Climate change strategy and management
Low-carbon operation and circular economy

Environmental Factors
Climate change strategy and management
Low-carbon operation and circular economy

Social Factors
Human rights
Talent recruitment and skills development
Talent retention and diverse welfare
Occupational Safety and Health
Community engagement
Finance innovation and inclusiveness

Governance Factors
Business performance
Corporate governance
Risk management
Ethical corporate management
Customer service and privacy protection
Information security
Sustainable finance
Prevention of money laundering, financial fraud and terrorism financing

CONTENT

02 Report information
04 Chairman’s Message
06 2020 Awards and Acknowledgments and Performance Highlights
10 Sustainable Governance Operation Mechanisms
12 Stakeholder Communication and Materiality Analysis
18 Sustainable Development Goals

162 Independent assurance opinion statement
164 Independent Limited Assurance Report
168 Various Certifications
170 Global Reporting Initiative (GRI) Standards Content Index
174 GRI Financial Services Sector Supplement
175 United Nations Global Compact Principles
175 ISO 26000 Index Content Index
177 Taiwan Stock Exchange Corporation “Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies”
177 Comparison table of the six principles of the UN Principles for Responsible Banking (PRB)
178 SASB Sustainability Disclosure Topics & Accounting Metrics Content Index
First Financial Holding Co., Ltd. (hereinafter referred to as “FFHC” or “the Company”) published its first Sustainability report in 2012 (for FY2011). To date, the Company has issued annual Sustainability reports for ten consecutive years, its most recent report being issued in June 2020. In addition, it also began publishing an English language edition of its Sustainability report in 2015 (for FY2014).

Provide transparent disclosure of the strategies, actions, performance, and future plans for sustainable development of First Financial Holding Co., Ltd (FFHC) and subsidiaries, and collect feedback from stakeholders to adjust the sustainable development strategy.

Report information

First Financial Holding Co., Ltd. (hereinafter referred to as “FFHC” or “the Company”) published its first Sustainability report in 2012 (for FY2011). To date, the Company has issued annual Sustainability reports for ten consecutive years, its most recent report being issued in June 2020. In addition, it also began publishing an English language edition of its Sustainability report in 2015 (for FY2014).

Provide transparent disclosure of the strategies, actions, performance, and future plans for sustainable development of First Financial Holding Co., Ltd (FFHC) and subsidiaries, and collect feedback from stakeholders to adjust the sustainable development strategy.

● Reporting period

The FFHC 2020 Sustainability 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 2020 (January 1 to December 31, 2020). To better illustrate our latest advances and demonstrate changes in growth, some of the information contained in this Report goes back to 2017 and 2019, 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 domestic and foreign 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).

● Sustainability Reports from past years

The FFHC 2020 Sustainability 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 2020 (January 1 to December 31, 2020). To better illustrate our latest advances and demonstrate changes in growth, some of the information contained in this Report goes back to 2017 and 2019, there were no cases of restatements of information.

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 domestic and foreign 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).
Chairman’s Message

The outbreak of the COVID-19 pandemic and climate change have caused significant damage to global economic activities and have simultaneously created new opportunities created in cross-industry FinTech integration in 2020. FFHC actively seeks new services, with mobile and online channels as the driver of innovation. We are intensifying our FinTech innovation as well as talent cultivation and transformation. Establishment of guidance to provide customers with shorter relief for their operations as well as medium to long-term comprehensive risk management, development strategies with SDGs. We established with PRB, PRI, and PSI standards to integrate corporate sustainability issues of concern to stakeholders to the Board of Directors to reduce the proportion of investment and financing for high energy and pollutant/high energy consumption industries and promote the investment in high-carbon, high-emission and social risk management for large-scale financing projects.

Commercial Banks for the disclosure of ESG information of the Sustainability Report is prepared in accordance with the SASB Standards for the financial industry. In 2019, we have constructed 16 solar-powered branches with an installed capacity of approximately 56.5MW, which is equivalent to the annual carbon absorption of 2,756 tons CO₂e, equivalent to the annual carbon reduction volume reached 2,756 tons CO₂e, equivalent to the annual carbon reduction reduction of 1,184.45 tons of carbon emissions. We also set up the ecological, environmental, and social financial service and preferential loans for “accelerated reconstruction of dangerous and old buildings”. All buildings are converted to energy-saving and eco-friendly communities after the update. As of the end of 2020, we have constructed 16 solar-powered branches with an installed capacity of approximately 56.5MW, which is equivalent to the annual carbon absorption of 2,756 tons CO₂e, equivalent to the annual carbon absorption of 2,756 tons CO₂e.

FFHC’s ESG performance has won the approval of domestic and foreign rating institutions. FFHC was selected as a constituent stock in the World Index for three consecutive years and was selected as a constituent of the Emerging Markets Index for five consecutive years. We received the AA rating for the banking industry in the MSCI ACWI Index ESG Ratings twice, the highest-rated performance in the financial industry in Taiwan. FFHC attained a “A List” leadership level in the CDPR climate change questionnaire and was the only financial institution in Taiwan to receive the “A List” rating twice. FFHC has been ranked among the financial institutions in the Leader- ship Level for three consecutive years and was ranked as a top 5% listed company in the Corporate Governance Evaluation of Taiwan Stock Exchange Corporation six consecutive times. We were also ranked among the top 10% (top 4) in the finance and insurance category. First Bank and First Life Insurance were also ranked among the top 20% by the FSC among 35 banks and 22 life insurance companies for the implementation of the Fair Customer Treatment Principle. We shall continue to make full use of our influence in the financial industry to engage with employees, suppliers, and customers in charitable and pro-environmental activities in support of sustainable consumption and the cumulative amount of donations from the credit cards amounted to NT$120 million as the job type, work environment, and age each year. We actively promote inclusive financial services to disadvantaged groups and remote areas. We actively promote inclusive financial services to disadvantaged groups and remote areas. We actively promote inclusive financial services to disadvantaged groups and remote areas. We actively promote inclusive financial services to disadvantaged groups and remote areas. We actively promote inclusive financial services to disadvantaged groups and remote areas.
ARWARDS AND ACKNOWLEDGMENTS IN 2020

FFHC was selected for inclusion as a constituent in the 2020 Dow Jones Sustainability World Index for 3 years in a row, and was also selected for inclusion as a constituent in the Dow Jones Sustainability Emerging Markets Index for the fifth consecutive year.

FFHC was included as constituent stock with AA ESG Ratings for banking enterprises in the MSCI ACWI Index for the second time.

FFHC has been rated “A List” twice and ranked “Leadership Level”.

Environmental Performance

• “Master Award” and “Green Action Award” in the "Second National Enterprise Environmental Protection Awards" from the Environmental Protection Administration
• “Green Finance Education Hall” received the "Environmental Education Site" certification from the Environmental Protection Administration of Executive Yuan
• Pastoral City Construction Achievement Competition - Enterprise Award” from Taipei City Government
• Benchmark Private Businesses and Groups in Green Purchasing by the Taipei City Government Department of Environmental Protection
• Electricity Conservation Award in the "Enterprise Voluntary Electricity Conservation Activity" from New Taipei City Government
• Excellence Award in the "Service Sector Electricity Conservation Evaluation Plan Group A (Commercial Buildings Category)" from Hsinchu County Government

Social Performance

• Financial Institution Participation Award in the "Participation Award for School and Community Financial Education" organized by the FSC for 9 consecutive years, ranked 3rd in the "Asset Trust Evaluation of Trust Businesses for the Senior and the Disabled", "Financial Investment Category Award" in the "Investment in Innovative Public Long-Term Care Project Evaluation" and awarded the “Outstanding Performance Award for Small/Small Elderly Care Insurance” for the 4th time, second place in "Number of Cases Category" and “Operating Capital Efficiency for New Loans Category” and third place in the "New Loan Case Efficiency Category" and "Proportion of Electronic Applications of Relief Loans Category" in the public economic relief of the "Reward Program for Accelerated Relief Loans of Domestic Banks" of the FSC.

Products and Services

• Repeatedly awarded the "SMEG Gold Award - Outstanding Head Office and Superior Performance Award for Managers", "Policy Promotion", "Business Startup Support", "Regional Dev. Assistance "and "Microbusiness Support", and was awarded the "Grade A Bank in the 4th Project for Strengthening Domestic Bank Lending to SMEs", "Small and Startup Enterprise Financing Special Award", "Outstanding Bank in the Reward Program for the Enhancement of Loans in the New Southbound Policy Target Country Credit Program at Domestic Banks", "Small and Medium Enterprises Lending Award" and "Class A Bank in the Innovative Key Industry Loan Program” from the MOEA and FSC.
• First Bank and First Life Insurance were recognized by the FSC as “Top 25% of the Fair Customer Treatment Principles Evaluation Rankings”, "Golden Security Award" and "Golden Excellence Award" from the Joint Credit Information Center for 2 consecutive years.
• Best Wealth Management Award of Excellence in the "Enhanced Taiwan Banking and Finance Best Practice Awards" of the Taiwan Academy of Banking and Finance, "Excellence Award for Financing Amount Growth in New Southbound Countries" and "Excellence Award for the Number of Credit Guarantee Applications from Overseas Customers" from the Overseas Credit Guarantee Fund.
• Second place in the 2020 Q2 payment collection store expansion contest in the "Promote Taiwan Pay QR Code Incentive Program" organized by Financial Information Service Co., Ltd.
• SSCE PaySmart Platform Interface Reward Campaign - Payment Deduction Bank" award and top three in the "Automated Clearing House (ACH) Total Number of New Successful Written Authorization Prints" from Taiwan Clearing House
• Best Digital Account Bank Excellence Award in the "Consumer Financial Brand Awards" of the Taiwan Academy of Banking and Finance.

Overall ESG Performance

• FFHC was rated as a top 5% listed company in the TWSE Corporate Governance Evaluation for the 4th time, and also ranked in the top 10% (top four) of the "Finance and Insurance" category of the TWSE Corporate Governance Evaluation Plan for the 2nd time.
• Green Leadership Award in the “Asia Responsible Enterprise Awards (AREA)” from Enterprise Asia
• Received six major awards in the 2020 “Taiwan Corporate Sustainability Awards” including the “Taiwan Corporate Sustainability Report Awards - Banking and Insurance Award”, “Gender Equality Award”, “Climate Leadership Award”, “Growth through Innovation Award”, and two “Information Security Award”.
• FFHC was included as constituent stock in the “FTSE4Good Emerging Index” for 4 years in a row.
• FFHC received the “Sustainability Excellence Award” from the British Standards Institution (BSI) for the fifth consecutive year.
• “Sustainable Social Responsibility Performance Award” from SGS Taiwan
• Rated as Grade 1 (outstanding) in the results of the 2019 Risk Management Evaluation by Taipei Exchange

In 2020, FFHC received the “Sustainable Social Responsibility Performance Award” from CDP Taiwan, which rated FFHC as Grade 1 (outstanding) in the results of the 2019 Risk Management Evaluation by Taipei Exchange.

Upon receiving the “Sustainable Social Responsibility Performance Award” from CDP Taiwan, FFHC was rated as a top 5% listed company in the TWSE Corporate Governance Evaluation for the 4th time, and also ranked in the top 10% (top four) of the “Finance and Insurance” category of the TWSE Corporate Governance Evaluation Plan for the 2nd time.

FFHC received the “Sustainability Excellence Award” from the British Standards Institution (BSI) for the fifth consecutive year, “Sustainable Social Responsibility Performance Award” from SGS Taiwan, and was rated as “A List” twice and ranked “Leadership Level”.

In 2020, FFHC received 6 major awards in the “Taiwan Corporate Sustainability Awards” including the “Taiwan Corporate Sustainability Report Awards - Banking and Insurance Award”, “Gender Equality Award”, “Climate Leadership Award”, “Growth through Innovation Award”, and two “Information Security Award”. FFHC was included in the “FTSE4Good Emerging Index” for 4 years in a row.

FFHC has been recognized for excellent performance in the “National Insurance Coverage Improvement Plan” for the 25th consecutive time, the “Gold Sponsorship and Long-Term Sponsorship Award in the “Sports Activists Awards from the FSC, and was also selected for inclusion as a constituent in the Dow Jones Sustainability World Index for the second time.
PERFORMANCE HIGHLIGHTS IN 2020

Female Directors occupy 8 seats with 53% (including 1 female Independent Director). The result of the performance evaluation of the Board of Directors and individual directors were “excellent”.

