 3: Number of female executives in positions with potential for salary increase

Total number of executives in positions with potential for salary increase





### ◆ Total number of employees in 2019 - By role



## ◆ Statistics on the number of atypical employees appointed in 2019

Unit: Persons

Gender	Title	Administration	Security	Driver
		134	0	0
		51	206	55
Sub-Total		185	206	55
Total		446		



Note: The labor contract region is Taiwan

## 1-2 Human Capital and Recruitment

To catalyze the development of innovative financial products and services, we recruit top professionals with a background in business management, information science, science and engineering, law or psychology. Since 2014, we have recruited more than 200 professional personnel and high-level managers with related digital technology expertise such as information safety management, big data analysis, social media management, and Internet marketing management. Those with outstanding language skills were also invited to join the management team to sustain our strategy of cultivating diversified talent. FFHC embraces tolerance and multiculturalism in our recruiting policy every year. There are no restrictions based on school, major, age, background or gender. Handicapped employees made up of 1.02% of our workforce in 2019 and exceeded the government quota. They also enjoy the same salary and benefits as regular employees. We also supported the "Work-Study Program for Youths for Economic Independence" of the Youth Development Administration of the Ministry of Education and recruited 42 summer interns in 2019. We have provided more than 360 students with part-time job opportunities since 2011 so as to provide opportunities for financial education, reducing the number of youths that are unemployed and without access to education or training.

To encourage students to develop correct work attitude and improve their ability to adapt and compete in the workplace, First Bank and First Securities established industrial-academic cooperation for talent cultivation with National Taiwan University, National Taiwan University of Science and Technology, National Changhua University of Education, China University of Science and Technology, National Taipei University of Business, Chihlee University of Technology, and National Kaohsiung University of Science and Technology in 2019. A total of 70 interns took part in the actual operations of the finance industry to attract young students to take up jobs in the Group after they graduate. The Bank's subsidiary has also set up a "learning program on anti-money laundering and combating the financing of terrorism" at the Taipei University of Commerce. The total teaching hours are 36 hours, with the aim of cultivating students to become integrated practical talents with professional knowledge and digital technology application capabilities such as prevention of money laundering, risk management and regulatory compliance. A total of 1,135 new employees were recruited in 2019 with a women:men ratio of 62:38.

The Group has 43 overseas operating locations. In response to the "New Southbound Policy", we continue to add 18 operating locations in Southeast Asia to identify students from Southeast Asia with potential and actively implement the "Southeast Asia Talent Industry-Academia Cooperation" programs with National University of Management and Royal University of Phnom Penh. We signed a MOA for industry-academic cooperation and organized camp and summer internship program to identify more outstanding talents from Southeast Asia. All of our offices also give preference to local residents to ensure their employment opportunities. A total of 147 new foreign employees were recruited in 2019. As of the end of 2019, First Financial Holding has employed 531 local employees, a 10.6% increase from 2018, 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.



## ◆ Overview of employee diversity for the past 4 years

Unit: Persons

Item	Year	2016	2017	2018	2019
Persons with physical and mental disabilities		90	99	99	98
Indigenous People		5	5	4	7
No. of Nationalities		14	14	14	15

## ◆ Statistics of new recruits and total number of employees

Unit: Persons

End of 2019	Total no. of employees									Total	
		Less than 30	30-39 years old	40-49 years	50 and above	Less than 30	30-39 years old	40-49 years	50 and above		
No. of Employees in Taiwan	9,034	313	143	101	26	191	156	45	13	583	405
Percentage (%)	94.4	3.27	1.50	1.06	0.27	2.00	1.63	0.47	0.14	6.10	4.23
No. of Employees Overseas	531	74	27	8	12	18	7	0	1	121	26
Percentage (%)	5.6	0.77	0.28	0.08	0.13	0.19	0.07	0	0.01	1.27	0.27
Total	9,565	387	170	109	38	209	163	45	14	704	431
Percentage (%)	100	4.05	1.78	1.14	0.40	2.19	1.70	0.47	0.15	7.36	4.51

## 1-3 Compensation System and Performance Evaluation

To fulfill our care of duty to employees, we refer regularly to salary surveys conducted by professional organizations. Our annual salary is in the P65 range of the market (P65 means our standard of compensation is superior to 65% of our competitors). The average salary was increased by 2.51% in 2019. The average salary of full-time non-management employees was NT\$1,243 thousand and it was a 3.3% increase from 2018, ranking among the top one third of financial holding companies. The position allowances for management personnel were included as the basis for calculating the bonus to expand the overall bonus pool and strengthen the competitiveness of remuneration for management personnel. Total employee welfare costs in 2019 amounted to NT\$15.55 billion, up 4.5% from 2018.

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.

## ◆ Information on salary of full-time non-supervisory employees

Item	Year	2017	2018	2019	Percentage of change (%)
Number of people		7,699	7,585	7,835	3.30
Average salary (thousands NTD)		1,114	1,235	1,243	0.65
Median salary (thousands NTD)		1,022	1,138	1,133	(0.44)

Note: Calculated in accordance with Article 3, Paragraph 1, Subparagraph 31 of the Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Fund.  
Note: No statistical data available for 2016.

Apart from a transparent and fair evaluation system, regular performance and career development assessment is conducted on all employees. Evaluations in the first and second halves of the year are used as a way for managers to build up employee consensus on individual targets set by the company. At the end of the year, results of mid-year evaluations are used to summarize the overall performance of the employee for the year and emphasizes the long-term performance of employees and implements the "Employees Stock Options Purchase Plan" in order to boost morale and reward employees who contributed significantly to the company. During application for capital increase, employees can purchase their respective amount of stock options at a favorable price based on their position, seniority and performance. The amount of stock options issued is higher than the market standard to effectively enhance employee loyalty.

The "Retention and Promotion of Employees" regulation 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. Annual evaluations directly affect employee bonuses and salaries for that year, as well as salary increment percentage and opportunities for promotion for the next year. Approximately 35% of the special incentive bonus is based on the employee's long-term performance and special contribution.

The calculation of employees' compensation is based on 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; the selection of assistant supervisor associates take into account their evaluation scores at the current grade for the past 1-5 years as well. Each weightage is correlated to the employees' long-term performance. As a means to persuade employees to stay for the long run and improve workforce stability at the company, the number of years of service of First Bank employees are connected to the maximum amount of deposit with preferential interest rate upon retirement. The Bank also started the "Employee Deposit and Employee Shareholding Trust" to provide official employees who have served for more than six months with the option of participating in deposit or shareholding trusts starting from 2019. The Bank provides a fixed amount of deposit each month. As of the end of 2019, 7,643 individuals have participated in the program, which equals a 92.6% participation rate. The Bank deposited a total of NT\$83.92 million. We help employees share the Company's growth and the interest derived from rising stock prices through long-term shareholding of the Company's shares to strengthen cohesion. When they resign, employees could withdraw the entire amount invested in their voluntary pension account; whereas the amount that can be withdrawn from the mandatory pension account is dependent on employees' number of years in the trust plan:

Number of years in trust plan	Percentage (%) of amount that can be withdrawn from the mandatory pension account
< 3 years	0
3-6 years	50 (Plus cumulative profit or loss from this)
6 years or more	100 (Plus cumulative profit or loss from this)


First Life Insurance appropriates retention benefits for employees each month and purchases group annuity insurance based on the preferences of employees to strengthen their economic independence after retirement. As of the end of 2019, a total of 101 employees participated in the program and we appropriated a total of NT\$9.21 million.

First Securities 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.

## 1-4 Friendly, Healthy, Happy Workplace

To create a positive work environment, maintain the physical and mental well-being of employees as well as build up passion and loyalty of employees, FFHC provides a wide range of employee health management mechanisms and benefits:



Remarks: Employees refer to full-time employees.

 <p><b>Consolation payments</b></p> <ul style="list-style-type: none"> <li>• Consolation payment for serious illness or injury</li> <li>• Consolation payment for major disasters</li> <li>• Consolation payment on the three major holidays for retired employees</li> <li>• Consolation payment for the family of employees who passed away</li> </ul>	 <p><b>Various subsidies</b></p> <ul style="list-style-type: none"> <li>• Marriage, childbirth subsidies</li> <li>• Subsidy for continuing education at university</li> <li>• Subsidy for learning foreign language</li> <li>• Subsidy for professional exam entrance fees</li> <li>• Subsidy for birthday celebrations, annual parties and holiday travel</li> <li>• Subsidy for funerals</li> <li>• Subsidy for recreational courses and events</li> <li>• Subsidy for hire of sporting venues</li> <li>• Employee deposit and shareholding trust</li> <li>• Employee group annuity insurance</li> </ul>
 <p><b>Establishment of Employee Welfare Committee</b></p> <ul style="list-style-type: none"> <li>• Subsidies for employee self-improvement trips and distribution of gift boxes on the three major holidays</li> <li>• Employee birthdays</li> <li>• Souvenirs for retired personnel</li> <li>• Compensation for hospitalization of family members and funerals</li> <li>• Scholarships for employees' children</li> </ul>	 <p><b>Health management</b></p> <ul style="list-style-type: none"> <li>• Health exam for employees and their families</li> <li>• Health workshops and nutrition management</li> <li>• Medical clinics and full-time nutritionist</li> <li>• Abnormal Workload-triggered Diseases Prevention Plan</li> <li>• Human-factor Hazard Prevention Plan</li> <li>• Maternal Employee Health Protection Plan</li> <li>• Tobacco-free Workplace, Air Quality Testing and Maintenance</li> <li>• Psychological consultation for employees</li> <li>• Flu vaccinations and cancer screening</li> <li>• Low-dose lung CT scan</li> <li>• Care for hospitalized employees</li> </ul>
 <p><b>Employee dormitories and guest houses</b></p> <ul style="list-style-type: none"> <li>• Employee guest houses in Beitou, Penghu and Hualien</li> <li>• Employee dormitories in Taipei City, New Taipei City, Hsinchu, Taichung, Tainan, Kaohsiung and Hengchun</li> </ul>	 <p><b>Leave regulations that surpass the legal requirement</b></p> <ul style="list-style-type: none"> <li>• 14 days of paid special leave and 30 days of paid sick leave (except for employees on their first year)</li> <li>• Number of leave days for wedding, funeral, and miscarriage exceeds statutory requirement</li> </ul>









To help employees take care of both work and family, we implement a family-friendly policy and encourage employees to take leave and arrange tourism and leisure activities. We started the "vacation subsidy program" in 2009 which allows employees who take 7 days of leave to receive NT\$3,000 in travel subsidy, NT\$6,000 if they take 10 days off, and NT\$9,600 if they take 14 days off. A total of NT\$35.83 million in subsidies was provided in 2019. We also established 26 sports, cultural, and health clubs for approximately 932 employees and their family members. 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 17,097 people took part in these events in 2019.

We also encouraged employees to build families and raise children. We provide NT\$30,000 in wedding allowances and 14 days of marriage leave which is superior to regulations specified in the Labor Standards Act. We have organized six sessions of socializing activities for unmarried employees since 2018 and provided childbirth and childcare benefits to ensure that female employees are provided with care in pregnancy, childbirth, breastfeeding, and childcare. 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 2019, a total of 92 people applied for unpaid maternity leave and the reinstatement rate reached 87.10%; the retention rate one year after reinstatement in 2019 for employees who went on unpaid child care leave was 91.95%.

### ◆ Statistics on applicants for unpaid child care leave in 2019

	2019 Total no. of employees on parental leave	2019 No. of applicants for unpaid child care leave	2019 No. of returning employees expected (A)	2019 No. of actual returning employees (B)	2018 No. of actual returning employees (C)	2019 No. of employees who returned from unpaid child care leave and stayed for at least 1 year (D)	Reinstatement rate (%) (B/A)	Retention rate (%) (D/C)
Total - 	229	84	83	71	78	72	85.54	92.31
Total - 	188	8	10	10	9	8	100.00	88.89
<b>Grand Total</b>	<b>417</b>	<b>92</b>	<b>93</b>	<b>81</b>	<b>87</b>	<b>80</b>	<b>87.10</b>	<b>91.95</b>

### ◆ Statistics on rate of reinstatement and retention in past years

Item \ Year	2016			2017			2018			2019		
			Total			Total			Total			Total
Reinstatement rate (%)	93.55	88.89	93.14	85.25	86.67	85.40	95.18	81.82	93.62	85.54	100.00	87.10
Retention rate (%)	82.72	69.23	80.85	94.85	100.00	95.28	93.55	90.91	93.27	92.31	88.89	91.95

### ◆ 2019 childbirth and childcare benefits

Phase	Measures
<b>Pregnancy</b>	<ul style="list-style-type: none"> <li>• If a pregnant employee feels unwell, the employee may apply for up to 44 days of sick, special or extended sick leave, which shall not be included in the annual performance evaluation and will not affect promotions. This type of leave was applied for by 120 employees in 2019, with each person applying for 2.825 days of leave on average.</li> <li>• FFHC appoints full-time nurses and in-house physicians to provide pregnant employees with related health instructions and consulting services.</li> </ul>
<b>Childbirth</b>	<ul style="list-style-type: none"> <li>• FFHC has raised the child birth subsidy since 2017 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. Child birth subsidy of NT\$14.63 million was disbursed in 2019, contributing to the birth of 769 babies.</li> <li>• Employees with a miscarriage after being pregnant for less than three months shall be given one week of maternity leave. This provision is superior to the 5 days of maternity leave for miscarriage after being pregnant for less than 2 months. A total of 22 employees applied for the leave.</li> </ul>
<b>Breastfeeding</b>	<ul style="list-style-type: none"> <li>• FFHC Headquarters building, First Bank IT building, Zhongshan building, and Bade building which were set the breastfeeding rooms and also certified for excellence by the Taipei City Department of Health in September and were all certified for excellence by the Taipei City Department of Health. All these breastfeeding rooms were used on total 972 people.</li> <li>• Organized workplace family health talks - Secrets of breastfeeding.</li> </ul>
<b>Childcare</b>	<ul style="list-style-type: none"> <li>• FFHC provides 14 days of paid personal leave (including 7 days of family care leave) and 30 days of sick leave which are superior to regulatory requirements. These types of leave were applied for by 984 employees, averaging 6.4 hours per person.</li> <li>• Education subsidies are also provided for employees' children. A total of NT\$14.97 million was disbursed.</li> <li>• FFHC has signed an agreement with a well-known national chain to provide all employees with discounted daycare service.</li> <li>• FFHC organized workplace childcare health talks, family reading, and relaxing childcare activities.</li> </ul>



### Support for Retirement

All companies of the Group have established comprehensive employee retirement systems. Our Group's companies have each defined their own retirement regulations. Appropriate retirement programs have also been drawn up. Retired employees enjoy group insurance benefits with the same preferential rates as current employees. In addition to organizing regular socializing activities each year, we also invite retired employees to participate in sports, cultural, and health activities organized by the Group (table tennis championships, singing contents, badminton/softball contests, mountain hikes, etc.) and provide venues for activities of the First Bank Retired Employees' Association and continue to care about the life and physical and mental health of retired employees.

### ◆ FFHC Pension Contribution Plans in Past Years

Unit: NT\$1,000

Category	Year	2016	2017	2018	2019
New Pension System		223,196	218,426	247,787	<b>274,071</b>
Old Pension System		406,691	377,978	357,919	<b>352,208</b>
Overseas		17,240	16,175	15,969	<b>16,514</b>

Note: Please refer to page 283-284 of the Company's 2019 Annual Report for detailed information on the pension contribution plan and contribution status





## 1-5 Employee Turnover and Career Development

We are working to create a happy workplace environment with diversified benefits and comprehensive compensation/bonus scheme to reduce our turnover rate. Our group turnover rate was 8.43% at the end of 2019. If those applying for retirement at the age of 65 in accordance with the Labor Standards Act are excluded then the turnover rate was 7.06%. We encourage internal rotations for talents and increased opportunities for employees to actively arrange and plant their personal careers. We enhanced information disclosure on internal openings and increased the proportion of internal openings to gradually reduce the turnover rate of employees each year. First Bank's internal opening fulfillment rate was 73.84% in 2019.