Selected as a constituent stock with AA ESG Ratings for banking enterprises in the MSCI Global Sustainability Index for the 2nd time.

Included as a constituent stock in Dow Jones Sustainability Index (DJSI) Emerging Markets for the 3rd consecutive year.

Rated as a top 5% listed company in the TWSE Corporate Governance Evaluation for the 6th consecutive year and also ranked in the top 15% (top 40) of the “Finance and Insurance” category of the listed companies for the 2nd time.

Acquired financial technology invention patents (28), utility model patents (75), and an invention and utility model patent (1), totaling 104 patents.

First Bank and First Life Insurance were recognized by the FSC as Top 20% of the Fair Customer Treatment Principles Evaluation Rankings*

570,000 iLEO Digital Accounts, ranked 6th among domestic banks.

Won international recognition with the “A List” twice in the CEP climate change questionnaire and has been ranked “Leadership Level” for three consecutive years.

“Wanhua Branch Green Finance Education Hall” received the “Environmental Education Site” certification.

Refurbished 29 of the Company’s existing commercial buildings and obtained Diamond-class (old buildings) / Gold-class (new buildings) Green Building Mark.

Paperless business and operations and the purchase of carbon right certificates reduced carbon emissions by 19,213.72 tons of CO₂e, equivalent to the annual amount of carbon absorption by 49 Daan Parks.

Selected as a constituent stock of “Taiwan High Compensation 100 Index” for 7 consecutive years and “Taiwan Employment Creation 99 Index” for 11 consecutive years.

6 members of the First Bank men’s table tennis team were selected into the national team and won 2 gold medals, 1 silver medals, and 3 bronze medals.

A total amount of NT$79.85 million was invested in social participation.

Total senior citizens’ and disabled people’s care trust reached NT$9.858 billion.

Provided a total of NT$791 billion in loans to SMEs and became the top lender to SMEs by market share in the domestic banking industry for the 11th consecutive year.

570,000 iLEO Digital Accounts, ranked 4th among domestic banks.

Selected as a constituent stock with AA ESG Ratings for banking enterprises in the MSCI Global Sustainability Index for the 2nd time.

Included as a constituent stock in Dow Jones Sustainability Index (DJSI) Emerging Markets for the 3rd consecutive year.

Rated as a top 5% listed company in the TWSE Corporate Governance Evaluation for the 6th consecutive year and also ranked in the top 15% (top 40) of the “Finance and Insurance” category of the listed companies for the 2nd time.

Acquired financial technology invention patents (28), utility model patents (75), and an invention and utility model patent (1), totaling 104 patents.

First Bank and First Life Insurance were recognized by the FSC as Top 20% of the Fair Customer Treatment Principles Evaluation Rankings*

570,000 iLEO Digital Accounts, ranked 6th among domestic banks.

Won international recognition with the “A List” twice in the CEP climate change questionnaire and has been ranked “Leadership Level” for three consecutive years.

“Wanhua Branch Green Finance Education Hall” received the “Environmental Education Site” certification.

Refurbished 29 of the Company’s existing commercial buildings and obtained Diamond-class (old buildings) / Gold-class (new buildings) Green Building Mark.

Paperless business and operations and the purchase of carbon right certificates reduced carbon emissions by 19,213.72 tons of CO₂e, equivalent to the annual amount of carbon absorption by 49 Daan Parks.

Selected as a constituent stock of “Taiwan High Compensation 100 Index” for 7 consecutive years and “Taiwan Employment Creation 99 Index” for 11 consecutive years.

6 members of the First Bank men’s table tennis team were selected into the national team and won 2 gold medals, 1 silver medals, and 3 bronze medals.

A total amount of NT$79.85 million was invested in social participation.

Total senior citizens’ and disabled people’s care trust reached NT$9.858 billion.

Provided a total of NT$791 billion in loans to SMEs and became the top lender to SMEs by market share in the domestic banking industry for the 11th consecutive year.
Sustainable Governance Operation Mechanisms

I. Sustainable Governance Organizational Structure

FFHC’s “Corporate Sustainable Development Committee” is the core organization of the Group for promoting sustainable governance. In 2011, the FFHC Board of Directors approved the establishment of the CSR Committee with the Chairman as the chair and President of the companies of the Group as members of the Committee. In March 2021, the Board of Directors decided to change the “Corporate Sustainable Development Committee” to the “ESG Committee” to meet requirements in the new version of the Corporate Governance Guidelines. To enhance the transparency of “Corporate Governance”, “Sustainable Financial Products and Services”, “Employee Care”, “Environmental Sustainability”, and “Community Engagement”. A dedicated ESG unit is also assigned by the President for each ESG communications, liaison and the provision of related information. The core team consists of 90 people (1 chairman, 8 committee members, 2 conveners, 6 executive directors, and approximately 25 employees) among various working groups.) The Corporate Sustainable Development committee is administrated by the Corporate Governance Administration Department, and a designated employee is responsible for the ESG plans and implementation of the Group. The top-down approach ensures the effective and concrete implementation of each annual ESG objective. The Company monitors international ESG development trends and changes in regulations to continuously improve the sustainable governance of the Group.

The Group also established the “Corporate Sustainable Development policy” and “CSR Code of Conduct” which serve as the highest guiding principles of the Group and subsidiaries for mitigating ESG risks and making use of opportunities. To comply with sustainable finance development trends and implement climate change management, the Board of Directors approved the incorporation of emerging risks including climate change risks into the Group’s Risk Management Policy in 2020. To integrate the business philosophy of sustainability with core businesses, we signed the Equator Principles and 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 stakeholders, then draws up the short-term, mid-term, and long-term ESG targets, and drafts action plans for the following year. These

II. Operation of the ESG team

Every year, the working groups of the Corporate Sustainable Development committee prepare the E.S.G. issues of Concern to FFHC stakeholders, draw up the short-term, mid-term, and long-term ESG targets, and drafts action plans for the following year. These are discussed and revised internally at WD meetings before being submitted to the “Corporate Sustainable Development 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 Corporate Sustainable Development committee WD meetings. At the end of the year, ESG performance from the preceding year must be reported to the Board of Directors within four months. The 2020 ESG performance report was submitted to the Board of Directors in March 2021, for their reference.

First Financial Holding CSR Milestones

- 2011: Established CSR Committee
- 2012: Delined FFHC CSR Code of Conduct, Policy and CSR Committee Organizational Regulations
- 2013: Published first Sustainability Report (2011)
- 2014: Received “Financial Excellence Award” from the Taiwan Corporate Sustainability Report Awards and the “Creative Communications Role-Model Award”
- 2015: Revised FFHC CSR Code of Conduct, Policy and Committee Organizational Regulations
- 2016: Received “Gold Award” and “Climate Leadership Award” from the Taiwan Corporate Sustainability Report Awards
- 2017: Received “Financial Industry Model” award at the Global Views CSR Awards
- 2018: Listed in the first financial holding in Taiwan in the “Financial Industry Model” and rated top 10% (top 4) in the finance and insurance category for the second time
- 2019: Received “Financial Industry Model” award at the Global Views CSR Awards
- 2020: Received FFHC CSR Code of Conduct
- 2021: Selected as to constituent stock in the DJSI Emerging Markets Index for the third consecutive year and DJSI Emerging Markets for 5 consecutive years
- 2022: Presenting “Newcomer Award” in the Taiwan Corporate Sustainability Report Awards and the “Creative Communications Role-Model Award”
- 2023: Listed in the first financial holding in Taiwan in the “Financial Industry Model” and rated top 10% (top 4) in the finance and insurance category for the second time
- 2024: Listed in the first financial holding in Taiwan in the “Financial Industry Model” and rated top 10% (top 4) in the finance and insurance category for the second time
- 2025: Listed in the first financial holding in Taiwan in the “Financial Industry Model” and rated top 10% (top 4) in the finance and insurance category for the second time

We were included in the DSI Emerging Markets Index for three consecutive years; we were included as a constituent for the first time in the “World Index”. Once again, it ranked fifth among all banking enterprises across the world.

We were included in the DSI Emerging Markets Index for three consecutive years; we were included as a constituent for the first time in the “World Index”. Once again, it ranked fifth among all banking enterprises across the world.

We were included in the DSI Emerging Markets Index for three consecutive years; we were included as a constituent for the first time in the “World Index”. Once again, it ranked fifth among all banking enterprises across the world.

We were listed in the “Financial Industry Model” and rated top 10% (top 4) in the finance and insurance category for the second time.

We were included in the DSI Emerging Markets Index for three consecutive years; we were included as a constituent for the first time in the “World Index”. Once again, it ranked fifth among all banking enterprises across the world.

We were included in the DSI Emerging Markets Index for three consecutive years; we were included as a constituent for the first time in the “World Index”. Once again, it ranked fifth among all banking enterprises across the world.

We were included in the DSI Emerging Markets Index for three consecutive years; we were included as a constituent for the first time in the “World Index”. Once again, it ranked fifth among all banking enterprises across the world.
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 2011 Sustainability Report was published in 2012. Listening to the opinions of stakeholders and 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 standards, regulations, and guidelines such as the GRI Standards, ISO 26000, SDGs (Note 1), TCFD (Note 2) and the Equator Principles (Note 3). Sustainability evaluations such as the CDP (Note 4), DSI (Note 5), MSCI ESG Ratings (Note 6), specific issues for the finance industry such as the PRB (Note 7), PRI (Note 8), SASB (Note 9). GRI disclosure indicators for the financial services industry, stakeholder communication and feedback, and the Group's sustainable development strategy for sustainable finance are adopted as the basis for materiality analysis for the identification of 16 material issues in 3 major dimensions including Governance, Environment and Society. The issues are internalized as the Company's targets for sustainable development and organized as the basis for drafting reports.

01. Stakeholder identification
We embraced the spirit of the five main areas in the AA1000 Stakeholder Engagement Standards (AA1000 SEI) regarding dependability, responsibility, influence, representativeness, and diversity by convening the Corporate Sustainable Development committee working groups for joint discussion and identification of the seven major stakeholders with the most influence and clearest relations in the operations of the Group:
- Employees/Union/Retired employees
- Shareholders/Investors/Analysts
- Suppliers
- Community/Non-profit organizations/Non-government organizations/Academics and experts
- Government and competent authorities
- Media/financial institutions

II. Sustainability matrix and materiality index

<table>
<thead>
<tr>
<th>Impact on Group operations (such as revenue growth, customer satisfaction, employee cohesion, brand image, etc.)</th>
<th>Materiality index of stakeholders</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>Low</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>Low</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>Low</td>
<td>Moderate</td>
<td>High</td>
</tr>
</tbody>
</table>

02. Identifying the issues of concern
The working groups of the Corporate Sustainable Development committee collected 8 governance issues, 2 environmental issues, and 6 social issues concerned by stakeholders in accordance with international ESG development trends and international initiatives, sustainability disclosure regulations, and the Group's sustainable development strategies.

03. Survey the level of impact on Group operations
A total of 16 senior executives including the members of the Corporate Sustainable Development committee (Presidents of FFHC and subsidiaries), WG conveners, and executive directors were then asked to evaluate the level of impact of sustainability issues on the operations of the Group.

04. Analyze the level of impact on Group operations
The Sustainability Report is authored by each Corporate Sustainable Development committee then collated by the administrative unit before being submitted to the Chairman for review.

05. Compile materiality analysis matrix to confirm material issues
There were 865 stakeholders and 16 top executives reviewing the level of impact and influence of sustainability issues on the Group's operations. We analyzed and sorted material issues by taking their opinions into consideration and made the “Materiality Analysis Matrix”. We also referred to the position of each sustainability issue from the previous year and opinions of outstanding counterparts and external experts to adjust the order of sustainability issues of the Company before finalizing 16 material issues that must be addressed. These material issues were further reviewed by the administrative unit and members of various working groups of the Corporate Sustainable Development committee to identify the impact and relations toward the value chain. After the review, we corresponded SDGs with 28 GRI material topics. The corresponding CSR 2020 and medium to long-term goals and implementation plans were established and submitted to the Corporate Sustainable Development committee for review and approval. These goals and plants were adopted as the Group's guiding strategies for sustainable development and decision-making and the Group communicates with stakeholders to disclose the implementation results.

Explanation of Differences and Adjustments in Material Topics Compared to 2019

<table>
<thead>
<tr>
<th>2020 Material Topics</th>
<th>Reason for Adjustment</th>
</tr>
</thead>
</table>

Explanation of Differences and Adjustments in Material Issues Compared to 2019

<table>
<thead>
<tr>
<th>Material issue</th>
<th>Differences</th>
<th>Reason for Adjustment</th>
</tr>
</thead>
</table>

Note 1: Sustainable Development Goals, SDGs
Note 2: Task Force on Climate-Related Financial Disclosures, TCFD
Note 3: Equator Principles, PRI
Note 4: Carbon Disclosure Project, CDP
Note 5: Dow Jones Sustainability Index, DJSI
Note 6: Morgan Stanley Capital International, MSCI ESG Ratings
Note 7: Principles for Responsible Banking, PRB
Note 8: Principles for Responsible Investment, PRI
Note 9: Sustainability Accounting Standards Board, SASB

06. Reviewing the corporate sustainability report to ensure it covers all aspects
The Sustainability Report is authored by each Corporate Sustainable Development committee then collated by the administrative unit before being submitted to the Chairman for review.

07. Compile materiality analysis matrix to confirm material issues
There were 865 stakeholders and 16 top executives reviewing the level of impact and influence of sustainability issues on the Group's operations. We analyzed and sorted material issues by taking their opinions into consideration and made the “Materiality Analysis Matrix”. We also referred to the position of each sustainability issue from the previous year and opinions of outstanding counterparts and external experts to adjust the order of sustainability issues of the Company before finalizing 16 material issues that must be addressed. These material issues were further reviewed by the administrative unit and members of various working groups of the Corporate Sustainable Development committee to identify the impact and relations toward the value chain. After the review, we corresponded SDGs with 28 GRI material topics. The corresponding CSR 2020 and medium to long-term goals and implementation plans were established and submitted to the Corporate Sustainable Development committee for review and approval. These goals and plants were adopted as the Group’s guiding strategies for sustainable development and decision-making and the Group communicates with stakeholders to disclose the implementation results.

Note 1: Sustainable Development Goals, SDGs
Note 2: Task Force on Climate-Related Financial Disclosures, TCFD
Note 3: Equator Principles, PRI
Note 4: Carbon Disclosure Project, CDP
Note 5: Dow Jones Sustainability Index, DJSI
Note 6: Morgan Stanley Capital International, MSCI ESG Ratings
Note 7: Principles for Responsible Banking, PRB
Note 8: Principles for Responsible Investment, PRI
Note 9: Sustainability Accounting Standards Board, SASB
### III. Stakeholder Communication Channels and Results

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Materiality</th>
<th>Communication channel and frequency</th>
<th>Material Issue</th>
<th>Communication highlights and accomplishments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees</strong></td>
<td>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.</td>
<td>Monthly: Employee/employee meeting, Quarterly: Employee Welfare Committee, Labor Safety and Health Committee, Labor Pension Oversight Committee, Yearly: Employee Commitment Survey, Every 3 years: Committee Revision of collective bargaining agreement</td>
<td>• Talent recruitment and skills development</td>
<td>• In 2020, 2,458 employees passed English proficiency certification tests such as the IELTS, TOEFL, TOEIC, BULATS, and GEPT while 286 employees passed the JLPT and the JLPT’s Japanese, Spanish, Korean, and German language certifications</td>
</tr>
<tr>
<td><strong>Shareholders / Investors</strong></td>
<td>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.</td>
<td>Quarterly: Hosting of domestic investor seminars, Monthly and quarterly: Business performance report, Yearly: Convening of general shareholder meeting, Issuing Chinese and English annual reports, Sustainability report, Annual ESG credit rating meetings of credit rating agencies, Participation in the DSI comparison, climate change questionnaire, water questionnaire, and other international ESG ratings.</td>
<td>• Corporate governance</td>
<td>• An Annual implement internal/external commission external professional independent institutions to evaluate the performance of the Board of Directors (individual director) and functional committees, 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.</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td>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.</td>
<td>Quarter: 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).</td>
<td>• Customer service and privacy protection</td>
<td>• The Company was selected as a constituent stock in the DJSI “World Index” for the third consecutive year and was selected as DJSI Emerging Markets for the fifth consecutive year.</td>
</tr>
<tr>
<td></td>
<td>Ad hoc: Publication of corporate governance, investor seminar presentations, financial information, annual reports, Sustainability reports and stock-related information on both English and Chinese corporate websites, Attend investor seminars at the invitation of securities brokers to communicate with investors, Participation in domestic and international corporate governance-related organizations.</td>
<td>Ad hoc: First e-Academy digital learning system, Morning/evening business unit meetings.</td>
<td>• Information security</td>
<td>• An Employee Commitment Survey was held in 2020, with a result of 92.38%</td>
</tr>
<tr>
<td></td>
<td>Ad hoc:</td>
<td></td>
<td></td>
<td>• An Employee Commitment Survey was held in 2020, with a result of 92.38%</td>
</tr>
</tbody>
</table>

- **Customer Information Confidentiality Measures** and **Customer Service Commitment**, Hosting of service role-model competitions
- **Statement** Statements, latest financial information, event information, **Customer Information Confidentiality Measures** and **Customer Service Commitment**, Hosting of service role-model competitions
- **Ad hoc**: 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 and ESG engagement.
- **Committee**: First e-Academy digital learning system, Morning/evening business unit meetings.
Governments/ Competent authorities

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

Media/ Financial institutions

Media is one of the key channels for communication between FFHC and the other types of stakeholders. We disclose ESG-related information through the media at different times.

Community/ Non-profit organization/ Non-governmental organizations/ Academics and experts

Communities form the social foundations of 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.

Stakeholder | Maturity | Communication channel and frequency | Material Issue | Communication highlights and accomplishments
--- | --- | --- | --- | ---
Suppliers | Permanent | Whistleblower section | • Financial governance | • Established a whistleblower section to encourage employees to voice concerns.

Governments/ Competent authorities | Permanent | Establish an effective corporate governance structure and improve internal control system | • Effective corporate management | • Established an effective corporate governance structure and improved internal control.

Media/ Financial institutions | Permanent | Establish a spokesperson and PR department for liaison purposes | • Business performance | • Established a spokesperson and PR department for effective communication.

Community/ Non-profit organization/ Non-governmental organizations/ Academics and experts | Regular | Hosting of art exhibitions, concerts and cultivating table tennis teams | • Community engagement | • Assisted a total of 3,352 disadvantaged schoolchildren in Kaohsiung, Tainan, and Pingtung.

Suppliers are FFHC’s green partners. The supplier management and ESG product review mechanisms are used to select qualified vendors who conform with the spirit of corporate sustainable development as long-term partners in implementing ESG together.

Governments/ Competent authorities

Governments/ Competent authorities

1. Require companies that sell fund and insurance products through the bank to have compiled Sustainability reports or issued a CSR commitment i.e. 2. Review the ESG evaluation criteria of wealth management products through the ESG product review mechanism. The level of risk should be classified based on the nature of the products before putting them on the market.

Ad hoc: Participate in assessments, seminars and conferences; Hosting of press conferences and issuing of press releases

Regular: Hosting of community engagement

Media/ Financial institutions

Media is one of the key channels for communication between FFHC and the other types of stakeholders. We disclose ESG-related information through the media at different times.

Community/ Non-profit organization/ Non-governmental organizations/ Academics and experts

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.

Stakeholder | Maturity | Communication channel and frequency | Material Issue | Communication highlights and accomplishments
--- | --- | --- | --- | ---
Suppliers | Permanent | Whistleblower section | • Financial governance | • Established a whistleblower section to encourage employees to voice concerns.

Governments/ Competent authorities | Permanent | Establish an effective corporate governance structure and improve internal control system | • Effective corporate management | • Established an effective corporate governance structure and improved internal control.

Reports | Permanent | Establish a spokesperson and PR department for liaison purposes | • Business performance | • Established a spokesperson and PR department for effective communication.

Community/ Non-profit organization/ Non-governmental organizations/ Academics and experts | Regular | Hosting of art exhibitions, concerts and cultivating table tennis teams | • Community engagement | • Assisted a total of 3,352 disadvantaged schoolchildren in Kaohsiung, Tainan, and Pingtung.

Suppliers are FFHC’s green partners. The supplier management and ESG product review mechanisms are used to select qualified vendors who conform with the spirit of corporate sustainable development as long-term partners in implementing ESG together.

Governments/ Competent authorities

Governments/ Competent authorities

1. Require companies that sell fund and insurance products through the bank to have compiled Sustainability reports or issued a CSR commitment i.e. 2. Review the ESG evaluation criteria of wealth management products through the ESG product review mechanism. The level of risk should be classified based on the nature of the products before putting them on the market.

Ad hoc: Participate in assessments, seminars and conferences; Hosting of press conferences and issuing of press releases

Regular: Hosting of community engagement

Media/ Financial institutions

Media is one of the key channels for communication between FFHC and the other types of stakeholders. We disclose ESG-related information through the media at different times.

Community/ Non-profit organization/ Non-governmental organizations/ Academics and experts

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.

Stakeholder | Maturity | Communication channel and frequency | Material Issue | Communication highlights and accomplishments
--- | --- | --- | --- | ---
Suppliers | Permanent | Whistleblower section | • Financial governance | • Established a whistleblower section to encourage employees to voice concerns.

Governments/ Competent authorities | Permanent | Establish an effective corporate governance structure and improve internal control system | • Effective corporate management | • Established an effective corporate governance structure and improved internal control.

Reports | Permanent | Establish a spokesperson and PR department for liaison purposes | • Business performance | • Established a spokesperson and PR department for effective communication.

Community/ Non-profit organization/ Non-governmental organizations/ Academics and experts | Regular | Hosting of art exhibitions, concerts and cultivating table tennis teams | • Community engagement | • Assisted a total of 3,352 disadvantaged schoolchildren in Kaohsiung, Tainan, and Pingtung.

Suppliers are FFHC’s green partners. The supplier management and ESG product review mechanisms are used to select qualified vendors who conform with the spirit of corporate sustainable development as long-term partners in implementing ESG together.

Governments/ Competent authorities

Governments/ Competent authorities

1. Require companies that sell fund and insurance products through the bank to have compiled Sustainability reports or issued a CSR commitment i.e. 2. Review the ESG evaluation criteria of wealth management products through the ESG product review mechanism. The level of risk should be classified based on the nature of the products before putting them on the market.

Ad hoc: Participate in assessments, seminars and conferences; Hosting of press conferences and issuing of press releases

Regular: Hosting of community engagement

Media/ Financial institutions

Media is one of the key channels for communication between FFHC and the other types of stakeholders. We disclose ESG-related information through the media at different times.

Community/ Non-profit organization/ Non-governmental organizations/ Academics and experts

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.

Stakeholder | Maturity | Communication channel and frequency | Material Issue | Communication highlights and accomplishments
--- | --- | --- | --- | ---
Suppliers | Permanent | Whistleblower section | • Financial governance | • Established a whistleblower section to encourage employees to voice concerns.

Governments/ Competent authorities | Permanent | Establish an effective corporate governance structure and improve internal control system | • Effective corporate management | • Established an effective corporate governance structure and improved internal control.

Reports | Permanent | Establish a spokesperson and PR department for liaison purposes | • Business performance | • Established a spokesperson and PR department for effective communication.

Community/ Non-profit organization/ Non-governmental organizations/ Academics and experts | Regular | Hosting of art exhibitions, concerts and cultivating table tennis teams | • Community engagement | • Assisted a total of 3,352 disadvantaged schoolchildren in Kaohsiung, Tainan, and Pingtung.

Suppliers are FFHC’s green partners. The supplier management and ESG product review mechanisms are used to select qualified vendors who conform with the spirit of corporate sustainable development as long-term partners in implementing ESG together.

Governments/ Competent authorities

Governments/ Competent authorities

1. Require companies that sell fund and insurance products through the bank to have compiled Sustainability reports or issued a CSR commitment i.e. 2. Review the ESG evaluation criteria of wealth management products through the ESG product review mechanism. The level of risk should be classified based on the nature of the products before putting them on the market.