In recent years, we have repeatedly increased the starting salary of new employees with an increment percentage of 7.3%, an above average increment when compared to industry peers. The ratio of the minimum salary of entry-level employees to the local minimum wage is 1.83:1. We also use transparent and fair promotion and performance evaluation mechanisms to create a diversified bonus system to provide the young generation with a fair, transparent, and promising future. The retention rate of new employees was 90.45% in 2019. In order to build an excellent workplace environment and create work life balance for employees, 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. Pension for retired employees is provided in accordance with the Employee Pension Rules and dismissed employees are provided with severance pay and pay in lieu of notice in accordance with work rules, so as to cover employees' living costs after retirement or while they seek employment.

We have established incentive schemes to encourage employees to focus on performance and established clear avenues of promotion. 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 digital transformation by outsourcing digital banking experts, which caused a reduction in the internal training ratio of non-managerial personnel. We also 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. We endeavor to enhance corporate sustainability by promoting lifelong employability among employees.

### ◆ 2019 Employee Resignations

End of 2019	Total no. of employees	Local					Overseas					Total	
		Less than 30	30-39 years old	40-49 years old	50 and above	Retirement at 65 years old	Less than 30	30-39 years old	40-49 years old	50 and above	Retirement at 65 years old	Local	Overseas
No. of Employees in Taiwan	9,034	93	109	83	62	64	77	89	42	28	65	411	301
Percentage (%)	94.4	0.97	1.14	0.87	0.65	0.67	0.81	0.93	0.44	0.29	0.68	4.30	3.15
No. of Employees Overseas	531	36	21	7	7	2	8	11	1	1	0	73	21
Percentage (%)	5.6	0.38	0.22	0.07	0.07	0.02	0.08	0.12	0.01	0.01	0	0.76	0.22
Total	9,565	129	130	90	69	66	85	100	43	29	65	484	322
Percentage (%)	100	1.35	1.36	0.94	0.72	0.69	0.89	1.05	0.45	0.30	0.68	5.06	3.37

### ◆ Overview of employee separation rate and recruitment cost over the past 4 years

Item	Year	2016	2017	2018	2019
Resignation rate (%)		10.24	8.44	9.81	8.43
Resignation rate (%) -Excluding retirees		8.78	6.79	7.82	7.06
Voluntary separation rate (%)		6.98	6.62	7.54	6.82
Average recruitment cost (NT\$) (Note)		7,354	5,473	7,120	8,723
Total no. of employees		9,108	9,075	9,227	9,565

Note: Average recruitment cost = (recruitment expenses for the entire year/number of new employees) + training expenses

Note: Adjusted the average recruitment cost to include only related expenses for recruitment and training expenses. The cost of uniform which was included in past years was removed.

### ◆ Ratio of open positions filled by internal candidates in past years

Category	Year	2016	2017	2018	2019
Ratio of open positions filled by internal candidates (%)		83.92	72.16	79.62	73.84
Ratio of management positions filled by internal candidates (%)		99.07	99.28	98.93	98.63
Ratio of non-management positions filled by internal candidates (%)		37.14	40.17	33.33	37.16

Note: Ratio of open positions filled by internal candidates = number of internal candidates accepted / open positions



## Human rights

### Material Topic

GRI 405: Employment diversity and equal opportunity, GRI 406: Non-discrimination

GRI 407: Freedom of association and collective bargaining

#### Management guidelines

- We adhere to and ensure that employees enjoy internationally accepted labor rights including the "International Labour Organization Core Labour Standards", "The Ten Principles of the United Nations Global Compact", "ISO 26000 Guidance on Social Responsibility", "Convention on the Elimination of All Forms of Discrimination against Women", and the "International Covenant on Economic, Social and Cultural Rights".
- We publish the contents 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 or other situations. We seek to create an equal and safe work environment free of harassment.

**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.

- We offer a fair workplace with gender equality.
- We organize human rights protection and gender equality training courses and 100% of employees received training.
- We established sexual harassment complaint hotlines and email to provide a safe service environment and protect the rights and interests of victims.

**Duties** Employee Care WG of the CSR Committee

- Review and amend applicable regulations with reference to the latest laws and international human rights development trend. Use the "Sexual Harassment Complaints Committee", human rights protection training, "Employer-Employee Meetings", and "collective bargaining agreements" implement human rights policies and promote labor-management cooperation.
- The Employer-Employee Conference is held to discuss 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.



## II Human rights

### 2-1 Human Rights Policy

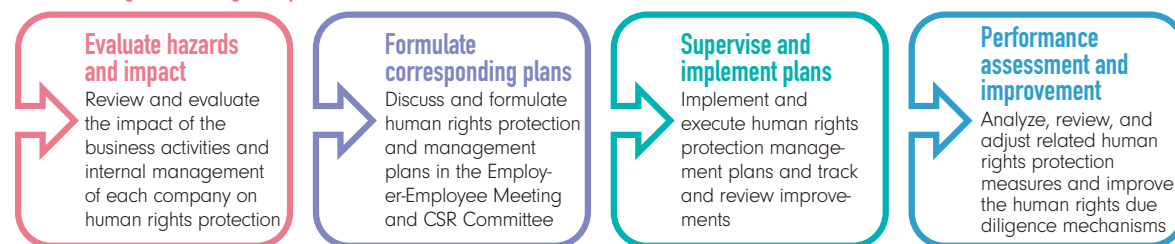
At all group subsidiaries, there is no discrimination employees during recruitment, selection, hiring, assignment, career development, remuneration and benefits, promotions, education & training, and retirement plans on the basis of race, class, language, thought, religious, political affiliation, ancestry, place of birth, gender, sexual preference, age, marital status, appearance, facial features, physical and mental handicap, or union membership. Article 18 of the FFHC CSR Code of Conduct stipulates that subsidiary companies shall abide by the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination to create an equal opportunity workplace. There were no human rights violations, infringement of indigenous rights, or incidents of discrimination. 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.

### 2-2 Gender equality and human rights commitment

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, new employee training also explains in full the human rights system on work rules, HR management rules, employee compensation and benefits. Union personnel are also invited to speak about employee rights relating to the Occupational Safety and Health Act. There were no human rights violations, infringement of indigenous rights, or incidents of discrimination in 2019. None of the subsidiaries were involved in mergers, acquisitions or major investment agreements.

We strive to protect maternal rights and build a work system and environment friendly to employees of both genders. We have set up breastfeeding rooms, provided maternity leave, prohibited related tasks that pose potential risks for the pregnant employee and the baby, and ensuring equal pay for employees reinstated from maternity leave in accordance with the "Act of Gender Equality in Employment" to protect the rights of female employees. In 2019, employees of domestic and overseas operations attended human rights protection training 20,253 times for a total of 25,617 hours of human rights-related training. The training participation rate was 100%. 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 on-the-job 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.

#### ◆ Human rights due diligence procedures



#### ◆ Ratio of employees identified as at risk in past years

	2016	2017	2018	2019
Risk value (%)	7.9	9.8	9.3	9.8

#### ◆ Human rights protection training in past years

Item	Year	2017	2018	2019
Total hours		23,212	20,938	25,617
Total number of attendances (persons)		10,902	18,730	20,253
Employee training rate (%)		100	100	100

Note: Information on human rights protection training include physical and online courses.

#### ◆ The employee human right risk prevention plans

##### All forms of forced labor / working hours

- Abnormal workload-triggered diseases prevention plan.
- Psychological consultation.
- Organized health talks.
- Shared information on alleviating pressure on mental health.

##### Freedom of association

- Human-factor hazard prevention plan.
- Employer-employee meetings.
- Collective bargaining agreements.
- Equal employment opportunity.

##### Gender equality

- Maternal employee health protection Plan.
- Prevention of Illegal Infringement at work plan.
- Sexual harassment complaints committee.
- Sexual harassment complaint hotlines and email.
- Human rights protection training.

### 2-3 Compensation Structure with Equal Pay for Equal Work

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. For the compensation ratio of men and women in managerial and general roles in 2019, if men's compensation was 100%, then women's compensation would be 104%. The average compensation was 107%; The average salary of non-management female employees was 97% and the average compensation was 100%.

#### ◆ Remuneration at FFHC in the past years

	2016		2017		2018		2019	
Average salary of the President	100%	100%	100%	100%	100%	100%	100%	100%
Average salary of management personnel	101%	100%	100%	100%	105%	100%	104%	100%
Average compensation of management personnel	101%	100%	101%	100%	105%	100%	107%	100%
Average salary of non-management personnel	96%	100%	96%	100%	100%	100%	97%	100%
Average compensation of non-management personnel	94%	100%	96%	100%	100%	100%	100%	100%

Note 1: Definitions of management personnel: Employees who assume managerial roles and administrative duties.

Note 2: Definitions of salary: Salary refers to the monthly base salary, position allowances, various other allowances, compensation for overtime work, etc.

Note 3: Definitions of compensation: Compensation refers to the salary + other incentives (e.g., Employee compensations, bonuses, retirement benefits, severance pay, and incentives of material value).

### 2-4 Freedom of association and labor relations

To promote employer-employee harmony as well as support business development and employee welfare, The Employer-Employee Meeting 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. The Employer-Employee Meeting of other companies are convened each quarter. All effort is made to find a mutually beneficial outcome in order to enhance employer-employee relations and cooperation. The number of Employer-Employee Meetings convened in the past four years and the number of motions are provided in the table below. There were no penalties caused by labor-management disputes in 2019.

#### ◆ Statistics on Employer-Employee Meetings in the past years

Item	Year	2016	2017	2018	2019
No. of meetings		24	26	26	28
Proposals		64	53	73	76



All companies of Group protect employees' freedom of association in all domestic and foreign business locations. First Bank signed the 4th collective bargaining agreement with the First Bank Union in 2019. The terms of the agreement covered employment, transfer, dismissal, working hours, routine leave, leave applications and holidays, compensation, benefits, compensation for occupational injury, retirement and death benefits. The collective bargaining agreement also specifies that in the event of a merger, reorganization, transfer, demerger, or other material changes to operations, the process shall be transparent and material decisions must be provided to the union and employees immediately after the Employer-Employee Meeting. Where necessary, employees shall be given severance pay and provided with favorable compensation. 27.8% of the articles pertained to employee health and safety. Around 96.51% of employees are covered by the collective bargaining agreement which was a significant growth of 12.3% from 2018. The employees and employer of First Securities and First Financial AMC completed the signature of the collective bargaining agreements in April 2019. Contents also included provisions for labor rights protection in the event of material changes in operations. More than 15.8% of the provisions involved health and safety and they were commended by the Ministry of Labor for promoting cooperation between employees and the employer and mutual prosperity.

#### ◆ Statistical table on number of employees who are members of the union

Item	Year	2016	2017	2018	2019
No. of employees who are members of the union		6,334	6,300	6,500	7,300
Percentage of employees who are members of the union (%)		85	83	84.33	96.51

Note: Percentage of employees who are union members = number of employees who are members of the union / number of employees (excluding local hires of overseas offices and temporary personnel)

2-5 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 has also been established and more than half of the members are female. 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. There were no cases of sexual harassment complaints in 2019.

Statistical table on related human right complaints in the past years

	2016	2017	2018	2019
Sexual harassment (number of case)	0	0	2	0
Labor disputes (number of case)	0	0	2	0

Note: The definition of the number of labor disputes was changed to the number of cases with penalties imposed by the competent authority.



Professional development

Material Topic

GRI 401: Employment, GRI 402: Labor/Management Relations, GRI 404: Training and education

Management guidelines	
Policies	We provide comprehensive training and education in accordance with the Company's development goals to train employees on all levels in making full use of their talents and accepting regular performance and career development reviews to effectively improve the professional functions of all employees.
Commitment	<ul style="list-style-type: none"><li>Adhering to our philosophy of "employees are the company's most valuable asset," we accelerate talent development and continue to cultivate employees to ensure that they have access to education on all levels and receive professional training. Employees are also encouraged to realize their full potential and create value.</li><li>Enhance the internal lecture system and innovate learning process to increase the professional competitiveness of employees and managers.</li></ul>
Goals	<ul style="list-style-type: none"><li>Carry out personnel competency and talent evaluations to analyze their strengths and business capabilities. Implement career management for key personnel and establish a build a healthy succeeding leadership team.</li><li>Build a talent development and training program to increase talent employment efficiency and performance. Allow employees to make full use of their talents to increase the Company's productivity and efficiency.</li><li>Expedite the cultivation of overseas sales personnel and management personnel in China, organize periodic overseas talent selection and training courses, and train overseas cadre talents.</li><li>Implementation of employee transformation and development program to strengthen core professional competencies, and cultivate professional know-how in digital finance and technology application.</li></ul>
Duties	Employee Care WG of the CSR Committee
Re-sources	<ul style="list-style-type: none"><li>We provide employees with diverse learning channels and business management personnel serve as instructors in internal training and online courses. We also actively assign employees to take part in training.</li><li>We assign employees with outstanding performance to attend related training courses provided by other professional institutions and we provide them with foreign language courses and tests to strengthen their language skills.</li></ul>

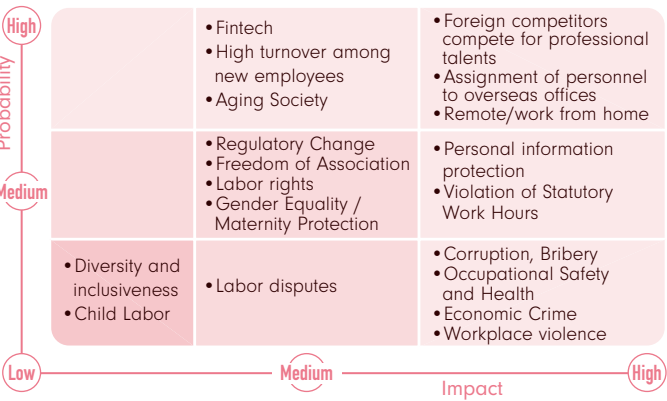


III Professional development

3-1 Human Resource Management Risk Map

First Financial Holding takes reference from the impact on society, human rights and the environment according to the annual risk graph 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 20 selected evaluated factors, with the vertical axis as incidence probability and horizontal axis as the impact on company operations, is as follows. The 12 factors designated as medium to high probability incidence were categorized as those requiring risk management.

Human Resource Management Risk Map



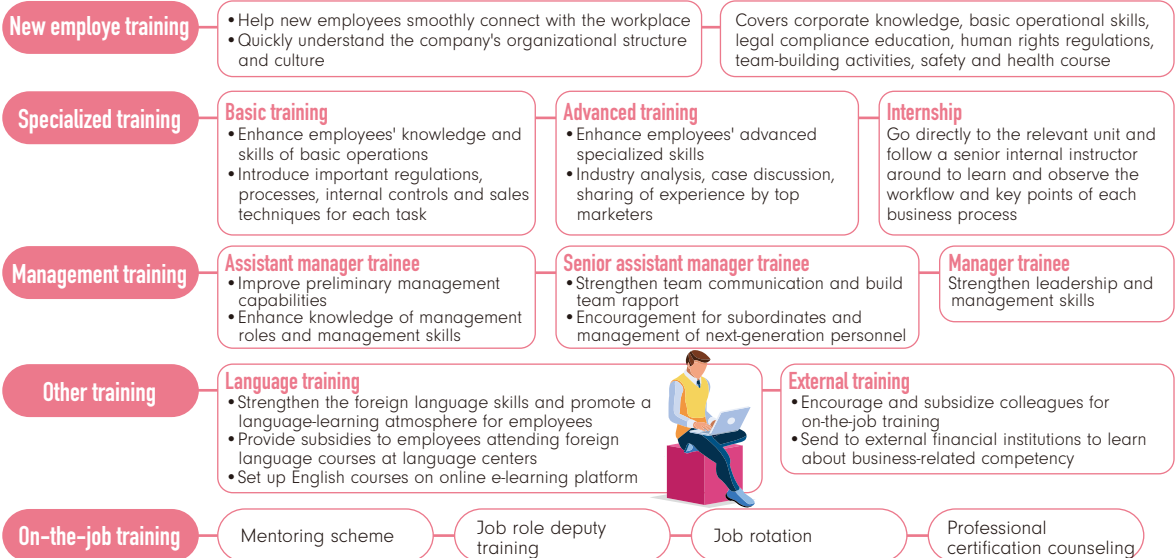
Based on the results of identification, we conducted due diligence surveys on the material issues with high rates of occurrence and impact such as " Foreign competitors compete for professional talents ", " Assignment of personnel to overseas offices", and "Remote/work from home". We established and implemented related programs to reduce the impact of related risks on the Group. For instance, we conducted a comprehensive review of remuneration standards for overseas offices based on the prevailing local market rates, selected outstanding students from Southeast Asia who are studying in Taiwan and assigned them to overseas offices, and established an overseas MA database. We optimize overseas business management and business talent cultivation and provide benefits to attract and retain talents. We actively organize industrial-academic cooperation and internship programs. In response to the severe COVID-19 epidemic, we implemented remote/work from home measures for overseas operations and organized working in office in separate groups to mitigate the risks of interruptions of business operations.

3-2 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, managers, and senior management. For those that meet management personnel selection qualifications, we organize related training courses and tests and used one or two phases of interviews, 270-degree evaluations (supervisors, peers, and subordinates) to evaluate employees' management and leadership skills.

For employee professional competency development, employees are encouraged to actively participate in training courses, acquire related certificates necessary for their businesses, and propose innovative work plans. Employees receive credit for acquiring related professional certification during annual performance evaluations, and are given bonuses for innovative proposals. Between 2017 and 2019, a total of 145 employee proposals were adopted and NT\$49,400 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 competency 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.

Career training system





◆ Bonuses awarded for innovative employee proposals within the last 3 years

Unit: case, NT\$

Employee proposals	2017	2018	2019	Total
Total proposals	106	143	97	346
No. of awarded proposals and bonuses	44/16,000	56/18,200	45/15,200	145/49,400

3-3 Talent Training Programs

FFHC attaches a high level of importance to the cultivation of people with great potential. We 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. We also continue to work with external professional training institutions to provide training for related professional finance skills. First Bank works with the Taiwan Academy of Banking and Finance and Taipei Foundation of Finance in organizing professional training for foreign exchange derivatives, trusts, compliance, anti-money laundering, and overseas trainees. First Securities and First Securities Investment Trust arrange professional training courses such as pre-service training, on-the-job training, and business seminars through related business associations and the Securities and Futures Institute.

Overseas talent is also a key component of our global expansion. To enhance both the "quality" and "quantity" of talent at overseas branch organizations. Outstanding employees interested in working at overseas branches are selected for management associate training every year. We provide employees with different professional training and foreign language courses based on their different business experience and professional background to strengthen their language skills, business skills, and management skills for understanding cultural diversity. As of the end of 2019, 337 overseas management associates have been cultivated.

The companies of the Group established various career development training programs for employees in response to the human resource risks under management. The programs include the "Digital Banking Talent Transformation Program", "Overseas Trainee Program", "Securities Salesperson Transformation Program", and "Professional Insurance Talent Training Program". To ensure and monitor the effectiveness of the training, we introduced the Kirkpatrick Model to review and evaluate the changes and effectiveness of employees' behavior and performance during and after training. (The Kirkpatrick Model was proposed by the renowned scholar Dr. Donald Kirkpatrick. It is used to review and monitor the effectiveness of training programs and is currently the most widely-adopted evaluation model.)

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-degree 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
Returns level (Level 5)	Return on investment evaluation	Use the return on investment (ROI) to evaluate the results of training *ROI: (Financial benefits - training cost) / training cost

◆ Effectiveness of training based on implementation of the Kirkpatrick Model

Digital Banking Talent Transformation Program (100% of full-time employees)				
Goal: Elevate their expertise in digital finance products and marketing capability.				
Operating performance: We acquired 79 patents on Fintech inventions and new models and 2,151 employees passed the "Fintech knowledge certification". Transaction fee earnings and interest income in 2019 also increased by 4.5% from 2018 due to enhancement of the smart customer service system, digital welcome system and new functions in the mobile sales platform app.				
Kirkpatrick Evaluation Level	2016	2017	2018	2019
Response level (L1): After-course satisfaction questionnaire recovery rate (%)	92	92	85	90
Learning level (L2): Average test score of training course (points)	84.32	86.90	88.38	85.61
Behavior level (L3): Retention rate of new employees (%)	84.29	92.82	91.47	90.19
Results level (L4): Utilization rate of electronic channels (%)	74.48	76.04	78.07	80.18
Returns level (L5): Return on investment (ROI) evaluation	567.2	627.2	467.6	882.0
* Financial benefits = interest income + service fee income				

Overseas Trainee Program (4.2% of full-time employees)				
Goal: Accelerate the professional training of overseas talent.				
Operating performance: The increase in the quality of overseas personnel has helped the Bank increase overseas profitability each year. In 2017, 2018 and 2019, gross profits of overseas branches reached US\$205,493,000, US\$250,027,000 and US\$264,032,000 respectively.				
Kirkpatrick Evaluation Level	2016	2017	2018	2019
Response level (L1): Average satisfaction rate of training course (%)	91.6	92.8	93.6	92.6
Learning level (L2): Average test score of training course (points)	87.2	90.3	92.5	82.8
Behavior level (L3): Proportion of A+ results in the average annual performance evaluation (%)	66.2	76.8	71.8	74.6
Results level (L4): Overseas trainee turnover rate (%)	2.6	1.59	2.00	2.93
Returns level (L5): Operating margin growth rate of overseas units (%)	8.27	21.75	21.67	5.57
* Although we maintained growth of the operating margin in 2019, the comparison period was higher and resulted in reduced growth rate of the operating margin.				

Securities Salesperson Transformation Program (66% of full-time employees)			
Goal: Respond to requirements for digital development, help salespersons evolve into an all-rounded financial management advisor			
Operating performance: In 2019, a total of 152 securities salespersons acquired investment insurance certificates. The proportion of First Securities employees with licenses for selling insurance products was increased to 66.37%. The investment returns from co-marketing businesses in 2019 increased by 28.8% from 2018.			
Kirkpatrick Evaluation Level	2017	2018	2019
Response level (L1): Average satisfaction rate of training course (%)	-	-	83.4
Learning level (L2): Proportion of participants with 100 points in test score of training course (%)	100	100	100
Behavior level (L3): Salesperson retention rate (%)	82.76	81.30	84.34
Results level (L4): Salesperson insurance license acquisition rate (%)	6.32	48.36	66.37
Returns level (L5): Return on investment (ROI) evaluation for insurance products through co-marketing	26.34	350.24	451.03
* Financial benefits = service fee income for sales of insurance products			
* This plan was implemented in 2017.			

Professional Insurance Talent Training Program				
Goal: Strengthen professional insurance knowledge to increase insurance marketing and fund utilization benefits.				
Operating performance: After improving the professional knowledge of channel sales personnel and employees of investment departments, the growth rate of policyholders grew by 14.6% in 2019 and the net revenue from insurance fund utilization grew by 238% from 2018.				
Kirkpatrick Evaluation Level	2016	2017	2018	2019
Response level (L1): After-course satisfaction questionnaire recovery rate (%)	90.70	91.40	88.96	<b>89.80</b>
Learning level (L2): Proportion of participants with an average of more than 80 points in training course (%)	100	100	100	<b>100</b>
Behavior level (L3): Customer satisfaction survey (%)	70.8	71.5	77.4	<b>74.0</b>
Results level (L4): Growth rate of the number of policyholders (%)	8.5	16.0	19.2	<b>14.6</b>
Returns level (L5): Net revenue from capital utilization (%)	2.53	4.33	1.28	<b>5.85</b>

### 3-4 Employee Training and Development

In response to the FSC's bilingual banking policy, First Bank launched online English courses and sponsored employees' participation in foreign language training and tests. First Bank also worked with Time International Language Center, Inc. in organizing the foreign language training for personnel of bilingual branches, and organized the "TOEIC +100" foreign language learning program with the distributor of TOEIC tests in Taiwan to help employees increase their scores by 100 points. We provided subsidies for 477 employees for foreign language training and test fees totaling NT\$1.81 million in 2019. As of the end of 2019, 2,777 employees passed English proficiency certification tests such as the LTTC, IELTS, TOEFL, TOEIC, BULATS, and GEPT while 320 employees passed the JLPT and the LTTC's Japanese, Spanish, Korean, and German language certifications. To effectively strengthen Group personnel's knowledge and awareness of anti-money laundering and counter-terrorism financing, FFHC encourages employees to obtain the Certified Anti-Money Laundering Specialist (CAMS) certification. FFHC provided subsidies of NT\$12.58 million in the CAMS membership fees and test fees. As of the end of 2019, 1,506 employees of the Group had obtained CAMS certification.

Note: Professional certificates/licenses and number of licensed FFHC employees (Unit: person)  
Please refer to page 152 of the Company's 2019 Annual Report



We also organized digital finance courses to strengthen employees' digital finance knowledge. In addition to arranging employees to participate in external Fintech training courses and seminars, we also organized digital finance courses. As of the end of 2019, we had organized 12,721 hours of internal FinTech courses for a total of 3,137 participants. To increase the effectiveness of employees' training, we registered a total of 149,005 attendances of employees in internal and external training in 2019, which equals an average of 54.68 hours of training per person.

#### ◆ Average employee training hours and training expenses in past years

Item	2016			2017			2018			2019		
			Total			Total			Total			Total
Total attendances in training for managers	18,340	14,375	32,715	17,146	14,226	31,372	22,244	18,660	40,904	17,003	15,612	32,615
Total training hours for managers	68,624	51,316	119,940	69,135	55,420	124,555	74,524	63,512	138,036	58,176	54,383	112,559
Average training hours per manager	78.52	66.21	72.78	76.73	70.15	73.66	84.11	81.74	83.01	69.17	67.73	68.47
Total attendances in training for non-managers	77,390	47,090	124,480	70,159	42,295	112,454	89,397	52,804	142,201	74,009	42,381	116,390
Total training hours for non-managers	293,002	177,814	470,816	232,847	141,278	374,125	245,634	150,512	396,146	260,028	150,468	410,496
Average training hours per non-manager	65.22	59.91	63.11	51.94	48.70	50.67	53.17	51.12	52.37	53.18	49.64	51.82
Average employee training hours	64.86			54.95			57.89			54.68		
Average employee training cost (NT\$)	8,935			7,437			13,760			7,805		
Total training expenses (NT\$10,000)	8,138			6,749			12,696			7,466		

Note 1: Managers refer to employees who assume managerial roles and administrative duties.

Note 2: Training include physical and online courses.

Note 3: We provided NT\$73.4 million in subsidies for the membership, test fees, and incentives for the "Certified Anti-Money Laundering Specialist" (CAMS) in 2018. As a result, the total training fees and average training cost in 2018 was higher than 2019.

### 3-5 Employee Communication and Commitment

To respond to the Company's business development and protect employee rights, important work changes must be notified as soon as possible. Our work rules and HR management regulations explicitly state in accordance with the Labor Standards Act that the establishment of new business units or the re-assignment of personnel due to business requirements must be notified in writing one week in advance. For overseas assignments, employees must first be assigned to the relevant domestic units for training and given reasonable time to learn about the regulations, culture and lifestyle of the destination country. This will shorten the amount of preparation time, simplify handover and reduce operating risks. Employment may be terminated in the event of business shut down, transfer of ownership, losses, reduced business, 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: (1) 10 days' notice for employees with more than 3 months and less than 1 year of continuous service; (2) 20 days' notice for employees with 1 - 3 years of continuous service; (3) 30 days for employees who have continuously served for three years or more.

The Group's various companies have conducted anonymous employee commitment surveys since 2017 to understand employees' perception and views of the Company. The results of last 3 years surveys are as follow:

Item	Year	2017	2018	2019
Number of questionnaires		8,275	8,504	<b>8,792</b>
Number of returned questionnaires		7,506 (Male: 2,989/ Female: 4,517)	8,091 (Male: 3,372/ Female: 4,719)	<b>8,495</b> (Male: 3,487/ Female: 5,008)
Recovery rate (%)		90.71	95.14	<b>96.67</b>
Overall commitment (%)		79.77	82.39	<b>86.43</b>
Level of commitment of male employees (%)		82.56	84.76	<b>87.91</b>
Level of commitment of female employees (%)		78.07	80.64	<b>85.38</b>

Main aspects of the questionnaire	<ul style="list-style-type: none"> <li>Company policy and culture</li> <li>Work and healthy lifestyle</li> <li>Training and development</li> </ul>	<ul style="list-style-type: none"> <li>Compensation and benefits</li> <li>Leadership and management</li> <li>Relationship with colleagues</li> </ul>
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Improvement mechanisms	<ul style="list-style-type: none"> <li>Establish internal job rotation mechanisms</li> <li>Enhance education and training for professional competencies</li> <li>Establish transparent overseas talent assignment mechanisms</li> <li>Accelerate training for local hire management personnel in overseas operations</li> <li>Increase employee welfare expenditures each year</li> <li>Strengthen labor-management communication channels</li> </ul>
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Effectiveness of improvements	<ul style="list-style-type: none"> <li>Establish internal job rotation mechanisms to provide employees with the opportunities for choosing their desired roles, increase their passion for work, and reduce turnover. The turnover rate of 8.43% in 2019 was lower than the 9.81% in 2018.</li> <li>Cooperate with external professional institutions in foreign language learning programs. As of the end of 2019, 2,777 employees passed English proficiency certification tests. Continue to strengthen employees' professional competencies in digital finance as well as anti-money laundering and counter terrorism financing.</li> <li>Implement manpower allocation surveys for overseas units to facilitate long-term development of overseas talents. In addition to adjusting the mechanisms for the terms of office and assignment of "overseas management talents" and "sales talents in Mainland China", we shall also increase the "geographical allowances", "rent", and other subsidies to help increase employees' willingness to work in overseas operations. The turnover rate of 0.98% for overseas employees in 2019 was lower than the 1.39% in 2018.</li> <li>Review the differences in the benefits provided by the Company and other financial institutions and increase related benefits. The total employee welfare costs in 2019 amounted to NT\$15.551 billion, up 4.47% from 2018.</li> <li>All companies hold Employer-Employee Meetings at regular intervals and encourage employees to join the union. The percentage of employees who are members of the union rose from 84.33% to 96.51%.</li> </ul>
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FFHC subsidiaries provide multiple channels for employee communications and whistle blowing. A positive interactive relationship is maintained and whistle blowers are protected against improper treatment. Apart from personal meetings between managers and employees, the employee mailbox and complaints hotline, video conferencing, intranet pages, the bi-weekly publication and monthly publication all enable employees to keep track of company developments and communicate and report problems to corporate governance.