Ad hoc: Participate in assessments, seminars and conferences; Hosting of press conferences and issuing of press releases

Regular: Hosting of community engagement

Media/ Financial institutions

Media is one of the key channels for communication between FFHC and the other types of stakeholders. We disclose ESG-related information through the media at different times.

Community/ Non-profit organization/ Non-governmental organizations/ Academics and experts

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.

Stakeholder | Maturity | Communication channel and frequency | Material Issue | Communication highlights and accomplishments
--- | --- | --- | --- | ---
Suppliers | Permanent | Whistleblower section | • Financial governance | • Established a whistleblower section to encourage employees to voice concerns.

Governments/ Competent authorities | Permanent | Establish an effective corporate governance structure and improve internal control system | • Effective corporate management | • Established an effective corporate governance structure and improved internal control.

Reports | Permanent | Establish a spokesperson and PR department for liaison purposes | • Business performance | • Established a spokesperson and PR department for effective communication.

Community/ Non-profit organization/ Non-governmental organizations/ Academics and experts | Regular | Hosting of art exhibitions, concerts and cultivating table tennis teams | • Community engagement | • Assisted a total of 3,352 disadvantaged schoolchildren in Kaohsiung, Tainan, and Pingtung.

Suppliers are FFHC’s green partners. The supplier management and ESG product review mechanisms are used to select qualified vendors who conform with the spirit of corporate sustainable development as long-term partners in implementing ESG together.

Governments/ Competent authorities

Governments/ Competent authorities

1. Require companies that sell fund and insurance products through the bank to have compiled Sustainability reports or issued a CSR commitment i.e. 2. Review the ESG evaluation criteria of wealth management products through the ESG product review mechanism. The level of risk should be classified based on the nature of the products before putting them on the market.

Ad hoc: Participate in assessments, seminars and conferences; Hosting of press conferences and issuing of press releases

Regular: Hosting of community engagement

Media/ Financial institutions

Media is one of the key channels for communication between FFHC and the other types of stakeholders. We disclose ESG-related information through the media at different times.

Community/ Non-profit organization/ Non-governmental organizations/ Academics and experts

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.

Stakeholder | Maturity | Communication channel and frequency | Material Issue | Communication highlights and accomplishments
--- | --- | --- | --- | ---
Suppliers | Permanent | Whistleblower section | • Financial governance | • Established a whistleblower section to encourage employees to voice concerns.

Governments/ Competent authorities | Permanent | Establish an effective corporate governance structure and improve internal control system | • Effective corporate management | • Established an effective corporate governance structure and improved internal control.

Reports | Permanent | Establish a spokesperson and PR department for liaison purposes | • Business performance | • Established a spokesperson and PR department for effective communication.

Community/ Non-profit organization/ Non-governmental organizations/ Academics and experts | Regular | Hosting of art exhibitions, concerts and cultivating table tennis teams | • Community engagement | • Assisted a total of 3,352 disadvantaged schoolchildren in Kaohsiung, Tainan, and Pingtung.

Suppliers are FFHC’s green partners. The supplier management and ESG product review mechanisms are used to select qualified vendors who conform with the spirit of corporate sustainable development as long-term partners in implementing ESG together.

Governments/ Competent authorities

Governments/ Competent authorities

1. Require companies that sell fund and insurance products through the bank to have compiled Sustainability reports or issued a CSR commitment i.e. 2. Review the ESG evaluation criteria of wealth management products through the ESG product review mechanism. The level of risk should be classified based on the nature of the products before putting them on the market.

Ad hoc: Participate in assessments, seminars and conferences; Hosting of press conferences and issuing of press releases

Regular: Hosting of community engagement

Media/ Financial institutions

Media is one of the key channels for communication between FFHC and the other types of stakeholders. We disclose ESG-related information through the media at different times.

Community/ Non-profit organization/ Non-governmental organizations/ Academics and experts

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.
### Information Security

In the face of business models of digital transformation and new forms of cyberattacks that appear each day, the only way to effectively protect the Company and its customers’ interests and achieve corporate sustainable development is through the constant improvement of information systems and management strategies.

**The Information Security Management System** was established to strengthen information security management by the Company and its subsidiaries, and ensure the security of information systems, equipment, network, and data.

- Establish standard operating procedures and verification procedures regarding the development and change of systems to ensure confidentiality, completeness, and availability before launching the system applications. For material applications that are open to external parties of customers, evidence of source code testing or vulnerability testing shall be provided before changing applications systems, procedures, and files.
- Periodically conduct information security measures such as security updates, vulnerability scanning, and penetration tests for the servers or application systems to ensure system reliability and vulnerability patches.
- Periodically perform email social engineering exercises and social information security awareness training in daily operations by promoting precautions for social engineering prevention through education and learning.

**Business performance**

Companies should pursue excellent business performance and profits to maintain their operations and development, drive economic growth, and spur job creation.

The COVID-19 pandemic has upended global economies into severe stagnation. The Group will plan out overseas businesses, and combine the values of product design and marketing channels to step up to the challenges to respond to the trend toward localisation and diversion of global supply chains in the post-pandemic era, and seize business opportunities in the return of Taiwanese financial management, in order to revitalize overseas offices, startups, and green energy to enhance the Group’s competitiveness in sustainable management.

- Continue to strengthen the development of core businesses of each subsidiary and the close link between innovative product design and integrated marketing, improve cross-border service efficiency, and transform the business model of each business unit of the Group to create maximum value for the Group.

**Risk**

- The incidence of cyberattacks, including those from information systems, equipment, network, and data, undermines the security of information systems, equipment, network, and data.

**KPI 1: Conduct the review of ISO 27001 Information Security Management System**

- **2020 Goals**: At least twice a year
- **2021 Goals**: At least twice a year
- **Medium Long-Term Goals (2022-2026)**: At least twice a year

**KPI 2: Conduct email social engineering exercises**

- **2020 Goals**: At least twice a year
- **2021 Goals**: At least twice a year
- **Medium Long-Term Goals (2022-2026)**: At least twice a year

**KPI 3: The time needed for switching from the core information system to the backup center and for resuming operations**

- **2020 Goals**: 0.5 hours
- **2021 Goals**: 0.5 hours
- **Medium Long-Term Goals (2022-2026)**: 0.5 hours

### Sustainable Development Goals

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Innovation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sustainable Development Goals</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Risks and Opportunities of Key Impact**

**Risk**

- The implementation of remote or working from home arrangements due to the impact of the COVID-19 pandemic and the consideration of cyberattacks and financial transactions challenges the Company’s information security capabilities.
- Information security issues resulting from insufficient internal security awareness and hacking attacks will lead to losses of the Company and customers.

**Opportunity**

- Establish a remote backup center where data can be sent from the primary center in real-time when a major disaster occurs. Through the remote backup center, network systems can be initiated to provide external services, ensuring the immediate reporting of transaction information.
- Maintain information security and establish related to information business continuity operations and emergency response plans for cyber threats to effectively maintain normal operation of the Group’s core businesses.

**KPI 1: The ratio of nonbanking profits**

- **2020 Goals**: 5%
- **2021 Goals**: 8%
- **Medium Long-Term Goals (2022-2026)**: 8%
Customer service and privacy protection

- Protect customer interests, protect customer privacy and increase customer satisfaction to increase customer loyalty and prevent material penalties and loss of business reputation.
- Comply with the Personal Information Protection and Electronic Signatures Act and the EU General Data Protection Regulation (GDPR) to protect customer privacy and mitigate the trust crisis.

Sound corporate governance system strengthens the stability and transparency of corporate operations and enhances companies’ long-term value and competitiveness, thus being the basis for companies’ sustainable development.

- Establish and improve regulatory and tax policies, build an effective corporate governance framework, and shape the culture of corporate governance to protect shareholder equity, ensure that the functions of the Board of Directors and internal management transparency.
- 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.
- Disclose financial and ESG information related to operating activities and management performance in a timely and proper manner. Revisit the Company’s internal regulations in accordance with related regulations.
- Outsource performance evaluation of the Board of Directors and functional committees and disclose relevant information. Strengthen the functions of the Board and functional committees and improve the objectivity and information transparency of the performance of the Board of Directors.
- Increase the timeliness of information disclosure in response to international trends.
- Published the Sustainability Report in Chinese and English in accordance with the Global Reporting Initiative Standards (GRI Standards) and the Sustainability Accounting Standards Board (SASB) guidelines to enhance the Company’s sustainability reputation.
- The Company will actively promote more information disclosure to encourage external stakeholders to fully participate in the Company’s ESG management.

- The current strength of corporate governance can enhance the functions and responsibilities of the Board of Directors, increase the value of the sustainable development of the Company, and deepen the trust of stakeholders.
- The Company will attract more investors if our ESG management is recognized by international institutions.

- The number of seats for independent directors of the 7th Board of Directors reaches at least 1/3 (9 seats).

- The number of seats for independent directors of the 8th Board of Directors reaches at least 1/2 (12 seats).
As funding suppliers, financial institutions should integrate their core competencies and fulfill the social responsibility of the financial industry in the financial supply chain by leveraging the ability to direct cash flow to reduce the impact of products or services on the society and environment and improve the economic and social benefits created by the products or services.

- Fulfill the social responsibility of the financial industry in the financial supply chain, ensure that operating activities, products, and services do not impact the society and ecological conservation, reduce the impact of products and services on the society and environment, and improve the social and environmental benefits created by the products and services.
- Combine core competencies and take advantage of our core businesses to provide customers with diverse sustainable financial products and services and address environmental and social issues. Connect green finance and financial inclusion to achieve the goal of “No. 1 Brand in Sustainable Finance.”
- First Bank joined the Equator Principles Association on December 21, 2020, becoming the first among state-owned banks to do so and the 114th member in the world. The participation of the Bank aims to strengthen the resilience of the financial industry and reduce the risks caused by climate-related risks and maximize the influence of sustainable development on the industry.
- FFHC will make full use of the influence of the financial industry and use long-term equity investment, sticks, and bonds to continue investing in industries and small and medium enterprises related to environmental protection, green energy, aging population, and low birth rate. We seek to support the development of environmental and socially friendly initiatives and guide customers to fully implement ESG.
- Combine the core functions of the financial industry to provide financially disadvantaged groups with equal access to financial services and financial inclusion, thereby guiding customers to fully implement ESG.
- The finance industry plays an indispensable role in obtaining the government’s goal of reaching 20GW in installed capacity of solar power equipment by 2025. We can develop new opportunities for profits in sustainable business opportunities related to the financial industry.
- The participation in response to an aging society and declining birth rates, we will provide financial products such as retirement trust and reverse mortgage “Comfort Loans.” These measures will provide winners with a source of income and diversified business opportunities.
- The finance industry plays an indispensable role in attaining the goal of reducing carbon emissions to stabilize the climate and create a win-win, friendly financial environment for consumers and financial institutions. We are committed to the business philosophy of the Enterprise Principles and exercise the due care of a good administrator.

Risk
- Reducing or ceasing investments and financing in highly polluting industries to pursue sustainable development has become an indispensable trend. The finance industry will face operating risks if there are no relevant response measures being established.
- Climate-related risks, including physical risks and transition risks, and changes in environmental laws may lead to a decrease in real estate collateral value. Moreover, high-carbon emission industries may see a decrease in profits due to the rising costs resulting from transitioning toward a low carbon energy economy, increasing the credit risk of banks.

Ethical corporate management
Corporate management focuses on integrity which is implement- ed in operations and management and compliance to prevent employee fraud, penalties, and damage to the business reputation and customer trust in the brand.

We are committed to the business philosophy of integrity, transparency, and accountability and establish policies based on the Enterprise Principles and the Code of Conduct in internal management and external business activities. The Enterprise Principles Committee is comprised of independent directors and is responsible for the establishment and amendment of the Enterprise Principles and the Code of Conduct in the Group. The Group’s subsidiaries and organizations periodically provide employees with education, training, and promotion related to ethical management.
- The directors, supervisors, managers, and employees of the Group’s companies sign the Code of Conduct of Directors, Supervisors, Managers, and Employees by the end of each year or when they are appointed.
- If the Company does not have a sound internal control system or establish effective risk management systems, and the company is at risk of suffering from unethical conduct, it may result in the company and customer loss or being punished by the competent authority. The consequences will damage the Company’s image.