Employee communication, complaint, and whistleblowing channels

- I. To strengthen the complaint and communication mechanisms of employees and external entities, the Company and subsidiary companies have established reporting procedures reviewed and passed by the companies' Board of Directors. We also set up hotlines, fax, emails, and other complaint channels and publish them on company websites. The internal audit unit/branch audit manager accept complaints and assign cases to units that have independent power for investigation based on the nature of the cases to effectively process complaints.
- II. 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 communication and complaints.
- III. 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."
- IV. A range of transparent, equal and convenient complaints channels have been established including the "President's Mailbox", "Ideas Mailbox", "Employee Support Hotline", and "Chief Auditor's Mailbox" to ensure complaints are handled properly.
- V. 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.
- VI. A proposal system and themed competitions are used to encourage employee to make suggestions on process improvements. A total of 97 employee recommendations were proposed in 2019 including improving the quality of services, development of new businesses, improvement of automatic services, improvement of operation methodology, improvement of the work environment, cost savings, improving the effectiveness of advertisements, and building a better corporate image. All recommendations were studied closely by the relevant departments and 45 of them were eventually accepted.
- VII. To ensure open communications between the employer and employees, employee suggestions from each department are proposed for discussion and communication during the regular "Employer-Employee Meeting" and monthly meetings.
- VIII. We conduct employee commitment surveys as channels for them to express opinions. We also formulated improvement mechanisms to follow up on the effectiveness of improvements.

Occupational Safety and Health

Material Topic

GRI 403: Occupational safety and health

Management guidelines

Policies	We ensure the safety and health of personnel to create a friendly, safe, disaster-free workplace. We implement risk mitigation measures to reduce the occurrence of occupational accidents and improve occupational safety.
Commitment	<ul style="list-style-type: none"><li>We are committed to creating a healthy workplace, promoting physical and mental health in the workplace, and improve the health of our workforce.</li><li>We take care of employees' safety at work and protect their health. 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.</li></ul>
Goals	<ul style="list-style-type: none"><li>Every year, recognize health risk issues based on the Occupational Safety Management Risk Map, review the various risk prevention plans each year, and reduce the occurrence of occupational safety and health hazards.</li><li>We continue to implement the "Maternal Employee Health Protection Plan", "Human Factor Hazard Prevention Plan", and "Abnormal Workload-Triggered Diseases Prevention Plan". Compile statistics on employees suspected of health risks through the "Employee Musculoskeletal Symptom Self-Assessment" questionnaire and provide them with appropriate recommendations to track and improve their health status.</li><li>We work hard to reduce absence from work due to occupational injuries and illnesses and established absentee rate targets to create a friendly and safe work environment.</li><li>Enhance occupational safety and health management and maintain the validity of the "ISO 45001 Safety and Health Management System" certificate.</li></ul>
Duties	Employee Care WG of the CSR Committee
Re-sources	<ul style="list-style-type: none"><li>Form the "Occupational Safety and Hygiene Committee" and assign an 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.</li><li>Keep abreast of safety and health concerns at home and abroad, comply with domestic and foreign safety and health laws and standard, and create a safe and healthy work environment.</li><li>Target 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.</li><li>Collaborate with or employ doctors and nurses (hereafter referred to as health professionals) to offer on-site health service.</li></ul>

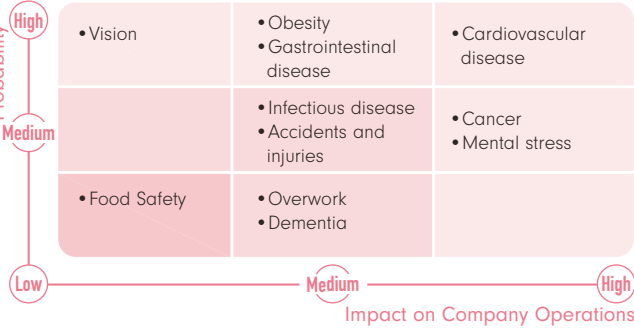


IV Occupational Safety and Health

4-1 Occupational Safety and Health Risk Management

To effectively protect employees' safety and health, we identified 11 health risks issues according to job type, working environment, age, and produced the following employee health issue risk map based on the probability of occurrence and level of impact on the Company's operations.

2019 Health Issue Risk Map

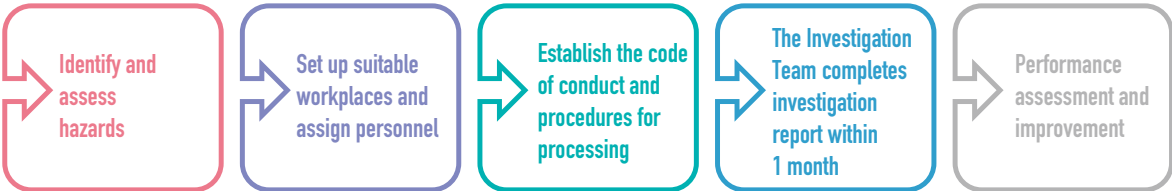


The Company also listed the top 10 issues with medium to high probability of occurrence/degree of impact as risks that must be managed, and established various risk prevention plans and risk mitigation measures.

The employee health risk prevention plans in 2019 are as follows:

- 1. Health Check:** We provide regular physical health examinations superior to regulatory requirements and provide subsidies for health examinations for senior executives, overseas personnel, night shift personnel, and catering personnel each year. We provide other employees with health examinations at partner hospitals every two years. Full-time nurses and in-house physicians actively notify employees with irregularities in their health examination results to receive further check-ups at hospitals. They provide employees with healthcare instructions and recommendations for improvements and follow up on their improvement status. We organized health examinations for 460 senior executives, 57 overseas personnel, 127 night shift and catering personnel in 2019 and subsidies amounted to approximately NT\$6.85 million.
- 2. Abnormal Workload-triggered Diseases Prevention Plan:** Evaluation is performed once a month by completing the table of abnormal workload risk identification and evaluation. Employees are screened to determine their risk rating based on personal risk factors. High-risk employees are provided with telephone interviews and healthcare instructions by the in-house physician. Staff nurses send out e-mails with relevant health information to moderate-to-low-risk employees and notify their supervisors to provide appropriate assistance. 5 high-risk employees and 261 moderate-to-low-risk employees were identified in 2019.
- 3. Human-factor Hazard Prevention Plan:** Conduct an annual assessment for employees suspected of musculoskeletal symptoms and draw up a tracking table. The in-house physician learns about the reasons of symptoms in individual cases, provide suitable recommendations for improvement, and regularly follows up on the improvement status through the telephone. In 2019, 89 employees were suspected of having human-factor hazards and 76 employees made improvements with the assistance of the in-house physician.
- 4. Maternal Employee Health Protection Plan:** Employees, upon learning of their pregnancy, fill out the "Maternal Health Risk Assessment Form" with their manager to assess any impact on maternal health due to work. In 2019, 102 pregnant employees were included in the Maternal Employee Health Protection Plan and medical personnel completed risk assessment and confirmation in 239 cases through the telephone or onsite interviews. They provided related health education information for the pregnancy and postpartum periods and informed employees of related information such as childbirth subsidies and benefits.
- 5. Prevention of Illegal Infringement at Work Plan:** The Company included courses on the prevention of illegal infringement in the training programs for new employees and current employees. All units are required to complete the "hazard identification and risk assessment for prevention of illegal infringement in the workplace" for all employees each year. The senior management signed and issued the "Written Statement for Preventing Illegal Infringement in the Workplace". The Company creates safe work environments, assigns manpower appropriately, and provide free psychological consultation and other measures to relieve the stress of employees. The representatives of both labor and management established the "Illegal Infringement Complaint Investigation Team" to investigate cases of illegal infringement, implement the Prevention of Illegal Infringement at Work Plan, and reduce the probability of internal or external illegal infringement in the workplace.

Prevention of Illegal Infringement at Work Plan Implementation Process





◆ 2019 employee health risk mitigation measures and effectiveness

Health risk	Mitigation/Prevention Measures	Effectiveness
Cardio-vascular disease	Individual guidance by health professionals	A total of 215 employees were diagnosed with a >15% risk of contracting cardiovascular disease within 10 years according to health screening results. Phone interviews with health professionals were provided, in addition to health measures and tracking such as regular medical counseling through email. The company has also set up a health page on its website to provide health care information.
	Organized workplace health talks	We organized health lectures on "preventing hyperlipidemia" and "introduction to weight loss" which were attended by a total of 751 people.
	Installation of automated external defibrillator (AED)	We continued to install automated external defibrillator (AED). By the end of 2019, a total of 30 AED devices have been installed in the business units.
Cancer	Promoted the "Low-dose Radiation Tomography Lung Scan" to provide early detection and treatment for lung cancer.	A total of 4,920 employees completed the examination from 2017 to 2019, and the examination rate was 72.5%. Hospital health examination center was asked to contact employees whose examination results revealed lung nodules or anomalies to return for further check-ups.
	Provided support mechanisms for serious illness or injury and severe disasters	We provided employees with consolation fund for serious illness or injuries (29 applicants in 2019). We also set up a "Family Association" and encouraged employees to support and share their healthcare experiences with each other. For individual patients, health professionals made phone calls to check up on seriously ill or injured employees and provide professional healthcare information. 355 expressions of support were conducted during 2019.
Mental stress	Appointed the "Teacher Chang Foundation" to provide employees with psychological consultation	We helped employees identify and resolve issues that affect their work performance such as physical or mental stress, adapting to the workplace, and childcare. We provided face-to-face consultation in 131 cases and telephone and online consultation in 44 cases in 2019.
	Organized health talks	We organized 5 sessions of the "Listening Skills for Caring for Employees" mental health seminars in north, central, and south Taiwan for a total of 224 people.
	Shared information on alleviating pressure on mental health	Employees can share their experience in handling mental health and alleviating pressure on the internal bulletin board.
Obesity	Organized large-scale health promotion activities	We opened the "weight control class" and organized the "120th Anniversary Health Walk" healthy walkathon events for six months in 2019. A total of 942 participants walked 950 million steps in 6 months and lost 2,517 kilograms. The highest individual weight loss achieved by an employee was 28.9kg (27.762%) and employees lost an average of 2.85kg.
Gastrointestinal disease	Organized workplace health talks	Organized health talks on health tips for the digestive system and the liver which were attended by a total of 295 people.
Infectious disease	Issued e-newsletter to provide health care information	In 2019, e-newsletters were issued to deliver health information on the prevention and treatment of infectious diseases such as tuberculosis and on seasonal infectious diseases such as influenza and flu-like illnesses.
	On-site service by nursing personnel	Based on the health examination results, if the workplace has employees who contracted infectious disease, dedicated nursing professionals were invited to provide disease health education at the workplace to improve employees' understanding of the disease and prevention methods.
Accidents and injuries	<ul style="list-style-type: none"><li>Increased awareness through internal official documents</li><li>Enhanced occupational hazard reporting</li><li>On-site instructions by nursing personnel</li></ul>	We reminded employees to pay close attention to safety and traffic conditions on their commutes and official travel. They must be careful when walking at the workplace and should not run or use their mobile phones when walking. They must pay attention to their surroundings to avoid slipping and must hold hand rails and step carefully when going up or down the stairs to avoid accidents.
		We care about employees who are hospitalized due to illnesses or accidents. Unit supervisors and nursing personnel provide necessary assistance and prepare nutritious supplements and cards to visit them in the hospital and learn about their health conditions. We visited and supported 41 hospitalized employees in 2019.

4-2 Workplace Safety

We continue to promote the following workplace improvement and safety protection initiatives in an effort to provide employees and clients with a safe and healthy environment:

(1) Implementation of OSH-related Activities and Training

To prevent occupational injuries as well as protect the safety and health of employees, the Company has established an "Occupational Safety and Health Committee" (OSH Committee) in accordance with the "Occupational Safety and Health Act", "Enforcement Rules of the Occupational Safety and Health Act", and the "Management Guidelines for Occupational Safety and Health". The committee will have 7 members comprising of the employer, labor representative and department manager, with 3 members, or 43% 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 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 4 years

Item	Year	2016	2017	2018	2019
No. of meetings		4	4	4	4
Proposals		8	10	15	10

All business units have appointed an OSH supervisor, first-aid personnel and fire-prevention manager to protect the safety and health of business units. Certified personnel are also dispatched to receive on-the-job training in accordance with the frequency specified in regulations to keep their OSH knowledge up to date. A continuous workplace safety and health inspection plan is also practiced to build an accident-free workplace.

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

Item	Year	2016	2017	2018	2019
Number of Trainees and Training Hours for Workplace Safety and Hygiene Managers		144 people/ 5,040 hours	714 people/ 8,315 hours	71 people/ 2,405 hours	728 people/ 7,309 hours
Number of Trainees and Training Hours for Fire Hazard Prevention Management		150 people/ 1,800 hours	650 people/ 3,930 hours	69 people/ 828 hours	93 people/ 1,116 hours
Number of Trainees and Training Hours for Emergency Rescue		556 people/ 2,268 hours	31 people/ 558 hours	41 people/ 738 hours	625 people/ 2,640 hours
Number of Trainees and Training Hours for ISO 45001 Management Systems		-	-	99 people/ 707 hours	50 people/ 179 hours
General employee		3 hours of OSH in-service training over 3 years			

◆ Statistics on health education seminars in past years

Item	Year	2016	2017	2018	2019
Cardiovascular, respiratory, and digestive system diseases, and weight loss topics		2 sessions/ 219 people	2 sessions/ 295 people	3 sessions/ 269 people	3 sessions/ 762 people
Physical and mental health topics		2 sessions/ 893 people	2 sessions/ 826 people	4 sessions/ 812 people	2 sessions/ 91 people
Childcare health topics		-	-	-	2 sessions/ 71 people
Health promotion activities		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	1st session of weight control class was conducted with a total of 41 participants, shredding a total of 32.5 kg	Walkathon 1 session/942 participants with more than 950 million steps and 2,517kg in weight loss

(2) Introducing ISO 45001 Safety and Health Management System

To ensure the safety and health of employees, we obtained the Healthy Workplace Certification (Health Initiation Mark and Health Promotion Mark) through the evaluation of the Health Promotion Administration, Ministry of Health and Welfare. In 2018, we incorporated ISO 45001 - Environmental Management System guidelines at the FFHC Headquarters building and followed the PDCA principles to strengthen management measures. BSI certification was also received in November 2018. We followed the recommendations of the ISO 45001 audit team in 2019 and expanded the scope of the evaluation and control to operations of suppliers, thereby expanding the evaluation and the management of occupational safety and health risks of suppliers to ensure the effectiveness of the management system certification.



(3) Safety Protection

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 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.



(4) 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. Each dish is also labeled with its calorie count and the total calorie count of each meal is kept between 600-800 Kcal to ensure the health of employee catering. In 2019 the cafeteria was used by an average of 1,195 people a day.



(5) 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 13,529 people were enrolled in 2019; First Securities, First Life Insurance, First Financial AMC, and First Securities Investment Trust also provide group insurance for employees. A total of 1,588 employees were insured at a cost of NT\$ 4,394,000. 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.

(6) Occupational Injuries

For employees injured due to work, we immediately report the injuries to the Emergency Response Center in accordance with the "Incident Reporting Guidelines" and formulate records to follow up on the progress. We provide necessary assistance to employees in the shortest possible time to minimize harm and we help them with subsequent applications for labor insurance subsidies and provide occupational injury leave in accordance with related regulations and actual conditions. The number of employees who applied for injury leave was 47 in 2019. The number of employees who fell ill due to work related causes was 0. The number of employees who were injured on the job was 16.

Overview of occupational injuries in 2019

Gender	Number of people on occupational injury leave	Number of days of occupational injury leave	Occupational injury rate % (Note 1)	Lost day rate % (Note 2)	Disabling injury frequency rate % (FR, Note 3)	Severity of disabling injuries rate % (SR, Note 4)	Number of days absent (excluding leave)	Absenteeism rate % (Note 5)
	33	1,079	0.58	11.33	1.73	56	9,420.15	0.66
	14	392	0.37	4.11	0.74	21	3,461.50	0.36
Total	47	1,471	0.49	15.44	2.47	77	12,881.65	0.54

Occupational Injuries and absences in past years

Year	2016			2017			2018			2019		
Gender			Total			Total			Total			Total
Occupational injury rate%	0.30	0.37	0.33	0.65	0.22	0.47	0.47	0.43	0.46	0.58	0.37	0.49
Absenteeism rate%	0.28	0.11	0.39	0.26	0.07	0.33	0.82	0.30	0.61	0.66	0.36	0.54

- Note:
- Occupational injury rate: Number of people on occupational injury leave
  - Lost day rate: Days of occupational injury leave/ Work hours \* 200,000
  - Disabling Injury Frequency Rate (FR): Based on the total number of disabling injuries during the period in question. Disabling Injury Frequency Rate is calculated as the total number of disabling injuries for every million work hours (to two decimal places). The formula is as follows:  
$$\text{Disabling Injury Frequency Rate (FR)} = \frac{\text{Frequency of disabling injuries (persons)} \times 10^6}{\text{Total hours worked}}$$
  - Disabling Injury Severity Rate (SR): Based on the total number of days lost due to disabling injuries during the period in question. Disabling Injury Severity Rate is calculated as on the total number of days lost due to disabling injury for every million work hours (to nearest integer). The formula is as follows:  
$$\text{Disabling Injury Severity Rate (SR)} = \frac{\text{Total number of days lost} \times 10^6}{\text{Total hours worked}}$$
  - Absence Rate Days of leave (Occupational injury + sick leave and menstrual leave)/Total work days.  
The absentee rate of women was higher mainly due to the longer period of leave taken by 8 employees for fractures in more severe injuries (including the operation + post-operation recovery + checkups + rehabilitation).
  - Atypical employees (including temporary workers and security staff) are excluded because the nature of their work is different from that of full-time employees.



## Community Engagement

### Material Topic

GRI 306: Effluents and waste

GRI 307: Environmental Compliance

GRI guidelines and financial services sector disclosure standards: Local communities

FS14: Initiatives to improve access to financial services for disadvantaged people

FS16: Initiatives to enhance financial literacy by type of beneficiary

### Management guidelines

#### Policies

To actively integrate corporate resources and adopt the four major charitable strategies of the "Green Care", "Social Care", "Sports Competition" and "Artistic Cultural Creation" to help resolve social and environmental issues.

#### Commitment

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

#### Goals

- **Green Care:** We organize green volunteers to visit organic farms, promote environmental protection education, protect the coast by cleaning the beach, reduce carbon emissions by planting trees, assist disadvantaged groups and social welfare institutions in switching to LED lighting, work together to support small farmers-friendly farming. We integrate the capacity of multiple units to jointly promote environmental sustainability.
- **Social Care:** We continued to promote charitable activities in Taiwan and foreign countries, implement the "Disadvantaged Students Adoption Plan" which allows school children to attend school with ease, sponsor breakfast for elementary schools in remote areas, and invite life warriors to give touring speeches on campus and at the National Taiwan University Hospital. We also work with hospitals and medical universities to conduct free clinics in remote areas or offshore islands, promote finance and wealth management knowledge in remote areas or campuses, and organize children safety and anti-drug education on campus to actively help create a better environment for disadvantaged groups.
- **Sports Competition:** We continued to organize the table tennis training program, organize table tennis tournaments and large-scale tennis tournaments, sponsor sports events of the Football Association, Golf Association, Sepaktakraw Association, and the Baseball team of Kao-Yuan Vocational High School of Technology & Commerce in Kaohsiung to promote sports.
- **Artistic Cultural Creation:** We organize large-scale concerts, environmental education to promote green living. We organize large-scale concerts in which indigenous groups and promising musicians may perform and we organize diverse art exhibitions which provide domestic artists with creative publishing platforms and health seminars. We also organize couplet calligraphy gift events and invite artists to promote art and culture in remote areas. We helped replace the awning for shops on the old streets in Yingge to create a high-quality cultural environment.

**Duties** Social Welfare WG of the CSR Committee

- Integrate group subsidiaries, First Bank Culture & Education Foundation, and Volunteer Service Team, and work with customers and suppliers to expand influence in social welfare.
- The community investment assessment model of London Benchmarking Group (LBG) is adopted for projects in the four major charitable strategies to analyze the cost of cash, volunteer manpower, resource donations, and management costs as well as the direct benefits on the business and social levels and indirect impact.

#### Re-sources

## Community Engagement

### 1-1 Charitable strategy

Unit: ten thousand NTD

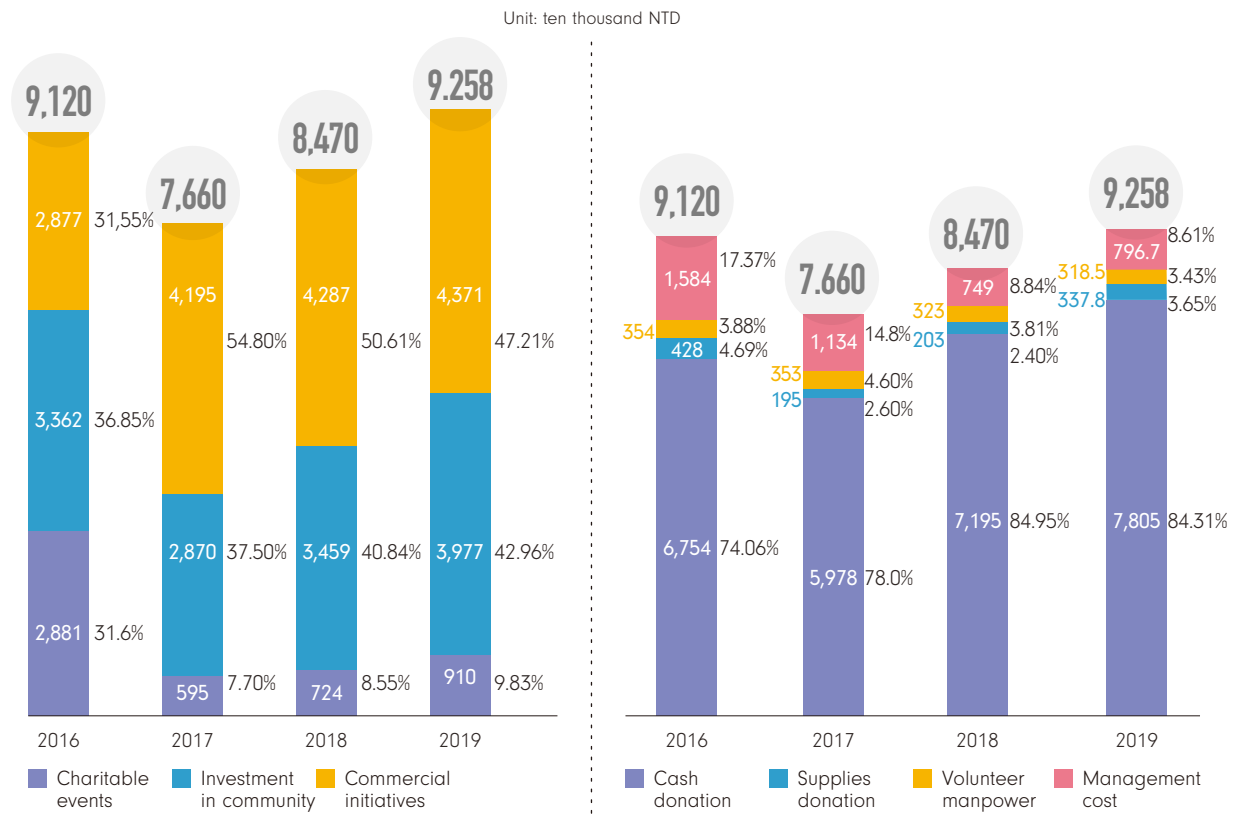
Solution		2018	2019
Social Care	Commercial benefits		
	"GLORY+ World Cards" in circulation and the proceeds	2,126 cards/1,767	2,449 cards/1,846
	Proceeds from "financing projects for the reconstruction of dangerous and old buildings"	13,700	127,000
	The senior citizens' easy-care trust and disabled people's care trust	37.2	22
	Proceeds from reverse mortgage "Comfort Loan"	83.5	163.07
Social/environmental benefits	Proceeds from loans for small and medium enterprises	1,240,000	1,280,000
	Premium income from micro insurance products	5	5
	Number of beneficiaries in the financial seminars in remote areas, campuses, and communities	6,186	8,991
	Amount of donations for charity organizations made through First Bank credit cards	43,300	49,500
	Number of beneficiaries of disadvantaged schoolchildren (including rebates from the World Card, breakfast for schoolchildren in remote areas, financial support for disadvantaged schoolchildren, and financial industry scholarship donations) and amount donated	2,289 / 352.51	2,137 / 431.73
	Purchase of gifts for the charity year-end party and income for the performance of disadvantaged groups	137.76	124.25
	Number of beneficiary households of donations to the Food Bank and amount	375 households / 85.2	465 households / 104.5
	Number of recipients of teenager anti-drug awareness campaigns	1,044	1,520
	Number of beneficiaries in overseas charitable activities and amount of donations	200 / 17.8	1,400 / 129.4
	Number of beneficiaries in domestic volunteer clinic activities and amount of medical expenses saved	1,426 / 21.4	1,635 / 24.5
Resolved social and environmental issues		<ul style="list-style-type: none"> <li>• The wealth gap between urban and rural areas makes it difficult for disadvantaged groups to obtain education resources and financial information and services.</li> <li>• Many buildings in cities are too old and they affect the safety of the people and their property and they affect the quality of life.</li> <li>• Taiwan's aging society has made the lack of resources for long-term care of the elderly increasingly severe.</li> <li>• Youth drug abuse and drug issues have become increasingly severe</li> <li>• Resolve youth and low birthrate issues and help youths uphold optimism in facing the future.</li> </ul>	
Solution		2018	2019
Sports Competition	Commercial benefits		
	Hiring athletes as official employees and contribution of employees to the Bank's profitability	1,795 (8 employees)	3655.3 (15 employees)
Social/environmental benefits	Awards won by the First Bank men's table tennis team in Taiwan and abroad (number of medals)	3 gold medals, 5 silver medals, 9 bronze medals	8 gold medals, 16 silver medals, 21 bronze medals
	Rewards won by the First Bank table tennis team in Taiwan and abroad	233.6	141
	Number of participants in the national tennis and table tennis tournaments	1,918	1,881
	the Ministry of Finance "Unified Invoice Cup for Road Running" invoice award amount	36.28	38.08
Resolved social and environmental issues		<ul style="list-style-type: none"> <li>• It is difficult for athletes to find jobs and we provide them with stable job opportunities for them to receive training without worry and make full use of their potential.</li> <li>• Athletes often suffer from insufficient funding and lack experience in international and large-scale sporting competitions. These deficiencies have affected their performance in the international sports world.</li> </ul>	



Solution		2018	2019
Artistic Cultural Creation	Commercial benefits		
	Proceeds from loans for the cultural and creative industry	37,700	41,400
	Number of borrowers of loans to cultural and creative industry	1,053	1,550
	Number of borrowers of loans to cultural and creative industry that specialize in film and television	66	90
	Number of visitors and economic value in the Taiwan and Taipei Lantern Festivals	13.568 million /25,800	17.39 million /380,800
	Exhibition venue lease fees and the total value of art works sold of domestic artists	756 / 626.5	756 / 381
Social/ environmental benefits	Total number of participants and income in National Taiwan University Hospital and large-scale concerts	10,000 / 12.2	10,200 / 12.8
	Number of beneficiaries in the promotion of art and cultural education in remote areas	60	31
Resolved social and environmental issues		<ul style="list-style-type: none"> <li>Provide cutting-edge singers, musicians and vulnerable groups to perform on stage.</li> <li>Taiwan's film and television industry is sluggish and lacks resources to improve production standards.</li> <li>Taiwan's tourism industry faced a recession and needed to add more local tourism features to attract more young visitors and increase citizens' willingness for tourism and consumption.</li> </ul>	
Solution		2018	2019
Green Care	Commercial benefits		
	"Leezen Cards", "Yilan Cards", and "Living Green Cards" Cards in circulation and proceeds	102,553 cards /4,868	147,548 cards /4,706
	Related proceeds from urban renewal financing projects	29,000	31,000
	Green loan proceeds	104,000	111,000
	Investment proceeds in green bonds	4,500	7,700
	Five Plus Two Industries" policy (green energy technologies, Asia Silicon Valley, biomedical technologies, defense, smart machinery, new agriculture, and circular economy) related proceeds	112,000	115,000
	Proceeds from Renewable Energy Creation Loans	1,644.8	1,246
	Proceeds from investing in solar power plants	—	309.8
	Number of beneficiaries of environmental education	304	54
	Number of trees planted and annual carbon absorption volume	5,385 trees/ 40 MT CO <sub>2</sub> e	5,631 trees/ 56.31 MT CO <sub>2</sub> e
Social/ environmental benefits	Number of LED lighting equipment installed in the Green Light Program and the reductions in electricity consumption, electric bill, and carbon emissions each year	265 sets/30,000 kWh NT\$120,000/ 16.62 MT CO <sub>2</sub> e	1,184 sets/118,000 kWh NT\$470,000/ 82 MT CO <sub>2</sub> e
	Carbon emissions reduction in investments in solar power plants	—	11,000 MT CO <sub>2</sub> e
	Yilan Cards reward	8.5	252.3
	Leezen Cards reward	1,201.6	1,188.9
	Living Green Cards reward	94.1	115.8
	Green volunteer participation and number of beneficiaries	1,601 / 4,635	1,606 / 4,422
	Volunteer service satisfaction rate	—	82.86%
	Purchase amount of organic vegetables and fruits	33.3	28
Resolved social and environmental issues		<ul style="list-style-type: none"> <li>Industrial and commercial activities are intensive, and a large amount of greenhouse gases are emitted, resulting in increased frequency of extreme climates, threatening the safety of human life and property.</li> <li>Insufficient crop yields, farmers apply chemical fertilizers and pesticides to increase yields, and must encourage organic agriculture to slow down the catastrophic damage to the land.</li> <li>The reserves of natural resources such as crude oil and natural gas are limited, and they are bound to face the problems of energy depletion and insufficient sustainable energy.</li> </ul>	

## 1-2 Benefit evaluation

We respond to the United Nations Sustainable Development Goals (SDGs) and actively uses core functions to help solve social and environmental problems. We continued the four major charitable strategies of "Green Care", "Social Care", "Sports Competition" and "Artistic Cultural Creation" in 2019 and integrated subsidiaries of the Group, First Bank Culture & Education Foundation and First Bank Volunteer Service Team. We work with customers, suppliers, and non-profit organizations in charitable activities. In addition to improving the brand image and corporate social value, these activities also help increase growth in overall operations. We use the London Benchmarking Group (LBG) community investment management model to evaluate the resources, benefits, results and influence of each project. We celebrated the 120th anniversary of First Bank in 2019 and adopted the slogan "First Bank Spreads and Extends Love" for organizing sports day events for employees and sponsoring large-scale charitable activities such as charity fairs. We also sponsored 12 social welfare groups and 5 food banks. We invested a total of NT\$92.58 million in the four major charitable strategies which was a 9.3% growth from NT\$84.7 million in 2018. We also used the LBG model to evaluate the proportion of investments in the past four years.