Opportunity
- Implement ethical management, avoid corruption and unethical matters, and prevent financial risks, establishing the Company as an entity that conducts business with integrity, and improving customer trust and loyalty.
- We can develop new opportunities for profits in sustainable business opportunities related to the financial industry.
- The Ethical Management Committee comprises of independent directors and is responsible for the establishment and amendment of the ethical management policies of the companies and organizations of the Group. The Group’s subsidiaries and organizations periodically provide employees with education, training, and promotion related to ethical management.

Sustainability
Finance
- Implement ethical management, avoid corruption and unethical matters, and prevent financial risks, establishing the Company as an entity that conducts business with integrity, and improving customer trust and loyalty.
- The Ethical Management Committee comprises of independent directors and is responsible for the establishment and amendment of the ethical management policies of the companies and organizations of the Group. The Group’s subsidiaries and organizations periodically provide employees with education, training, and promotion related to ethical management.

- We are committed to the business philosophy of integrity, transparency, and accountability and establish policies based on the Enterprise Principles and the Code of Conduct in internal management and external business activities. The Ethical Management Committee comprises of independent directors and is responsible for the establishment and amendment of the ethical management policies of the companies and organizations of the Group. The Group’s subsidiaries and organizations periodically provide employees with education, training, and promotion related to ethical management.
- The directors, supervisors, managers, and employees of the Group’s companies sign the Code of Conduct of Directors, Supervisors, Managers, and Employees by the end of each year or when they are appointed.
- If the Company does not have a sound internal control system or establish effective risk management systems, and the company is at risk of suffering from unethical conduct, it may result in the company and customer loss or being punished by the competent authority. The consequences will damage the Company’s image.

Opportunity
- Implement ethical management, avoid corruption and unethical matters, and prevent financial risks, establishing the Company as an entity that conducts business with integrity, and improving customer trust and loyalty.

Risk
- Reducing or ceasing investments and financing in highly polluting industries to pursue sustainable development has become an indispensable trend. The finance industry will face operating risks if there are no relevant response measures being established.
- Climate-related risks, including physical risks and transition risks, and changes in environmental laws may lead to a decrease in real estate collateral value. Moreover, high-carbon emission industries may see a decrease in profits due to the rising costs resulting from transitioning toward a low carbon energy economy, increasing the credit risk of banks.

- We can develop new opportunities for profits in sustainable business opportunities related to the financial industry.
- The directors, supervisors, managers, and employees of the Group’s companies sign the Code of Conduct of Directors, Supervisors, Managers, and Employees by the end of each year or when they are appointed.

- If the Company does not have a sound internal control system or establish effective risk management systems, and the company is at risk of suffering from unethical conduct, it may result in the company and customer loss or being punished by the competent authority. The consequences will damage the Company’s image.

Opportunity
- Implement ethical management, avoid corruption and unethical matters, and prevent financial risks, establishing the Company as an entity that conducts business with integrity, and improving customer trust and loyalty.

Risk
- Reducing or ceasing investments and financing in highly polluting industries to pursue sustainable development has become an indispensable trend. The finance industry will face operating risks if there are no relevant response measures being established.
- Climate-related risks, including physical risks and transition risks, and changes in environmental laws may lead to a decrease in real estate collateral value. Moreover, high-carbon emission industries may see a decrease in profits due to the rising costs resulting from transitioning toward a low carbon energy economy, increasing the credit risk of banks.

- We can develop new opportunities for profits in sustainable business opportunities related to the financial industry.
- The directors, supervisors, managers, and employees of the Group’s companies sign the Code of Conduct of Directors, Supervisors, Managers, and Employees by the end of each year or when they are appointed.

- If the Company does not have a sound internal control system or establish effective risk management systems, and the company is at risk of suffering from unethical conduct, it may result in the company and customer loss or being punished by the competent authority. The consequences will damage the Company’s image.

Opportunity
- Implement ethical management, avoid corruption and unethical matters, and prevent financial risks, establishing the Company as an entity that conducts business with integrity, and improving customer trust and loyalty.

Risk
- Reducing or ceasing investments and financing in highly polluting industries to pursue sustainable development has become an indispensable trend. The finance industry will face operating risks if there are no relevant response measures being established.
- Climate-related risks, including physical risks and transition risks, and changes in environmental laws may lead to a decrease in real estate collateral value. Moreover, high-carbon emission industries may see a decrease in profits due to the rising costs resulting from transitioning toward a low carbon energy economy, increasing the credit risk of banks.

- We can develop new opportunities for profits in sustainable business opportunities related to the financial industry.
- The directors, supervisors, managers, and employees of the Group’s companies sign the Code of Conduct of Directors, Supervisors, Managers, and Employees by the end of each year or when they are appointed.

- If the Company does not have a sound internal control system or establish effective risk management systems, and the company is at risk of suffering from unethical conduct, it may result in the company and customer loss or being punished by the competent authority. The consequences will damage the Company’s image.

Opportunity
- Implement ethical management, avoid corruption and unethical matters, and prevent financial risks, establishing the Company as an entity that conducts business with integrity, and improving customer trust and loyalty.
**Risk Management**

**Risk**
- Overseas profits dropped due to the impact of the COVID-19 pandemic. Moreover, cuts in interest rates by the central bank led to a decrease in the profits of banks, affecting banks’ lending activity and abilities to deal with bad debts.
- If the competent authority conducts stress tests for supervising the banking industry and First Bank is being listed as a Domestic Systemically Important Bank (D-SIB), the requirements for capital adequacy ratio will increase.

**Opportunity**
- Strengthen the capital structure by offsetting risks and increasing the ratio of capital to address the risk and impact of the COVID-19 pandemic; and establish emergency response measures and epidemic prevention plans to ensure the continuity of operations.
- Implementing risk management and adhering to internal control rules can effectively lower or prevent operation costs and mitigate financial losses.
- When the increasing capital adequacy ratio, First Bank will be able to strengthen its risk-bearing capacity and enhance the stability and soundness of management.

**Risks and Opportunities of Key Impact**

<table>
<thead>
<tr>
<th>KPI</th>
<th>2020 Goals</th>
<th>2021 Goals</th>
<th>Medium Long-Term Goals (2022-2026)</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI 1: Double leverage ratio and Group capital adequacy ratio (CAR)</td>
<td>&lt; 120%</td>
<td>&lt; 120%</td>
<td>&lt; 120%</td>
</tr>
<tr>
<td>KPI 2: First Bank capital adequacy ratio (CAR) and Tier 1 capital ratio</td>
<td>CAR &gt; 12.75% Tier1 &gt; 10.75%</td>
<td>CAR &gt; 15.5% Tier1 &gt; 11.75%</td>
<td>First Bank shall continue to strive by the Basel II requirements and establish relevant management objectives for the capital adequacy ratio in accordance with the National Regulator’s Governing the Capital Adequacy and Capital Category of Banks’ based on related business, investment plans, and changes in the future finance environment.</td>
</tr>
<tr>
<td>KPI 3: First Bank ordinary share equity ratio and leverage ratio Ordinary share equity ratio &gt; 9.5% Leverage ratio &gt;5%</td>
<td>Ordinary share equity ratio &gt; 9.5% Leverage ratio &gt;5%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>KPI 4: First Life Insurance net worth ratio and risk-based capital (RBC) ratio Net worth ratio 5% Risk-based capital ratio 250%</td>
<td>Net worth ratio 5% Risk-based capital ratio 250%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Prevention of Money Laundering, Financial Fraud, and Terrorism Financing**

- The implementation of relevant regulations concerning Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) can reduce operating risks, avoid material penalties, benefit international business expansion, and increase the scale of operations.
- Devise the Group’s AML/CFT strategies and plans; establish relevant regulations to provide depositors from fraud, and promote employees with education and training, thereby strengthening our ability to effectively stop scams from occurring.
- 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.
- The Company convenes workshops for the chief operating officers of each company of the Group to report their AML/CFT operations.
- Conduct Institutional Risk Assessment (IRA) for money laundering and terrorism financing activities and follow up implementation status of improvement plans.
- Implement fraud defense and reporting mechanisms and conduct financial education and promotion to provide financial knowledge such as fraud prevention and remedies.
- The Board of Directors of the Company is the highest ranking unit responsible for implementing risk management and establishing an internal control system to ensure continuous and effective operations.
- Incorporate emerging risks into our risk management policy to implement the Group’s mechanisms for identifying, evaluating, controlling, and reporting risks.
- Formulate risk management policies to address changes in the financial environment and business models. Establish independent and effective risk management mechanisms to manage all business risks and ensure healthy corporate operations and sustainable development.
Health and Occupational safety and management

**Climate change and strategic management**

- Extreme weather events will impact the global economy and even pose potential risks to the financial system. Therefore, companies must identify, evaluate, and manage climate-related risks and incorporate operational strategies to make correct economic policies and judgments.

- Identify the climate-related opportunities and risks in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and establish response mechanisms to ensure the influence of the finance industry on mitigating climate change.

- Integrate the economy transformational resources on the unprecedented economic and climate change opportunities and seize business opportunities.

- Support the construction of a safe workplace to help companies reduce the operational risks and seize business opportunities.

- Ensure that climate change governance and evaluation systems are identified and established to enhance the Company’s capabilities to adapt to and manage climate change risks.

- Continuously improve the response to climate change adaptation for two consecutive years.

- Quantify the financial impact caused by climate change risks through the framework of the "Recommendations of the Task Force on Climate-Related Financial Disclosures" (TCFD) and establish an integrated governance structure that helps improve the Company’s capabilities to address climate change and reduce the financial impact.

**KPIs**

- KPI 1: Fill out the CDP questionnaires for climate change
  - 100% in 2020 and 2021
  - 100% by 2026

- KPI 2: Introduce science-based targets (SBT) for carbon reduction
  - First Bank assesses the feasibility of adopting SBT methodology

- KPI 3: First Bank’s credit caps for highly polluting/energy consumption industries
  - ≤ 15% in 2020
  - ≤ 14.8% by 2022
  - ≤ 14% by 2026

- KPI 4: Credit caps for highly polluting/energy consumption industries
  - ≤ 15% in 2020
  - ≤ 14% by 2022
  - ≤ 10% by 2026

**Occupational safety and health**

- Employees are the company’s most important assets. Companies must establish safe working environments and be committed to attaining work and life balance for employees to improve employees’ health.

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

- Strive to become an exemplar of workplace safety, hygiene, and health, and provide a safe and healthy working environment.

- Recognize health issues based on the Occupational Safety and Health Risk Map and review the various risk prevention plans each year to reduce the occurrence of occupational accidents.


- Establish absenteeism trends, improve occupational safety and health management, maintain the effectiveness of the "ISO 45001 Safety and Health Management System" certification, and create a safe and healthy working environment.

- The greatest climate change risk to the Company is the direct impact on the Company's business locations caused by strong winds and heavy rains brought by tropical cyclones and extreme precipitation. Under these circumstances, victims of the weather events are unable to repay loans, and borrowers encounter an exemption of operations or loss of personnel or property, which leads to difficulties in repayment and incurs losses due to lost debts. Moreover, the weather events will also lead to a decrease in the asset value of investment properties held by the Company.

- The greatest climate change risk to the Company is the direct impact on the Company's business locations caused by strong winds and heavy rains brought by tropical cyclones and extreme precipitation. Under these circumstances, victims of the weather events are unable to repay loans, and borrowers encounter an exemption of operations or loss of personnel or property, which leads to difficulties in repayment and incurs losses due to lost debts. Moreover, the weather events will also lead to a decrease in the asset value of investment properties held by the Company.

- The greatest climate change risk to the Company is the direct impact on the Company's business locations caused by strong winds and heavy rains brought by tropical cyclones and extreme precipitation. Under these circumstances, victims of the weather events are unable to repay loans, and borrowers encounter an exemption of operations or loss of personnel or property, which leads to difficulties in repayment and incurs losses due to lost debts. Moreover, the weather events will also lead to a decrease in the asset value of investment properties held by the Company.

- The greatest climate change risk to the Company is the direct impact on the Company's business locations caused by strong winds and heavy rains brought by tropical cyclones and extreme precipitation. Under these circumstances, victims of the weather events are unable to repay loans, and borrowers encounter an exemption of operations or loss of personnel or property, which leads to difficulties in repayment and incurs losses due to lost debts. Moreover, the weather events will also lead to a decrease in the asset value of investment properties held by the Company.
Low-carbon operations and circular economy

In the face of climate change risks and opportunities, companies must mitigate and adjust their actions simultaneously: reduce greenhouse gas emissions to minimize environmental impact, and seize business opportunities by promoting the circular economy.