### Volunteer Service

First Financial Holdings has established a volunteer service team since 2011, including "Green volunteers" who promote sustainable environment and "Loving Volunteers" who care for the disadvantaged. In 2019, a total of 170 charity activities were held, including 59 volunteer activities, 45 green volunteer activities, and 66 financial knowledge promotion activities on campus and in the community. The volunteer service instances totaled 2,872 and the beneficiary instances totaled 19,027 in 11,723 hours of services. Between 2011 and 2019, volunteers participated in events for a total of 20,669 times, benefiting over 78,011 people and clocking in a total of 84,724 hours of service. To learn about the participants' satisfaction rate of volunteer activities, we also distributed 7,407 surveys and recovered 97.38% of the surveys. 82.86% of the participants have expressed their satisfaction with the events.



### Service Hours Rendered by the Green Volunteers and the Loving Volunteers in Recent Years

Year	Hours	Participants	Beneficiaries
2011	2,140	535	1,148
2012	2,484	621	2,001
2013	6,804	1,701	4,073
2014	11,464	2,866	6,556
2015	12,024	3,006	6,774
2016	12,896	3,052	10,565
2017	13,440	3,128	12,421
2018	11,749	2,888	15,446
2019	11,723	2,872	19,027
<b>Cumulative total</b>	<b>84,724</b>	<b>20,669</b>	<b>78,011</b>

Disadvantaged Assistance

- We donated NT\$2.5 million to the Financial Service Industry Education Foundation. We supported 1,463 students from poor and disadvantaged families. We have donated NT\$12.5 million over five years and assisted 8,495 students from needy families.
- We worked with the Charity Trust Planet Education Foundation to continue to implement the "Care for Disadvantaged Schoolchildren Project". We have assisted a total of 432 disadvantaged schoolchildren in Ankeng, Zhongzheng, and Erchong Elementary Schools for nine consecutive years and provided education assistance programs.
- We sponsored the breakfast program of "Tanan Elementary School" in remote areas of Nantou County and provided breakfast for 80 disadvantaged schoolchildren for the entire year.
- We supported the Taipei Autism Children Social Welfare Foundation for five consecutive years since 2015 and organized the eight-week "Autistic Children Physical Fitness Class" in 2019 to help them improve their capacity for taking care of themselves.



Care for remote areas, anti-drug initiatives, financial literacy awareness, and health promotion seminars

- We organized a total of 66 events for remote areas, anti-drug initiatives, financial literacy awareness, and health promotion seminars to help disadvantaged groups establish correct wealth management and debt management ideals. We provide them with financial knowledge such as fraud prevention and remedies and approximately 8,077 participants attended the events. We have received the "Participation Award for School and Community Financial Education" for nine consecutive years.
- We used holiday time to visit rural schools or social welfare institutions remote areas and organized Volunteer Service Teams to promote financial wealth management knowledge. We organized 6 events for approximately 272 participants.
- We invited Taipei Family Helper Center and TCWC Children Home to facilitate the participation of 33 children in the "Investment and Wealth Management Academy for Children" so that disadvantaged children have the opportunity to learn about finance and wealth management at an early age.
- FFHC worked with the Accounting Research and Development Foundation and organized 6 "My Choice for Old Age" touring seminars in 6 remote areas in New Taipei City for 365 people.
- We worked with the Grace Hsiao Dance Troupe to teach teenagers to say no to drugs and protect themselves in four schools including Puzi Junior High School in Chiayi. We also organized finance seminars to teach teenagers about correct ideas about wealth management for approximately 1,520 students.
- We worked with National Changhua University of Education in organizing two seminars on "Practical Applications for Finance" and "Global Economy and Stock Market Outlook" for 121 participants.
- We provided 2 internship opportunities for students from related majors in universities or graduate schools in summer to provide asset management courses and training.
- We organized six life education seminars and invited people with disabilities to share their wisdom in life for approximately 1,152 schoolchildren.
- We organized 5 finance and health seminars and invited doctors from NTU Hospital and Cathay General Hospital to share their knowledge on how to maintain health. Chairman I-Kuang Chen of First Capital Management also shared his knowledge on wealth management. The events attracted the participation of nearly one thousand customers and employees.



Charitable donation

- A total of NT\$495 million was donated charity organizations through First Bank credit cards.
- We organized 138 public welfare year-end parties in which we invited disadvantaged groups to perform and purchased gifts with public welfare and environmentally friendly philosophy. The total expenses for gifts and performances was NT\$1.24 million.
- We purchased 10,000kg of guavas at a price of NT\$350,000 and shared them with 50 social welfare organizations across Taiwan for nearly 1,000 people.
- We sponsored Andrew Food Bank's Lunar New Year's Dishes for Poor Children program for the third consecutive year. The program benefited 465 disadvantaged households in 2019 and we have accumulated NT\$1.83 million in donations.
- The employee sports day event held for the 120th anniversary was organized with a charity fair. In addition to donating NT\$1.2 million to 12 charity organizations, we also purchased NT\$300,000 of supplies from 5 charity organizations for donations to 5 food banks which transferred them to disadvantaged groups across Taiwan.
- We donated a large-scale freezer to Zhongqin Li in Taipei City in our second donation program to help resolve the issue for the preservation of donated food materials. This donation increased the number of beneficiaries to more than 500 local residents.
- We responded to the "Buying Power Social Innovative Products and Services Procurement Incentive Mechanism" of the Ministry of Economic Affairs and appointed the social enterprise "Friendly SEED" in helping Wanhua Branch organize environmental education and promotion courses and purchased ceramic artworks created by Chintang Pottery Co., Ltd. as gifts for the event to support the development of social enterprises.



Volunteering and care

- 59 loving volunteer activities were held to accompany elderly people living alone, disadvantaged groups and financial education.
- We headed to Laos for a second time to distribute supplies to homes for people with mental disabilities and elementary schools and remote areas and promote health education. The Phnom Penh Branch and Ho Chi Minh City Branch also partnered with customers for donating supplies and scholarships to local children's homes. The three overseas volunteer activities benefited a total of 1,400 disadvantaged children.
- We worked with Mennonite Christian Hospital and Taipei Medical University Hospital Feng Hsin Medical Youth Service Group to organize three free clinics in Wanrong and Zhuoxi Township in Hualien and Huxi Township in Penghu in 4 consecutive years. We also sponsored the medical expenses for the 20 free clinics provided by Mennonite Christian Hospital and 17 free clinics provided by Taipei Medical University Hospital Feng Hsin Medical Youth Service Group. The free clinics benefited more than 1,635 people and saved approximately NT\$245,000 in medical expenses.





## Green Care

### Environmental Education Promotion

- We organized the "Love Fun First Green Living Carnival" which included the Living Green market, environmentally-friendly renewable DIY activities, and vegetable feast for hundreds. The event attracted 15,000 participants.
- We set up the Green Finance Education Hall at Wanhua Branch. The zero-carbon emission green rooftop integrated solar power generation, an aquaponic system, and rainwater harvesting system to provide close to self-sustaining energy resources and zero carbon emissions. We also organized Green Finance Camp events for 54 students (including those from disadvantaged families) to experience green finance and environmental education. The Branch became the first in the finance industry to receive the "Environmental Education Site" certification from the Environmental Protection Administration of Executive Yuan in 2019 and it was officially inaugurated on February 12, 2020.
- Since 2014, FFHC has coordinated with 235 of company locations throughout Taiwan to shut off the lights for one hour on the evenings of Earth Hour (March 30) and "Earth Day" (April 22). We reduced 0.334 metric tons CO<sub>2</sub>e each year through these events.



### Green Volunteer

- We organized 45 Green Volunteer events to support organic farms, protect coastlines, plant trees for carbon reduction, adopt contract growers, implement the Green Light Sustainability Program and other Green Volunteer activities. We invested a total of NT\$2,082,525 and harvested and purchased 2,340kg of organic vegetables. We also purchased nearly 600kg of organic red sweet potatoes of "Tainung No. 66".
- We planted 246 saplings in 3 tree-planting events and we have planted a total of 5,631 trees from 2016 to 2019, which equaled a reduction of approximately 56.31 metric tons of CO<sub>2</sub>e.
- Go to five beaches including Keelung Waimu Mountain to pick up 6,521 kg of waste and garbage, which is estimated to reduce waste disposal costs by about NTD \$15,000.



### Green Cooperation

- We allocated 0.2% of transactions with the Living Green Card totaling NT\$941,000 to work with customers in providing 5 social welfare institutions including the "Chensenmei Sanatorium" with 1,184 sets of LED lighting equipment. We estimate that the replacement would reduce 118,000kWh of electricity, reduce electricity costs by approximately NT\$470,000, and reduce 82 metric tons CO<sub>2</sub>e each year.
- First Bank donated 0.6% from transactions paid using the Leezen card, which amounted to NT\$11.89 million, towards the "Tze-Xin Organic Agriculture Foundation" and the "Bliss and Wisdom Foundation of Culture and Education." The donations help provide guidance on organic certification of agricultural products, promotion of organic vegetarian school meals, clean-up of water sources and enhancing spiritual education.
- First Bank donated 3% of the Yilan Card to the Yilan County Government for 2.523 million dollars, which was used for social welfare and tree planting and tree protection.
- We worked with suppliers to replace 88 official-use fuel scooters as electric scooters, and lease their free space to suppliers to set up battery exchange stations to promote low-pollution scooters.
- We donated 123 computers to the Triple-E Institute, Yu An Retarded Children's Home Miaoli, and Asus Foundation to enrich the educational resources for students living in rural areas and reduce the gap between urban and rural areas.



## Sports competition

### Table tennis training

We established the men's table tennis team in 2011 and seven table tennis players were selected into the national team in 2019. They won a total of 8 gold, 16 silver, and 21 bronze medals and won NT\$1.41 million in prize money in contests in Taiwan and overseas. We also continued to sponsor training fees for seven schools including Shiu De Elementary School in New Taipei City and benefited 290 players.



### Sport support



We have organized national table tennis tournaments for 11 consecutive years and organized 6 table tennis summer camps. We also sponsored Taiwan's weightlifting team for the Olympics, archery team of Yung-Fong High School in Taoyuan, Football Association, Golf Association, Sepaktakraw Association, and the Baseball team of Kao-Yuan Vocational High School of Technology & Commerce in Kaohsiung. We received the "Sports Activists Awards - Gold Sponsorship and Long-Term Sponsorship Award" from the Ministry of Education.

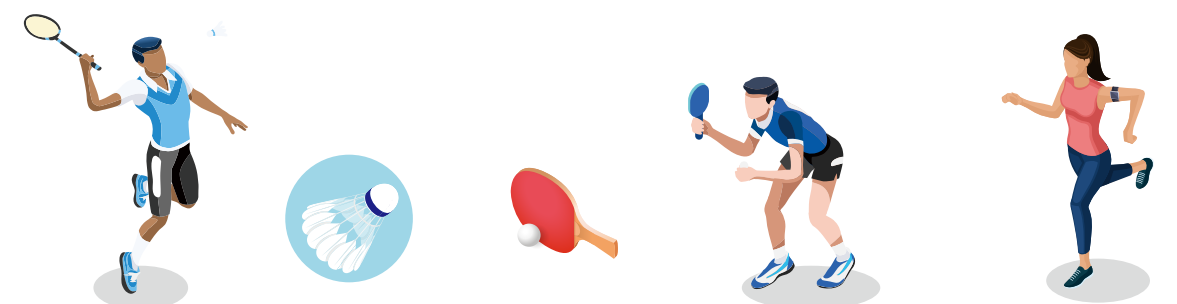
### Unified Invoice Cup for Road Running

The event began on Ketagalan Boulevard and we collected 328,888 invoices. The NT\$380,800 raised was donated to 5 social welfare foundations including the Childhood Cancer Foundation of R.O.C., Taipei Autism Children Social Welfare Foundation, Taiwan After-care Association, Taiwan Osteogenesis Imperfecta Association, and the Hemophilia Association of Taiwan.



### The First Holding Maxxis Tennis Tournament

We have organized nationwide tennis championships for 10 consecutive years together with the Maxxis Group. It is the largest and most significant tennis competition in Taiwan and features the greatest total prize pool. It includes teenager groups (rankings for 12, 14, and 16 year-olds), college student B groups, and public and senior groups. A total of 1,028 people participated in 2019.





Care for cultural creative industries

The total credit balance as of 2019 reached NT\$22.96 billion for 1,550 applicants. Among them were 90 companies in the film and television related industries and their credit balance amounted to NT\$2.034 billion, accounting for 8.86% of the total credit loan balance for the cultural creative industries. With 60% to 80% of the credit guarantee provided by the Small and Medium Enterprise Credit Guarantee Fund, the loan interest rate was mostly 2.5% to 3.5% and we provided the loans needed by the film and television industries.



Music fests to nurture new local talents

We held three large-scale concerts in Taipei, Taichung, and Kaohsiung with the Evergreen Symphony Orchestra to provide stages for promising singers and well-known musicians to perform. We also invited disadvantaged and social welfare groups to attend the events. Forty such concerts have been held since 2006, attracting more than 112,000 visitors.

Light up Life on the First Dream Stage

Since 2011, we have cooperated with the National Taiwan University Hospital to hold a caring concert, allowing talented people with physical and mental disabilities to show their talents and self-confidence. Over the past 9 years, 53 concerts have been held, inviting 58 groups of visually impaired, hearing impaired or physically disabled groups to perform, attracting more than ten thousand people to visit.



Create tourism benefits



We sponsored the replacement of the awning for 110 shops on the old streets in Yingge to help maintain the image of the commercial district. We also sponsored the "Taiwan Lantern Festival" organized by Pingtung County Government and the "Taipei Lantern Festival" organized by Taipei City Government. The Pingtung Lantern Festival attracted 13.39 million visits and contributed to approximately NT\$13 billion in economic output while the Taipei Lantern Festival attracted over 4 million visits and contributed to approximately NT\$9.1 billion in tourism revenue.

Supporting local art and cultural traditions

The first and second floors of the FFHC headquarters building was transformed into an art space in 2011. The space allows local artists to exhibit their art for free. A total of 105 art and cultural exhibitions have been held as of the end of 2019 and attracted over 105,000 visitors. The sales of art works in 12 art exhibitions in 2019 totaled approximately NT\$3.81 million.



Digital finance innovation

Material Topic

GRI guidelines and financial services sector disclosure standards: Product portfolio

FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.

FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.

Management guidelines

Policies

In response to the trend of global financial technology, digital technology is introduced into the core information system to strengthen the application of virtual channels, provide convenient and efficient financial services, and optimize intelligent development and improve service efficiency.

Commitment

FFHC continues to promote innovation and transformation, optimizes and improves system functions and items, and integrates smart applications, AI, and data analysis to create customized smart services. We also continue to develop FinTech patents and strengthen virtual channel applications to improve mobility and the convenience of online financial services and strengthen penetration rate of young customer groups.

Goals

- We provide diverse and convenient FinTech services through "optimization of service procedures on digital channels", "setting up digital accounts", "mobile payment services", "smart applications", "FinTech patent applications", and "Open API (Application Programming Interface) connection in cross-industry alliances" to create more valuable smart finance service models and power for growth.
- We respond to demands from new applications and continue to introduce smart model computing environments, improve smart price assessment models, and create AI models for the pre-screening of micro enterprise loan customers to increase the convenience of financial services.

Duties

CSR Committee Customer Care Group

Re-sources

- Big data applications are used to establish personalized marketing triggering mechanisms in digital channels to use digital channels for interactive marketing and real-time interactions with customers. When customers browse corporate platforms, they will receive product recommendations tailored to their personal preferences and compatibility to improve the quality of services and convenience.
- Continue to introduce new technologies and sources of data to improve big data models and artificial intelligence, strengthen sales performance, and integrate virtual and physical channels for improving after-sales services and optimizing operating system. We provide customers with digital financial services such as online credit card application, credit limit calculation, and loan application services.
- Make use of the influence of the finance services industry and help least developed countries launch high-tech banks and improve their use of Internet technologies.
- Continue to expand mobile payment applications and work with the seven major electronic payment operators including "JKOS", "Gama Pay", "ezPay", "iCash", "iPASS", "OPay", and "EasyCard" to satisfy customers' demands for payments.
- Work with third-party service providers (TSPs) such as "591 Housing Transaction Network", "Cloud Invoice App", "Money Book", and "iCash" in open API applications to provide more convenient and diverse financial services.