- FFHC is committed to reducing greenhouse gas emissions and emissions intensity. It formulates operation strategies, sets carbon emission reduction targets, and implements measures to improve energy efficiency to achieve the goal of reducing greenhouse gas emissions.
- FFHC introduces high-performance electrical equipment, power generation systems, ISO verification guidelines, and products that are purchased and used in the procurement process.
- FFHC chooses suppliers from the area/country of operations to reduce carbon emissions in the transportation process and strives to reduce energy/resource consumption by incorporating the concept of carbon efficiency into the design.
- FFHC manages and controls the volume of recycled resources and domestic waste of overseas units to reduce the Group’s waste volume effectively.
- FFHC actively discloses the service agreement 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.
- FFHC introduced the “ISO 20400 Sustainable Procurement – Guidance.” 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 labor law violations.
- FFHC introduces the “ISO 20400 Sustainable Procurement – Guidance.” 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 labor law violations.
- FFHC monitors suppliers that have been penalized for violation of environmental protection regulations and requires them to submit improvement plans or terminate business relations.

Risk

We predict that electricity prices will gradually rise in the future as the power structure changes in Taiwan, resulting in an increase in the operating costs of the Company. If the Company has to purchase electricity from other suppliers, it might have to purchase thermal power or nuclear power with higher greenhouse gas emissions to achieve the carbon reduction target negotiated by the government, it may face disciplinary action from the government.

A considerable increase in garbage and waste will increase the operating cost of the Company. Employees without proper education on the environment will impede the development of a sustainable environment and hinder the promotion of sustainability policies. Some suppliers in Taiwan are monopolist or oligopolistic, or are not active or geographies. The Company cannot assert whether their production processes are environmentally friendly and low-carbon, and it is also difficult to negotiate with manufacturers. Products are purchased in large volumes, large differences, or small quantities in different industries. It is necessary to develop a carbon supply chain similar to the manufacturing industry, thereby affecting Scope 3 greenhouse gas emissions.

Opportunity

- Participate in environmental protection campaigns hosted by external parties and strive for awards, and foster awareness on environmental protection and energy-saving.
- Implementing energy conservation and carbon reduction helps reduce operating costs.
- The Company purchases eco-friendly products and supports vendors in developing relevant technologies or acquiring environmental protection labels and certification to build a green sustainable society with our vendors.
- After employees receive education and training in an environmental protection and learn the main causes and consequences of various damage to the environment, they will dedicate themselves to environmental conservation activities and implement energy conservation and carbon emissions.
- The Company and its suppliers discuss issues related to climate change and environmental sustainability and share economic concept to shape up supplier transformation and develop business opportunities for sustainability.

KPI 1: The Group’s Scope 1 and Scope 2 emissions (metric tons/CO₂e)

- Cumulatively reduce 1,521 metric tons of CO₂e in 2026 compared to 2021
- Reduce 152 metric tons of CO₂e compared to 2019
- Reduce 350 metric tons of CO₂e compared to 2020
- KPI 2: Scope 3 carbon emissions from business trips (metric tons/CO₂e)
- KPI 3: Number of existing buildings obtaining Green Building Mark
- KPI 4: Signature rate of the “Declaration on Human Rights and Environmental Sustainability Clauses” of suppliers
- KPI 5: Total kWh of purchased and used renewable energy
- KPI 6: The Group’s total water consumption (million liters)
- KPI 7: The Group’s domestic waste volume (metric tons)
In response to digital finance transformation, FFHC continues to promote innovation and transformation, optimizes and improves system functions and interfaces, and integrates smart applications, AI, and data analysis to create customized smart services. We also continue to develop FinTech patents, strengthen virtual channel applications, and improve mobility and the convenience of mobile and online financial services to address consumer demand.

**Risk**

- **Opportunity**
  - Due to the impact of the COVID-19 pandemic, employees may have to undergo quarantine or be exposed to the risk of contracting coronavirus, affecting the implementation of training programs and personnel management.
  - Attractions professional employees from diverse backgrounds helps develop and increase digital business models to realize sustainable development.
  - Strengthening digital learning platforms can facilitate digitalization and workforce transformation, bolster productivity, reduce costs, and increase revenues.

---

**Table: Materiality**

<table>
<thead>
<tr>
<th>Material Issue</th>
<th>Maturity to Operations</th>
<th>Policies</th>
<th>Commitment</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial innovation and inclusion</td>
<td>In response to digital finance transformation, FFHC continues to promote innovation and transformation, optimizes and improves system functions and interfaces, and integrates smart applications, AI, and data analysis to create customized smart services. We also continue to develop FinTech patents, strengthen virtual channel applications, and improve mobility and the convenience of mobile and online financial services to address consumer demand.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Employee Care**

**KPI 1:** The ratio after including ESG implementation results in employee performance evaluation - 5% 5%

**KPI 2:** Cultivate new online trainees 20 trainees 20 trainees and above Depending on the demand for development among overseas employees.

**KPI 3:** Establishing points (points) with training courses etc. 80 80 By 2025 65

**KPI 4:** Training hours per employee 50 By 2026 55

**KPI 5:** The percentage of employees who obtain “FinTech Knowledge” certificate 30% 30% By 2025 40%

**KPI 6:** The number of customers who obtain “FinTech Knowledge” certificate 75 75 By 2025 75

**KPI 7:** The number of people who use the smart customer service system 150,000 180,000 By 2022 250,000

**KPI 8:** The number of people who use mobile and online financial services to address consumer demand 67.5% 72.5% By 2026 75%

**KPI 9:** The utilization rate of electronic payment channels 2% - The expected growth rate compared to the previous year
Talent retention and diverse welfare

Employees are the core of the financial service industry. Establishing comprehensive welfare measures and building a conducive and fair working environment can attract outstanding talent and reduce talent loss.

Promote a friendly working environment with tolerance for diversity and provide a fair, reasonable, and competitive working environment and remuneration policies.

Allow employees to participate in the decision-making process.

Improve various benefit programs and encourage employees to take leave for balancing work and family.

Provide subsidies or allowances for employees participating in volunteer activities.

Human rights

Promoting gender equality, prohibiting discrimination, and ensuring the right to work are not only companies' responsibilities towards safeguarding human rights but also an international trend.

Safeguarding fundamental labor rights and nondiscriminatory hiring policy allow employees to access the information regarding the management and decision-making of the Company and express their views.

We ensure that employees enjoy internationally recognized labor rights. All business activities follow local laws and regulations on human rights. The workplace and remuneration policies shall be legal, fair, and reasonable. There is no discrimination on the rights enjoyed by employees on the basis of race, gender, or other situations.

Employees have the right to equal pay for equal work and freedom from sexual harassment. Moreover, we protect employees' rights to participate in union activities, ensure smooth communication channels between employees and employers, and follow the principle of collective bargaining agreements.

Establish human rights due diligence and risk mitigation mechanisms and provide an effective and proper response to prevent matters endangering the rights of employees.

Risk: Failure to protect labor rights and promote gender equality will affect talent recruitment and retention. It may even impact the Company's competitiveness reputation and brand image and cause the Company to lose business.

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 or face penalties for violating laws and regulations.

Opportunity: Organizing education and training courses on human rights, building awareness of equality in the workplace among employees, and preventing discrimination cases and labor disputes help increase work efficiency.

KPI: 1. Labor-management dispute involvement rate (<0.453) is lower than the national standard value (≥0.5) provided by the Directorate General of Budget, Accounting and Statistics for the previous year.

KPI: 2. Number of cases of "Prevention of Sexual Harassment at Work Plan" 0 0 0

KPI: 3. Establish sexual harassment complaint hotline and email to properly handle reported cases 100% 100% 100%

KPI: 4. Ratio of base salary between female and male employees 1:1 1:1 1:1

KPI: 5. Training completion rate for human rights protection 100% 100% 100%

KPI: 6. Training hours per person for sexual harassment prevention and gender equality 1 1 1
KPI 1: Number of elementary schools in remote areas and underprivileged groups provided with LED light bulbs through the Green Light Sustainability Program

<table>
<thead>
<tr>
<th>Year</th>
<th>Goal</th>
<th>2020 Goals</th>
<th>2021 Goals</th>
<th>Medium Long-Term Goals (2022-2026)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2 schools/groups</td>
<td>4 schools/groups</td>
<td>Accumulate 20 schools/groups</td>
</tr>
</tbody>
</table>

KPI 2: Number of Green Care activities held

<table>
<thead>
<tr>
<th>Year</th>
<th>Goal</th>
<th>2020 Goals</th>
<th>2021 Goals</th>
<th>Medium Long-Term Goals (2022-2026)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>32</td>
<td>44</td>
<td>Accumulate 200</td>
</tr>
</tbody>
</table>

KPI 3: Number of Social Care activities held

<table>
<thead>
<tr>
<th>Year</th>
<th>Goal</th>
<th>2020 Goals</th>
<th>2021 Goals</th>
<th>Medium Long-Term Goals (2022-2026)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>94</td>
<td>117</td>
<td>Accumulate 550</td>
</tr>
</tbody>
</table>

KPI 4: Number of Sports Competition activities held

<table>
<thead>
<tr>
<th>Year</th>
<th>Goal</th>
<th>2020 Goals</th>
<th>2021 Goals</th>
<th>Medium Long-Term Goals (2022-2026)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2</td>
<td>5</td>
<td>Accumulate 25</td>
</tr>
</tbody>
</table>

KPI 5: Number of Artistic Cultural Creation activities held

<table>
<thead>
<tr>
<th>Year</th>
<th>Goal</th>
<th>2020 Goals</th>
<th>2021 Goals</th>
<th>Medium Long-Term Goals (2022-2026)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>14</td>
<td>27</td>
<td>Accumulate 105</td>
</tr>
</tbody>
</table>

KPI 6: Volunteer participation rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Goal</th>
<th>2020 Goals</th>
<th>2021 Goals</th>
<th>Medium Long-Term Goals (2022-2026)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>-</td>
<td>Increase by 3% compared to the previous year</td>
<td>Increase by 3% each year</td>
</tr>
</tbody>
</table>

Risk:
- The COVID-19 pandemic still runs rampant globally. The pandemic causes economic stagnation, imposes higher operating risks to companies, and makes it harder for disadvantaged groups and families to obtain resources. It requires thorough consideration and plans to achieve maximum results by incorporating core competencies of the financial industry to leverage limited resources that companies have while obtaining support from shareholders.

Opportunity:
- However, the pandemic boosts digital financial activities, brings business opportunities to online video technologies, and changes people’s lifestyles. In addition to expanding diverse business opportunities, organizing charitable activities and working with customers in cross-sector alliances can also promote the philosophy of sustainable finance. Moreover, integrating core competencies to practice ESG and resolving social and environmental issues will improve the Company’s image, gain business revenue, and improve the Company’s business performance.

- Social Care: Continue to organize loving volunteer activities and events for equality.

*Artistic Cultural Creation: Continue to organize large-scale concerts, music festivals, diverse art exhibitions, anti-drug education on campus, and gender equality education.

**Green Care: Continue to organize green volunteer activities and the Green Light Sustainability Program.

*Social Care: Continue to organize loving volunteer activities and events for equality.

*Sports Competition: Continue to organize cultivation programs for table tennis talent, large-scale sports competitions, and the Table Tennis Summer Camp.

*Artistic Cultural Creation: Continue to organize large-scale concerts, music festivals, diverse art exhibitions, anti-drug education on campus, and gender equality education.
In terms of the financial performance, the reduction of interest rates in Taiwan and foreign countries and the slight decline in First Bank's overseas profits due to the pandemic were mitigated by the double-digit growth of First Securities and First Life Insurance compared to the same period in the previous year which reduced the impact of the decline in First Bank's profitability.

In addition to financial performance, the Group continues to adhere to its business philosophy of "Building Ethical Governance for a Sustainable Future", and remains committed to all aspects of ESG to incorporate the implementation of sustainable finance into the Group's corporate culture. FFHC was selected as a constituent stock of the renowned DJSI, World Index, and the MSCI Global Standard Index, and has attained Leadership Level in the CDP climate change questionnaire for three consecutive years as the Group continues to follow international sustainable development trends.

1-1 Operating regions and countries

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 2021, First Bank will continue to focus on the markets in Europe, Americas, Japan, and New Southbound countries. The Houston Branch opened for business in the United States in February 2021, and First Bank will proceed with the application and establishment of the Frankfurt Branch in Germany and the San Miboko Branch of First Commercial Bank (USA). We shall use global expansion to increase the scale of operations and increase overseas profits to increase overseas branches’ share of profits (including OBU) to more than 45%.

First Bank is the second largest bank in Taiwan by branch count and has 188 business locations and 536 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 full spectrum of financial services to rural residents at any time. 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.
1-2 Financial performance

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td>2,935,204,419</td>
<td>3,206,767,075</td>
<td>3,550,502,691</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>2,729,901,347</td>
<td>2,987,634,568</td>
<td>3,329,296,822</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td></td>
<td>205,503,072</td>
<td>219,732,507</td>
<td>221,204,869</td>
</tr>
<tr>
<td>Net revenue</td>
<td></td>
<td>40,248,746</td>
<td>62,317,874</td>
<td>59,560,228</td>
</tr>
<tr>
<td>Pre-tax profit</td>
<td></td>
<td>20,702,986</td>
<td>33,308,556</td>
<td>19,619,728</td>
</tr>
<tr>
<td>Profit or loss after tax</td>
<td></td>
<td>17,332,199</td>
<td>19,568,751</td>
<td>16,007,541</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td>22,796,465</td>
<td>23,901,112</td>
<td>24,730,173</td>
</tr>
<tr>
<td>Average employee welfare expense</td>
<td></td>
<td>14,886,242</td>
<td>15,550,072</td>
<td>16,131,085</td>
</tr>
<tr>
<td>Employee welfare expenses</td>
<td></td>
<td>2,806,54</td>
<td>1,619,21</td>
<td>1,632,04</td>
</tr>
<tr>
<td>Employee contribution</td>
<td></td>
<td>2,234,25</td>
<td>2,426,96</td>
<td>1,965,00</td>
</tr>
<tr>
<td>Return on Assets (%)</td>
<td></td>
<td>0.62</td>
<td>0.63</td>
<td>0.5</td>
</tr>
<tr>
<td>Return on Ordinary Shareholders' Equity (%)</td>
<td></td>
<td>8.58</td>
<td>9.11</td>
<td>7.62</td>
</tr>
<tr>
<td>Earnings per share (NTD)</td>
<td></td>
<td>1.39</td>
<td>1.51</td>
<td>1.31</td>
</tr>
<tr>
<td>Profit ratio (%)</td>
<td></td>
<td>28.77</td>
<td>31.08</td>
<td>28.22</td>
</tr>
</tbody>
</table>

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., and FCB Leasing B.V.
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.

1-3 Credit rating

According to the credit ratings issued by credit rating agencies such as Taiwan Ratings, S&P and Moody’s, our Group enjoys a strong competitive advantage in the financial industry and is a model of sound corporate governance. In the financial market, we have demonstrated very solid corporate values, a distributed customer base along with sound financial structure, risk control and excellent asset quality. The results from the long and short-term credit ratings as well as future outlook are shown right.

<table>
<thead>
<tr>
<th>Credit Rating Agencies</th>
<th>Short-term</th>
<th>Long-term</th>
<th>Default</th>
<th>Rating date</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Financial Holding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taiwan Ratings</td>
<td>twAA-</td>
<td>twAA-</td>
<td>Stable</td>
<td>2020.9.21</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>A2</td>
<td>BBB</td>
<td>Stable</td>
<td>2020.9.20</td>
</tr>
<tr>
<td>Moody’s</td>
<td>- A3</td>
<td></td>
<td>Stable</td>
<td>2021.5.10</td>
</tr>
</tbody>
</table>

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

1-4 Participation in local and overseas organizations

The Company and subsidiaries have joined a variety of different associations of the financial industry and actively taken part in efforts to promote the sound development of the financial industry as a whole. To achieve sustainable corporate development, the Company also joined corporate sustainability/local responsibility organizations to obtain new knowledge on international corporate governance development, promote and implement the concept of sustainable development, and advocate and promote environmental protection and energy resource management. FFHC and its subsidiaries spent a total of NT$271.6 million on industry connections and development as well as ESG-related organizations/associations in 2020, and donated NT$222.13 million to the Small and Medium Enterprise Credit Guarantee Fund of Taiwan.

Industry connections and development

- Bankers Association of the Republic of China
- The Bankers Association of Taipei
- Trust Association of R.O.C.
- Taiwan Securities Association
- Chinese National Futures Association
- R.O.C. Bills Finance Association
- Securities Investment Trust and Consulting Association of the R.O.C.
- The Life Insurance Association of the Republic of China
- Taiwan Venture Capital Association
- National Association of Small & Medium Enterprises, R.O.C.
- Small and Medium Enterprise Credit Guarantee Fund (SMEG)
- Agricultural Credit Guarantee Fund
- Overseas Credit Guarantee Fund

The Company’s Chairman serves as a consultant of the Bankers Association of the Republic of China and the Bankers Association of Taipei. Vice President Mali Shih of First Bank serves as the Director of the Trust Association of the ROC. Chief Auditor Shiang Ling Wu serves as the Chairman of the Internal Audit Committee of the Bankers Association of the Republic of China. The Chairman of First Securities serves as the Director of Taiwan Securities Association.

ESG-related institutions/associations

- Asian Corporate Governance Association (ACGA)
- Accounting Research and Development Foundation
- Taiwan Institute for Sustainable Energy - Center for Corporate Sustainability
- First Bank Culture & Education Foundation

The Company became a premium member of the Asian Corporate Governance Association (ACGA) in 2018 to obtain new knowledge on international corporate governance development and continued to make donations to the Center for Corporate Sustainability. The Chairman serves an advising director and is actively involved in helping the Center with promoting corporate sustainability education and hosting international forums. FFHC also made donations for the establishment of the First Bank Culture & Education Foundation which actively supports art and culture education and charitable causes with the aim of improving the quality of life of citizens and promoting social harmony.
We will continue to use the candidate nomination and cumulative vote system to elect the 7th Board of Directors in 2021, ensuring transparency of the Board nomination and selection process and implementing the Board member diversity policy. We also plan to increase the number of Independent Directors to strengthen the independence of the Board of Directors and reduce the possibility of conflicts of interest.

2-1 Board Performance Evaluation

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 made the "Board Performance Evaluation Regulations." The Company conducts internal performance evaluation each year. However, the Company must appoint an external independent professional institution or a panel of external experts and scholars to conduct the evaluation at least once every three years. In addition to implementing the internal performance evaluation of the Board of Directors, the Company also appointed Deloitte Risk Management Consulting Co., Ltd. (hereinafter referred to as Deloitte) to conduct an external performance evaluation in 2020.

Scope of evaluation: Board of Directors (including individual Directors) and functional committees
Evaluation procedures: The evaluation covers five major aspects, and each is evaluated with qualitative and quantitative measures (performance evaluation of the Board of Directors and individual Directors: 40 qualitative indicators/26 quantitative indicators, performance evaluation of functional committees: 25 qualitative indicators/quantitative indicators: 8 integrity indicators, 10 audit indicators, and 10 remuneration indicators).

2-2 Investor communication channels and shareholder structure

The Company has set up an official website in Chinese and English to disclose basic information of the Company. We also set up special sections for corporate governance, investor relations, and corporate social responsibility, which are regularly updated to provide financial and non-financial information of concern to stakeholders. We provide relevant contact information to enable two-way communication between stakeholders and the Company. We also provide complete company information to external parties through our spokesperson system, investor relations departments, quarterly reports, annual reports, and sustainability reports. We publish monthly revenue information and convene quarterly institutional investors’ conferences, and annual shareholders’ meetings to keep stakeholders informed of the Company’s development strategies, operations, and financial status.

2-3 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 4.92 years and the average age was 60.47.
The Company set a target for attaining at least 80% in the actual attendance rate of all Directors of the board and attaining at least 80% in the actual attendance of more than half of the Directors. In 2020, the Board was convened 132.5 hours in total during 2020 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”, “Audit Committee”, and “Ethical Management Committee” since 2011 to strengthen the supervision and management performance of the Board of Directors.

The Company set a target for attaining at least 80% in the actual attendance rate of all Directors of the board and attaining at least 80% in the actual attendance of more than half of the Directors. In 2020, the Board was convened 132.5 hours in total during 2020 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”, “Audit Committee”, and “Ethical Management Committee” since 2011 to strengthen the supervision and management performance of the Board of Directors.

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”, “Audit Committee”, and “Ethical Management Committee” since 2011 to strengthen the supervision and management performance of the Board of Directors.

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”, “Audit Committee”, and “Ethical Management Committee” since 2011 to strengthen the supervision and management performance of the Board of Directors.

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”, “Audit Committee”, and “Ethical Management Committee” since 2011 to strengthen the supervision and management performance of the Board of Directors.

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”, “Audit Committee”, and “Ethical Management Committee” since 2011 to strengthen the supervision and management performance of the Board of Directors.

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”, “Audit Committee”, and “Ethical Management Committee” since 2011 to strengthen the supervision and management performance of the Board of Directors.

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”, “Audit Committee”, and “Ethical Management Committee” since 2011 to strengthen the supervision and management performance of the Board of Directors.

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”, “Audit Committee”, and “Ethical Management Committee” since 2011 to strengthen the supervision and management performance of the Board of Directors.

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”, “Audit Committee”, and “Ethical Management Committee” since 2011 to strengthen the supervision and management performance of the Board of Directors.
Compensation for company directors includes directors’ remuneration, monthly payment, health exam costs (reimbursement of actual costs up to NT$30,000) 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 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 Director 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.

2-5 Remuneration Policy

Evaluation forms in annual performance evaluations of the chairperson, president, and Board of Directors not only include personal performance evaluation, years of service, and title. But also non-financial performance indicators, such as corporate governance, green finance, social responsibility, and sustainable environment. Evaluation results serve as a basis for the Remuneration Committee to recommend remuneration for employees (including the President and Directors) within the range of fixed salary to variable salary of the President was approximately 5:1 in 2020. The payment for a part of the performance bonus of the President is deferred if a material event that affects the Company’s financial or non-financial interests occurs before the distribution, the Company shall reduce the distribution amount or cancel the distribution.

2-6 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 effectiveness 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.

2. Tax Governance Risk Management

• Tax compliance risk management: All subsidiaries of the Group file and pay taxes in accordance with tax laws. The Administration Management Department is responsible for compiling information and notifying subsidiaries for confirmation. The results are reviewed by the CPA of the Group and reported based on the internal hierarchical delegation of responsibilities. The Administration Management Department is the tax management unit and it is responsible for conducting 2 independent audits each year to ensure that tax personal comply with internal operating policies for tax laws for routine tax filing, filing for suspension of payment, annual filing and payment, and filing of various types of income. It is also responsible for reporting tax management to the Board of Directors.

• Tax planning: Related personnel are consulted on the latest changes in regulations each month. In the event of changes in tax laws, we actively inquire the opinions of other financial institutions and discuss response strategies with the Group’s CPA to adjust internal operating procedures and related policies at appropriate times and ensure that internal operations and management are consistent with regulations.

• Improve tax governance capabilities: To ensure personnel responsible for tax governance are familiar with tax laws, the Group’s CPA provides information on the latest developments in tax laws whenever necessary. Personnel also participate in external tax training courses whenever necessary to improve their professional skills.

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.

2-6 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.

2. Tax Governance Risk Management

• Tax compliance risk management: All subsidiaries of the Group file and pay taxes in accordance with tax laws. The Administration Management Department is responsible for compiling information and notifying subsidiaries for confirmation. The results are reviewed by the CPA of the Group and reported based on the internal hierarchical delegation of responsibilities. The Administration Management Department is the tax management unit and it is responsible for conducting 2 independent audits each year to ensure that tax personal comply with internal operating policies for tax laws for routine tax filing, filing for suspension of payment, annual filing and payment, and filing of various types of income. It is also responsible for reporting tax management to the Board of Directors.