Digital finance innovation

FFHC supports the United Nations Sustainable Development Goal SDG 8.2 for "achieve higher levels of economic productivity through diversification, technological upgrading and innovation" and SDG 8.10 "strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all". We are committed to providing diverse digital finance services through application innovation technologies and providing online banking and mobile banking app FinTech services to least developed countries. FFHC also integrated various online businesses, smart customer services and wealth management, and open API connections to provide a diverse and smooth digital finance experience.



2-1 Optimize service procedures on digital channels

First Bank independently developed the "iLEO Digital Account" which upholds the core values of "simplicity, speed, innovation, and thoughtfulness". The account target digital natives under 35 years old and do not require them to open accounts over the counter. They are only required to complete the four steps for the online account opening application and download the "iLEO app" to gain access to a comprehensive financial account with multiple functions such as NTD and foreign currency deposits, funds and wealth management, and credit card services. A total of 67,667 accounts has been opened since its launch in January 2019.



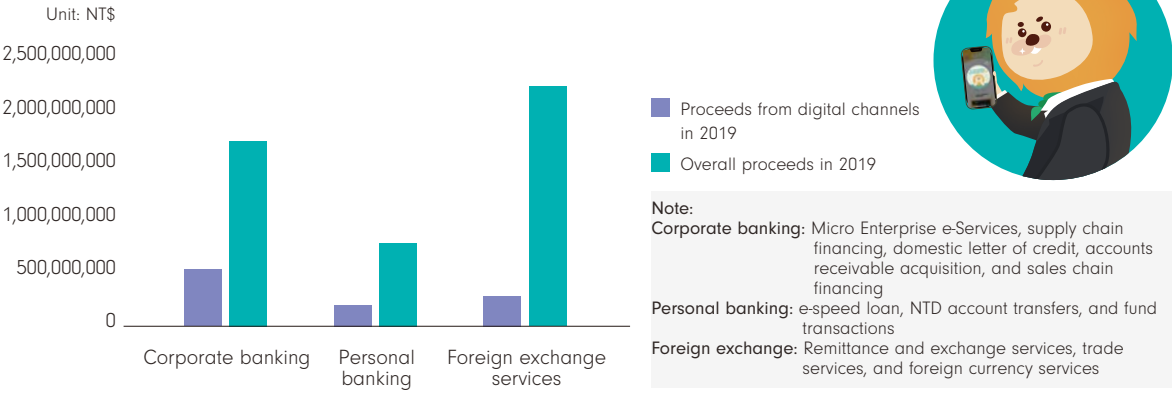
To provide customers with real-time information on exchange rates, the "e-mobile" app provides exchange rate alert notification services so that customers can receive notifications immediately once exchange rates reach the price set by the customer. This allows customers to gain control of the timing of foreign exchange transactions and inquire the average cost of foreign currency purchases in the past three years to compare with spot exchange rate evaluations. We also organized the "e-Services foreign currency favorable interest rate program for USD/RMB" and three "USD and JPY super deal for foreign travel on e-mobile" online foreign currency exchange campaigns to let customers purchase and sell foreign currencies with ease on e-Services.



First Securities' online ordering web system and mobile app provide customers with flexible function layout and bookmark reminders. The app provides smart functions for choosing topic-specific stocks and First Securities continues to optimize the smart stock selection system in the app to improve flexibility and convenience. First Life Insurance continues to reinforce the functions of "e-Services" app mobile service platform. The app provides the insured with rapid policy search, change and convenient and practical personalized functions.



Digital channel performance



2-2 Smart Applications

Smart Customer Services

In response to the digital transformation in the traditional finance industry, First Bank launched smart robots on the customer service center to jointly provide 24-hour real-time services with customer service personnel. The service uses natural language processing and machine learning technologies to integrate bank business knowledge with artificial intelligence platforms so that customers can use the Internet and mobile devices to enter text or audio to communicate with smart robots. The simple interface and human-friendly interactions shorten service waiting time and increases service efficiency. As of the end of 2019, users have used the "smart customer services" 146,881 times and the accuracy rate of responses was 93.4%.



Smart wealth management

In response to the high demands for retirement planning in Taiwan's aging society, First Bank launched the "e-First smart wealth management" experience service and worked with the renowned global investment research Morning Star to provide 6 types of investment plans including children education fund, house purchase down payment, travel fund, LOHAS retirement plan, monthly pension after retirement, and simply saving money. The service offers customized exclusive investment portfolios for customers online to help customers attain long-term investment goals. It fully helps people resolve the issue of not having enough time for keeping track of investment performance and how to adjust investment portfolio.





## 2-3 Building an Environment for Digital and Innovative Finance

### A. e-Writing Table

To reduce customer waiting time at the counter, First Bank provided online reservation, pre-filled forms, and account opening reservation services on the "e-Writing Table". It saves customers time and provides the best experience.

### B. Online card application

We use digital marketing promotions to encourage customers to apply for credit cards through digital channels. We also provide exclusive Member Get Member (MGM) links to facilitate marketing by all staff members. It fully increases the proportion of online card applications and reduces the number of paper applications used.

### C. Big data applications and marketing

- Precision marketing for target customer groups: Big data analytics models are used to create lists for marketing activities. We use the Group's digital channels to execute precision marketing to increase customer response rate and portfolio size. We shall continue to make use of data provided in feedback on marketing activities to improve the performance of the models.
- Digital Interactive Marketing: Big data applications are used to establish personalized marketing triggering mechanisms in digital channels to use digital channels for interactive marketing and real-time interactions with customers. When the customer browses through corporate platforms they will receive product recommendations tailored to their personal preferences and compatibility to improve the quality of services and marketing power.

### D. Artificial intelligence applications

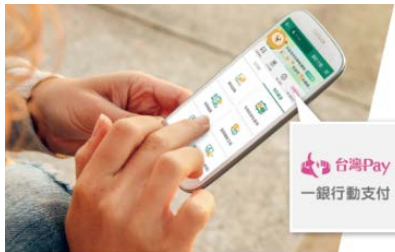
- First Bank promoted the "e-speed loan" which provides online calculation of loan limits and application services. It also used AI appraisal models for customers to immediately calculate mortgage limits and interest rate by entering the address of the real estate in the mortgage and basic personal information online. A total of 25,827 online mortgage and mortgage limit calculations was conducted and 6,095 loan applications were filed in 2019.
- To cooperate with government policies for supporting the development of small and micro enterprises, First Bank actively promoted "Micro Enterprise e-Services" and used smart AI models to provide small and medium enterprises with online loan limit calculation services. First Bank processed a total of 3,528 loan applications on "Micro Enterprise e-Services" in 2019.

## 2-4 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 such as Laos and Cambodia in launching high-tech banking and boosting the prevalence of digital technology, First Bank has set up physical branches to provide local people with traditional financial services such as deposits and transfers, loans, and foreign exchange businesses and it has also provided interest rate and exchange rate inquiries, account affairs inquiries, and fund transfers on the Internet banking of the Phnom Penh Branch in Cambodia. It also established a mobile banking app with Chinese and English interface and independent fund transfer functions at the end of 2019. The Branch also activated the ATM establishment program in 2019 to respond to the demand of local customers in Cambodia for cash withdrawals and reduce the waiting time over the counter. The program helps the Bank provide uninterrupted financial services to local customers 24 hours a day.



第e行動  
24小時金融服務  
台灣Pay  
一銀行動支付

### B. Mobile 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. Credit Card Mobile Payments:

To provide credit card customers with convenient payment tools, First Bank credit cards can be used in Taiwan Pay, Google Pay, and Apple Pay so that customers can choose their preferred payment method on their mobile devices. The Bank also organized several marketing activities to teach customers how to use mobile payment tools and reduce the use of cash and increase the mobile payment transaction volume in Taiwan. As of the end of 2019, 299,964 First Bank credit cards have been bound to mobile payment.

### D. Payment Facilitated by Pre-arranged Deposit Account Link:

To expand mobile payment applications of deposit accounts, First Bank continues to work with electronic payment operators such as "JKOS (JKOPAY)", "iPass (LINE Pay Money)", "EasyCard (Easy Wallet)", "iCash (iCash Pay)", "Gama Pay", "ezPay", and "O'Pay" to provide rapid and convenient account binding and payment services and satisfy customer demands for various payments.



## 2-5 FinTech Innovation

FFHC is committed to research, development, and innovation of FinTech. We have recently launched innovative services such as the foreign currency cash transaction blockchain platform, iLEO swipe transfer, Facebook fund transfer, and open API platforms as we continue to strengthen core technologies and capacity and establish competitive advantages in intangible assets.

First Bank was designated by the Central Bank as a wholesaler of foreign currency cash in domestic banks. It integrated blockchain technologies and professional finance capacity to create the first "Bank Foreign Currency Cash Transaction Blockchain Platform" in August 2019 for use in distributed ledgers, consensus algorithms, and smart contract technologies. The platform provides foreign currency cash purchases and resale transactions for financial institutions and allows them to inquire purchase order process. It also secures the logistics information of cash transfers by security companies to provide platform users with the most accurate and safest updated information.



First Bank participated in the "2019 Blockchain in InsurTech with Smart Health Data Hackathon" which was overseen by the Industrial Development Bureau of the Ministry of Economic Affairs, Taipei Medical University and organized by the Industrial Technology Research Institute and Taipei Medical University Hospital to actively promote the development of "Open Banking" and encourage young people in Taiwan to take part in innovation, R&D, FinTech. The event included four major topics including "AI prediction for severe health cases, epidemic early-warning models, injury inspection audio AI engine, and insurance service model" to spark creativity and use actual operations to improve the professional capacity of AI talents in Taiwan.

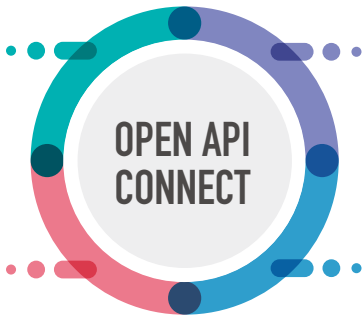


2-6 Cross-Industry Alliance and Open API Connection

First Bank adopted the "Smart Bank, Smart Living" strategy and promoted open API applications for consumer settings for all daily necessities and social life. It cooperated with third-party service providers through the API platform of Financial Information Services Co., Ltd. to extend the reach of financial services to users' daily lives, create comprehensive smart ecosystems, and provide one-stop digital finance information to create a more convenient digital life for consumers.

Cloud Invoice App

The Bank worked with the Cloud Invoice App which is the most popular app in its category and has more than 2 million users. We use the cross-industry collaboration service interface to provide "general payment API" service (utilities, telecommunications, credit card payments, transportation expenses, eTag value storage, etc.). The service improves the experience and loyalty of existing and potential customers for their convenience in life.

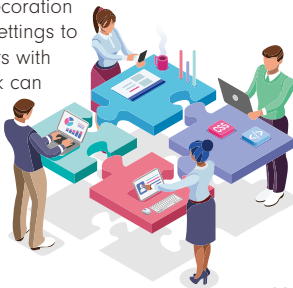


MoneyBook

The Bank signed a cooperation agreement with the third-party service provider MoneyBook for using the phase 1 open data provided in the open API of Financial Information Service Co., Ltd. so that First Bank's real-time NTD and foreign exchange and interest rate data can be obtained in their service settings.

591 Housing Transaction Network

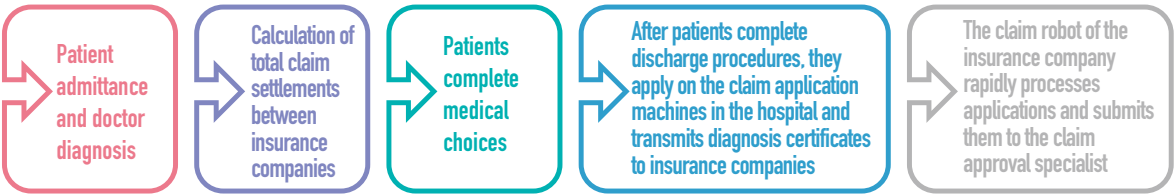
The Bank worked with 591 Housing Transaction Network in launching a limited-time preferential mortgage program. In addition to providing preferential interest rates, successful applicants can receive up to NT\$500,000 of house decoration fund. The Bank used the housing purchase platform settings to gain precise control and communicate with consumers with actual demand for house purchases so that First Bank can provide integrated services. The one-stop service satisfy customer demands for choosing and viewing properties and loan requirements. It creates uninterrupted online product experience to quickly help consumers build their family. Customers can get the best deals and repay mortgages with ease as they build the house of their dreams.



iCash Corporation

The Bank cooperated with iCash Corporation in setting up the Account Link service for deposit accounts. Consumers can bind the iCash Pay functions of the Open Point app to their First Bank accounts for payments (the current consumer venues include 7-ELEVEN convenience stores and will soon be expanded to channels of the Uni-President Group such as Starbucks and Cosmed) and value storage.

First Life Insurance participated in the Taiwan Industry Innovation Platform Program organized by the Industrial Development Bureau of the Ministry of Economic Affairs. It worked with ITRI, Taipei Medical University, and Systex Corporation in the "innovative insurance claim service project". The plan to set up AI claim application machines in medical institutions and insurance claim API services to provide rapid claim services.



2-7 Social Media

Social network management (e.g. Facebook, LINE, and IG) and intellectual property characters are 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 the Bank and their service requirements. The First Bank fan page on Facebook, "First Bank Fan Page," now has more than 680,000 fans, which ranked first in social media accounts managed by domestic financial institutions. First Bank also launched the official LINE account to provide personalized services for credit card use and changes in account affairs. The account has accumulated 4.05 million fans and 103,000 customers and bound personalized services. The Facebook fan page has accumulated 413 marketing projects that reached more than 6.8 million people. The official LINE account has issued a total of 160 business promotion posts which were read 94.48 million times. It effectively enhanced the loyalty of customers on social media platforms.



## INDEPENDENT ASSURANCE OPINION STATEMENT

### First Financial Holding 2019 Annual CSR 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 verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of 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 2019 Annual CSR Report.
2. The evaluation of the nature and extent of the FFHC's adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000 Assurance Standard (2008) with 2018 Addendum sustainability assurance engagement.

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

#### Opinion Statement

We conclude that the FFHC 2019 Annual CSR Report provides a fair view of the FFHC CSR programmes and performances during 2019. The CSR report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the FFHC and the sample taken. We believe that the 2019 economic, social and environmental performance information are correctly 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 AA1000AS (2008) with 2018 Addendum. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that FFHC's description of their approach to AA1000AS (2008) with 2018 Addendum and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

#### Methodology

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

- a 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 FFHC's approach to stakeholder engagement. Moreover, we had sampled one external stakeholders to conduct interview
- interview with 36 staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of key organizational developments
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports
- review of the findings of internal audits
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits
- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced
- review of supporting evidence for claims made in the reports
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018)

#### Conclusions

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

#### Inclusivity

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

#### Materiality

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

#### Impact

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

#### Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, FFHC and BSI have agreed upon to include in the scope. In our view, the data and information contained within FFHC 2019 Annual CSR Report are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmation.

#### GRI Sustainability Reporting Standards (GRI Standards)

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

#### Assurance level

The moderate level assurance provided is in accordance with AA1000AS (2008) with 2018 Addendum in our review, as defined by the scope and methodology described in this statement.

#### Responsibility

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

For and on behalf of BSI:



Statement No: SRA-TW-2019041  
2020-04-29

  
Peter Pu, Managing Director BSI Taiwan  
...making excellence a habit.™



Various Certifications



Comparison Table of the Indicators in the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) in 2019

\*: The disclosed indicators are as stated by external third-party independent assurance statement.

GRI 102: General Disclosures 2016		Chapter Description	Pg.
Disclo- sure	Description		
102-1	Name of the organization	Accountable Governance	P41
102-2	Activities, brands, products, and services		P40
102-3	Location of headquarters		P41
102-4	Location of operations		P41~42
102-5	Ownership and legal form		P47
102-6	Markets served		P41~42
102-7	Scale of the organization	Accountable Governance Happy Workplace	P41~42 P112~113
102-8	Information on employees and others workers	Happy Workplace	P112~114
102-9	Supply chain	Environmental Management	P109~110
102-10	Significant changes to the organization and its supply chain	Accountable Governance Environmental Management	P40~42 P109~110
102-11	Precautionary principle or approach	Accountable Governance	P52~58
102-12	External initiatives		P45、P72
102-13	Membership of associations		P45
102-14	Statement from senior decision-maker	Chairman's Message	P4~5
102-15	Key impacts, risks, and opportunities	Stakeholder Engagement	P12~31
		Accountable Governance	P72~86
		Environmental Management	P94~98
102-16	Values, principles, standards, and norms of behavior	Accountable Governance	P59~61
102-17	Mechanisms for advice and concerns about ethics		P59~61
102-18	Governance structure		P46
102-19	Delegating authority	CSR Operation	P10
102-20	Executive-level responsibility for economic, environmental, and social topics	Stakeholder Engagement	P10
102-21	Consulting stakeholders on economic, environmental, and social topics		P12~13
102-22	Composition of the highest governance body and its committees		P47~49
102-23	Chair of the highest governance body	Our corporate Chairman is Mr. Tsan-Chang,Liao/President is Mr. Chien-Hao Lin	
102-24	Nominating and selecting the highest governance body	Accountable Governance	P47~48
102-25	Conflicts of interest	CSR Operation	P48
102-26	Role of highest governance body in setting purpose, values, and strategy		P10
102-27	Collective knowledge of highest governance body		P47~49
102-28	Evaluating the highest governance body's performance	Accountable Governance	P46
102-29	Identifying and managing economic, environmental, and social impacts	Stakeholder Engagement	P12~31
		Accountable Governance	P47~48



GRI 102: General Disclosures 2016		Chapter Description	Pg.
Disclo- sure	Description		
102-30	Effectiveness of risk management processes	CSR Operation Accountable Governance	P10 P54~58
102-31	Review of economic, environmental, and social topics	Stakeholder Engagement	P12~13
102-32	Highest governance body's role in sustainability reporting	Stakeholder Engagement	P12~13、P28~31
102-33	Communicating critical concerns		
102-35	Remuneration Policies	Accountable Governance	P50
102-36	Process for determining remuneration		
102-40	List of stakeholder groups	Stakeholder Engagement	P12、P28~31
102-41	Collective bargaining agreements	Happy Workplace	P121
102-42	Identifying and selecting stakeholders		
102-43	Approach to stakeholder engagement	Stakeholder Engagement	P28~31
102-44	Key topics and concerns raised		
102-45	Entities included in the consolidated financial statements	Accountable Governance	P43~44、P51
102-46	Defining report content and topic boundaries	Stakeholder Engagement	P12~13
102-47	List of material topics		
102-48	Restatements of Information	Report Information	P2
102-49	Changes in reporting	Stakeholder Engagement	P26
102-50	Reporting period	Report Information	P2
102-51	Date of most recent report		P2
102-52	Reporting cycle		P2
102-53	Contact point for questions regarding the report		P3
102-54	Claims of reporting in accordance with the GRI Standards		P3
102-55	GRI content index		P153~158
102-56	External assurance		P3
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	Stakeholder Engagement	P14~25
103-2	The management approach and its components	Accountable Governance Environmental Management	P40、P45、P52、 P59、P62、P67、
103-3	Evaluation of the management approach	Happy Workplace Social Harmony	P71、P87、P94、 P98、P112、P119、 P122、P128、P134、 P143

Topic-Specific Standards			
GRI 200: Economic Topics 2016 (With the exception of GRI 207 which is the 2019 version, the other GRI standards are based on the 2016 version)		Chapter/Description	Pg.
GRI 201: Economic performance			
201-1	Direct economic value generated and distributed	Accountable Governance Social Harmony	P43~44、P51、 P79~84 P135~137
201-2	Financial implications and other risks and opportunities due to climate change	Accountable Governance Environmental Management	P72~83 P94~98
201-3	Defined benefit plan obligations and other retirement plans	Happy Workplace	P116~117
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	P115、P121
202-2	Proportion of senior management hired from the local community		P112~113
GRI 203: Indirect economic impacts			
203-1	Infrastructure investments and services supported	Accountable Governance Social Harmony	P77、P79~86 P143~148
203-2	Significant indirect economic impacts	Accountable Governance Environmental Management Social Harmony	P79~86、 P98 P135~136、P139~142
GRI 204: Procurement practices			
204-1	Proportion of spending on local suppliers	Environmental Management	P109
GRI 205: Anti-corruption			
205-1	Operations assessed for risks related to corruption	Accountable Governance	P42、P59
205-2	Communication and training about anti-corruption policies and procedures		P59~P61
205-3	Confirmed incidents of corruption and actions taken		P61
GRI 207: Tax 2019			
207-1	Approach to tax	Accountable Governance	P51
207-2	Tax governance, control, and risk management		
207-3	Stakeholder engagement and management of concerns related to tax		
207-4	Country-by-country reporting		
GRI 300: Environmental Topics 2016			
GRI 302: Energy			
302-1	Energy consumption within the organization	Environmental Management	P102
302-2	Energy consumption outside of the organization		P103
302-3	Energy intensity		P102
302-4	Reduction of energy consumption		P99~ P105
302-5	Reductions in the energy requirements of products and services		P83、P103~107
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	Environmental Management	P102
305-2	Energy indirect (Scope 2) GHG emissions		
305-3	Other indirect (Scope 3) GHG emissions		
305-4	GHG emissions intensity		
305-5	Reduction of GHG emissions		

	Chapter/Description	Pg.
GRI 305: Emissions		
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental Management P101
GRI 306: Effluents and waste		
306-2	Management of significant waste-related impacts	Environmental Management P105、P107~108
GRI 307: Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Environmental Management P102
GRI 308: Supplier environmental assessment		
308-1	New suppliers that were screened using environmental criteria	Environmental Management P109~110
308-2	Negative environmental impacts in the supply chain and actions taken	
GRI 400: Social Topics (With the exception of GRI 403 which is the 2018 version, the other GRI standards are based on the 2016 version)		
GRI 401: Employment		
401-1	New employee hires and employee turnover	P114、P118
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Happy Workplace P116~117
401-3	Parental leave	
GRI 402: Labor/Management relations		
402-1	Minimum notice periods regarding operational changes	Happy Workplace P127
GRI 403: Occupational Health and Safety		
403-1	Occupational health and safety management system	P132
403-2	Hazard identification, risk assessment, and incident investigation	P129
403-3	Occupational health services	Happy Workplace P129~132
403-4	Worker participation, consultation, and communication on occupational health and safety	P129~132
403-5	Worker training on occupational health and safety	P129~131
403-6	Promotion of worker health	Environmental Management P109~110
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8	Workers covered by an occupational health and safety management system	Happy Workplace P132
403-9	Work-related injuries	P133
403-10	Work-related ill health	P129~130
GRI 404: Training and education		
404-1	Average hours of training per year per employee	Happy Workplace P126
404-2	Programs for upgrading employee skills and transition assistance programs	P123~126
404-3	Percentage of employees receiving regular performance and career development reviews	Accountable Governance P50 Happy Workplace P115
GRI 405: Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	Accountable Governance P47~48 Happy Workplace P113~114
405-2	Ratio of basic salary and remuneration of women to men	Happy Workplace P121
GRI 406: Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	Happy Workplace P120

	Chapter/Description	Pg.
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	Environmental Management P109~110 Happy Workplace P121
GRI 408: Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	Environmental Management P109~110 Happy Workplace P120
GRI 409: Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Environmental Management P109~110 Happy Workplace P120
GRI 410: Security practices		
410-1	Security personnel trained in human rights policies or procedures	Happy Workplace P120
GRI 411: Rights of indigenous peoples		
411-1	Incidents of violations involving rights of indigenous peoples	Happy Workplace P120
GRI 412: Human rights assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	Happy Workplace P120
412-2	Employee training on human rights policies or procedures	Happy Workplace P120、P128
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Accountable Governance P74~79 Environmental Management P109~110 Happy Workplace P120
GRI 413: Local communities		
413-1	Operations with local community engagement, impact assessments, and development programs	Accountable Governance P42
413-2	Operations with significant actual and potential negative impacts on local communities	
GRI 414: Supplier social assessment		
414-1	New suppliers that were screened using social criteria	Environmental Management P109~110
414-2	Negative social impacts in the supply chain and actions taken	
GRI 415: Public policy		
415-1	Political contributions	NA -
GRI 417: Marketing and labeling		
417-1	Requirements for product and service information and labeling	
417-2	Incidents of non-compliance concerning product and service information and labeling	Accountable Governance P53、P62~63
417-3	Incidents of non-compliance concerning marketing communications	
GRI 418: Customer privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Accountable Governance P64
GRI 419: Socioeconomic compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	Accountable Governance P53

GRI Financial Services Sector Disclosure Standards Content Index

Index	Description	Chapter	Pg.
Aspect: Product Portfolio			
FS1/DMA	Policies with specific environmental and social components applied to business lines	Accountable Governance Environmental Management	P51・P54・P63 P71~72 P98
FS2/DMA	Procedures for assessing and screening environmental and social risks in business lines	Accountable Governance Environmental Management	P73~79 P109~110
FS3/DMA	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Accountable Governance	P73~79
FS4/DMA	Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Accountable Governance Environmental Management	P76 P108
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Accountable Governance Social Harmony	P79~86 P143~148
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose		
Aspect: Active ownership			
FS11	Percentage of assets subject to positive and negative environmental or social screening	Accountable Governance	P80~81
Aspect: Local communities			
FS14	Initiatives to improve access to financial services for disadvantaged people	Accountable Governance Social Harmony	P65~66 P139・P142
FS15/DMA	Policies for fair design and sale of financial products and services	Accountable Governance	P63・P79
FS16/DMA	Initiatives to enhance financial literacy by type of beneficiary	Accountable Governance Social Harmony	P66 P139

United Nations Global Compact Content Index

Classifi-cation	Content	Disclosure	Chapter	Pg.
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	●	Happy Workplace	P119~120
	Principle 2: Make sure that they are not complicit in human rights abuses.	●	Accountable Governance Environmental Management	P73~76 P109~110
	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	●	Happy Workplace	P121
Labor	Principle 4: The elimination of all forms of forced and compulsory labor	●		P120
	Principle 5: The effective abolition of child labor	●	Happy Workplace	P120
	Principle 6: The elimination of discrimination in respect of employment and occupation	●		P120~121
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	●	Environmental Management	P92~108
	Principle 8: Undertake initiatives to promote greater environmental responsibility	●	Accountable Governance Environmental Management	P81~83 P94~110
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	●	Accountable Governance Social Harmony	P73~83 P140 、 P143~148
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	●	Accountable Governance	P59~61

ISO 26000 Content Index

Major Issues	Disclosure	Chapter	Pg.
Organizational governance	Decision-making process and structures	●	CSR Operation P10
	Compliance audits to prevent risks due to human rights issues	●	Happy Workplace P120 、 P122
	Human rights risks situations	●	
Human Rights	Avoidance of complicity	●	Accountable Governance P59~61
	Resolving grievances	●	P127~128
	Discrimination and vulnerable groups	●	Happy Workplace P120 、 P122
	Civil and political rights	●	P120~121
	Economic, social and cultural rights	●	Happy Workplace Social Harmony P116~118 P139~142
	Fundamental principles and rights at work	●	Happy Workplace P120~121
Labor Practices	Employment and employment relationships	●	Happy Workplace P112~113
	Conditions of work and social protection	●	Happy Workplace P116~117 、 P119~122 、 P127~128
	Social dialogue	●	Social Harmony P135~142
	Health and safety at work	●	Happy Workplace P128~133
	Human development and training in the workplace	●	P114~115 P123~128
The Environment	Prevention of pollution	●	P98~108
	Sustainable resource use	●	Environmental Management P103~105
	Climate change mitigation and adaptation	●	P96~97
	Protection of the environment, bio-diversity and restoration of natural habitats	●	Social Harmony P138 、 P140
Fair Operating Practices	Anti-corruption	●	
	Responsible political involvement	●	Accountable Governance P59~61
	Fair competition	●	
	Promoting social responsibility in the value chain	●	Stakeholder Engagement P12~31
	Respect for property rights	●	Accountable Governance P59
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	●	Accountable Governance P62~64
	Protecting consumers' health and safety	●	Social Harmony P139
	Sustainable consumption	●	P83
	Consumer service, support, and complaint and dispute resolution	●	Accountable Governance P63~66
	Consumer data protection and privacy	●	P63~64
	Access to essential services	●	Accountable Governance Social Harmony P63 、 P66 、 P79~86 、 P90 P143~148
Community Involvement and Development	Education and awareness	●	P66 、 P85 、 P137~142
	Community participation	●	Accountable Governance P66 、 P85
	Education and culture	●	Social Harmony P137~142
	Employment creation and skills development	●	Happy Workplace P112~115 、 P118~119 P139 、 P142~148
	Technology development	●	Social Harmony P143~148
	Wealth and income creation	●	Accountable Governance P66 、 P84
	Health	●	Happy Workplace P116~117 Social Harmony P128~133 、 P139 、 P142
	Social investment	●	Social Harmony P134~142



Comparison Table of the UN Principles for Responsible Banking (PRB)

Item	Chapter	Pg.
Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks	Stakeholder Engagement Accountable Governance	P12~25 P71
Principle 2: Impact & Target Setting We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.	Sustainable Development Goals	P32~39
Principle 3: Clients & Customers We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.	Accountable Governance Social Harmony	P71~86 P139~140
Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.	Stakeholder Engagement Accountable Governance Environmental Management Social Harmony	P12~31 P73~86 P108~110 P138~140
Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking.	CSR Operation Sustainable Development Goals	P10 P32~39
Principle 6: Transparency & Accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.	CSR Operation Stakeholder Engagement Sustainable Development Goals	P10 P12 P32~39

Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies"

Index	Description	Chapter	Pg.
Financial Institutions	Listed companies within the financial and insurance industry shall disclose their management approaches, topic-specific disclosures and their reporting requirements for major topic on sustainable finance. Their reporting requirements shall include, at least, products and services designed by individual operating units to create benefits for the society or environment.	Sustainable Development Goals	P32~39
		Accountable Governance	P71~86
		Environmental Management	P98~110
		Social Harmony	P134~148
Public Companies	The content of the Corporate Social Responsibility Report of public companies shall cover the relevant assessments of risks in environmental, social, and corporate governance issues, and establish relevant performance indicators to manage material issues that have been identified.	Stakeholder Engagement Sustainable Development Goals	P12~26 P32~39
	Public companies shall disclose the number of full-time non-management employees, the average and median salary of full-time non-management employees, and the difference of the three statistics compared to the previous year.	Happy Workplace	P115
	Public companies shall disclose the implementation of corporate governance toward climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, evaluate, and manage climate-related risks, and indicators and goals for the evaluation and management of climate-related issues.	Sustainable Development Goals	P36~37
		Environmental Management	P94~110

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