• Tax planning: Related personnel are consulted on the latest changes in regulations each month. In the event of changes in tax laws, we actively inquire the opinions of other financial institutions and discuss response strategies with the Group’s CPA to adjust internal operating procedures and related policies at appropriate times and ensure that internal operations and management are consistent with regulations.

• Improve tax governance capabilities: To ensure personnel responsible for tax governance are familiar with tax laws, the Group’s CPA provides information on the latest developments in tax laws whenever necessary. Personnel also participate in external tax training courses whenever necessary to improve their professional skills.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.
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 2020, an assessment of corruption risks was conducted by all group subsidiaries and their business locations. The personal activities of individual employees were evaluated as medium to high-risk. The subsidiary First Bank proposed related enhancement measures such as adding the loan review function for insurance businesses, setting up systems for the direct supervisors of wealth management personnel to actively communicate with customers, and setting up lists for risk pattern monitoring to reduce the occurrence of corruption risks.

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 2020 are as follows:

- The Company’s annual compliance plans for 2020 were submitted to the Audit Committee and Board of Directors for review and approval before implementation.
- The subsidiaries reported the plans to the Board of Directors for review and approval before implementation.
- The subsidiaries reported the plans to the Chief Compliance Officer of the head office.
- 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.
- The Company completed the annual Compliance Risk Assessment (CRA) for the Group and reported results to the Board of Directors.
- Each company shall conduct compliance training and self-assessment operations at least once every six months. The companies organized a total of 959.5 hours of regulatory compliance education and training courses in 2020. A total of 24,706 people participated in the training.
- 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.
- The results of the compliance system performance evaluation of subsidiaries in 2020 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.
- The legal compliance operations of the Company’s departments in 2020 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.
- The results of the compliance system performance evaluation of subsidiaries in 2020 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.
- The Company conducted inspections to ensure the effective implementation of compliance mechanisms, provided recommendations for improvements, and improved communications with subsidiaries.
- The Audit Division regularly convenes communication and review meetings with the Compliance Division, Risk Management Division, subsidiaries, and Directors to strengthen the Group’s communication and coordination mechanisms.

Please refer to page 68 of the Company’s Annual Report for large fines or nonmonetary sanctions imposed on the Group for violating economic and social laws and regulations in 2020.
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 included emerging risks (e.g., information security risks and climate change risks) as part of the risk assessment items of the Company and subsidiaries in the “Risk Management Policy and Guiding Principles for FFHC and its Subsidiaries” to strengthen the connections between corporate governance and risk management. The Company also established the “Emerging Risk Management Guidelines” and required the companies to 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 authorities or changes in the economic environment. We amended the “Rules Governing Loans and Transactions Between the FFHC and Subsidiaries with Stakeholders” and the “Internal Control System” in 2020.

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

(2) Risk management enhancement measures

System upgrade:

- Complete the upgrade projects of corporate banking credit rating system and develop the automated online authorization application procedures to improve the stability and operational efficiency of the credit rating system.
- Re-establish the credit card scoring system and revise the logic of the credit asset classification system and the information processing logic of the Group output after the write-off of bad debts. Implement the stress test and upgrade services of the integrated risk management platform system (Fermat system) in order to optimize risk control mechanisms and procedures.
- Add, optimize, or adjust the KRI, RCSA, CSA, and LDC systems to enhance the system functions in specific sections for operational risks.

Main risks - credit risks, market risks, interest rate risks, liquidity risks, insurance risks, operational risks, and emerging risks.

- Reported the impact on capital adequacy of First Bank for the next four years in response to the FNC’s designation of First Bank as a Domestic Systemically Important Bank (D-SIB), and proposed response recommendations.
- To implement the Company’s sustainable development policy, we included ESG factors into the enterprise credit rating mechanisms and began disclosing risk exposure information of “industries with high carbon emissions” on a regular basis starting from October 2020.
- We convened a total of 6 meetings of the Operational Risk Discovery and Review Team in 2020 and discussed 23 deficiencies in audits and material risk issues.
- We participated in new services such as “e-First Smart Wealth Management” and “Open Banking Stage 2 Consumer Information Inquiry” and we were responsible for reviewing the risks of new products, operational risks, and control and management measures.
- We implemented stress tests in response to the impact of the COVID-19 pandemic and support the government’s relief policies. We included the severe volatility in the financial market caused by the epidemic into the stress test scenarios to evaluate the potential impact.
- We reviewed and amended 16 management regulations for operational, credit, and market risks in 2020.
(3) Establishment of corporate risk culture: To strengthen the Group’s risk management mechanisms and create a risk-based corporate culture, the Company organizes risk management seminars from time to time and invites subsidiaries to discuss recent changes in the finance industry to evaluate and adjust the risk monitoring indicators and frequency. We also established the online e-Academy to create systematic risk awareness so that every employee of FFHC understands the Company’s risk culture and core ideas. The Company provides risk management training for all promoted employees. In 2020, 615 participants completed classroom training and 349 participants completed online training for risk management courses and tests. We provided additional training and tests for those that failed to pass the last test. We reached 100% in test pass ratio.

<table>
<thead>
<tr>
<th>Subsidiary First Bank capital adequacy ratio</th>
<th>Unit: NTSI 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Type 1 capital ratio</td>
<td>190,297,370</td>
</tr>
<tr>
<td>Type 2 capital ratio</td>
<td>52,991,904</td>
</tr>
<tr>
<td>Total own capital</td>
<td>223,289,274</td>
</tr>
<tr>
<td>Credit risk</td>
<td>1,544,509,276</td>
</tr>
<tr>
<td>Operating risk</td>
<td>78,935,425</td>
</tr>
<tr>
<td>Market risk</td>
<td>19,187,833</td>
</tr>
<tr>
<td>Total risk-weighted assets</td>
<td>1,642,632,554</td>
</tr>
<tr>
<td>Capital adequacy ratio</td>
<td>13.42%</td>
</tr>
<tr>
<td>Ordinary share equity ratio</td>
<td>10.96%</td>
</tr>
<tr>
<td>Type 1 capital ratio</td>
<td>11.58%</td>
</tr>
<tr>
<td>Total exposure</td>
<td>2,707,099,168</td>
</tr>
<tr>
<td>Leverage</td>
<td>6.39%</td>
</tr>
</tbody>
</table>

Every new employee receives a basic risk management course to learn about the Group’s risk management strategies and the risk control indicators for each business.

The Company appoints external consultants or uses online systems to provide training programs such as the Equator Principles for risk management personnel to improve and enhance their risk management knowledge and skills for the sustainable and stable development of the Group.

The Group has created smooth promotion channels for each employee to be part of a risk-oriented corporate culture after business training and evaluations. Employees who are promoted to supervisors also understand the key risk management items for different businesses.

The human resource system is used to arrange risk management seminars or appoint external consultants to provide training courses to meet risks and challenges, so that employees can lead teams and achieve stable growth in the future.

(4) Emerging risks

<table>
<thead>
<tr>
<th>Identification procedures for the Group’s emerging risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1: Risk identification</td>
</tr>
<tr>
<td>Companies perform emerging risk assessment and identification</td>
</tr>
<tr>
<td>Step 2: Risk compilation</td>
</tr>
<tr>
<td>Compile a list of the emerging operation and business risks identified by the companies of the Group to establish a list of emerging risks for the Group</td>
</tr>
<tr>
<td>Step 3: Response to risks</td>
</tr>
<tr>
<td>Establish mitigation measures for identified emerging risks of the Group to reduce the impact on operations or business</td>
</tr>
<tr>
<td>Step 4: Continuous tracking</td>
</tr>
<tr>
<td>Regularly follow up on the implementation status of mitigation measures and review the results</td>
</tr>
</tbody>
</table>

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, and they affect the amount of the annual performance bonus.

The performance evaluation items of the risk management unit include risk management indicators such as the capital adequacy ratio and leverage ratio, return on capital, and non-performing loan ratio control target achievement rates, employee training, and innovative measures. The evaluation results shall be used as an important reference for determining the performance bonuses for the evaluated department.

The Bank organizes 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.

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.

The results of the compliance evaluation of the departments and subsidiaries are used as the basis for personnel evaluations.

We publish the risk management newsletter each month and use the “Supervisor Mailbox”, “President’s Mailbox”, “Chief Auditor’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.

The risk management newsletter contains a range of transparent, equal and fair risk indicators, risk management culture measures, risk reporting measures, and enhancement of the risk culture that employees can lead their teams and achieve stable growth in the future.
The Group’s emerging risks and formulated mitigation measures are as follows:

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Possible Impact</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>The development of open banking and cross-industry ecosystem will create new business models and growth momentum for the subsidiary First Bank. However, the Bank’s current core system is a closed architecture with an IBM mainframe and the application system has been used for over 40 years. The system lacks flexibility and adaptability and it is difficult to create cross-industry alliances and develop open banking with external parties. The system may be susceptible to manipulation bottlenecks in COBOL programming language development, which will prevent the Bank from dealing with the intensified competition in FinTech and the shortage of development manpower. These factors are detrimental to the Bank’s sustainable development.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Since the appearance of the ransomware WannaCry, hackers have continuously used ransomware to encrypt data and threaten victims to pay the ransom. What is different is that a vast number of WannaCry mostly targeted individuals. With regard to the victims who were companies, the hackers generally targeted vulnerable services in personal computers. However, since May 2020, at companies, automation equipment companies, semiconductor packaging and testing companies, PCB companies, and wearable device manufacturers, there have all been hacked by hackers who encrypted company data with ransomware and demanded high ransoms. If a financial institution suffers a targeted ransom attack by hackers which may include the encryption of important systems, theft of significant amounts of personal information, theft of important intellectual properties, and disruption of operations through DDoS, it will create direct financial losses as well as indirect losses to the reputation of the institution, cost of network security, loss of service opportunities, and lost data.

1. Establishment of the Core System Conversion Operation Guidelines: The Board of Directors of the Bank reviewed and passed the “Core System Conversion Operation Guidelines” in November 2019 which clarified the organization, responsibilities, and matters that must be completed in the core system conversion process. They include the core system conversion selection and evaluation and the establishment of budgets and plans before the conversion, the system setup, development, tests, and launch during the process, and resources for the continuous monitoring system to ensure system stability in the operations after the conversion.

2. Implementation in separate phases: The Bank planned to implement the plan in three separate phases with short, medium, and long-term plans. The short-term plan is to create the basic information structure, develop the skills and experience of personnel and improve technical capabilities. The medium-term plan is to gradually separate the non-core business functions of the major core system and gradually shift toward a small core with substantial peripheral support to reduce the risks, operational, and customer risks. Once the talents, technologies, and architecture are ready, we will activate the core system conversion and gradually implement the conversion in accordance with the guidelines.

3. Risk-based internal audit system: During the year, the Bank established 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.

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 assessment. Improvements are submitted in writing to the Board of Directors and Audit Committee and used as an important item for penalties and rewards and re-awards 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 introduced a digital audit management system before the end of 2020. After the evaluation, the Company intends to start the implementation of the audit support system in 2021 based on the subsidiaries’ schedule and implementation status to improve the performance and efficiency of internal audit operations.

The execution of our company’s 2020 internal audit process and the preparation of the 2021 audit plan referred not only to the financial inspection guidelines issued by the Financial Supervisory Commission but also internal control performance ratings and business characteristics of each unit (including subsidiaries). In addition to risk management, the Group’s internal control system is used to evaluate our management system and improve the effectiveness of the Group’s internal control system self-evaluation. The 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 2020 is as follows:

<table>
<thead>
<tr>
<th>Implementation plan</th>
<th>Number of times held/execution times</th>
</tr>
</thead>
<tbody>
<tr>
<td>General audits, project audits</td>
<td>8 times</td>
</tr>
<tr>
<td>Derivative trade audit</td>
<td>11 times</td>
</tr>
<tr>
<td>Auditing opinions and follow-up</td>
<td>22 times</td>
</tr>
</tbody>
</table>

Self-audit meetings, internal control system self-audit results review, internal control system deficiency review meetings, and internal audit coordination meetings within the group
4-1 Ethical corporate management execution status
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, competition-related mechanisms, insider trading, and unfair competition practices, anti-trust and unfair competition practices, anti-trust and unfair competition practices, and anti-trust and unfair competition practices. 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 amending the ethical management policies and procedures. The Company has also established the "Ethical Management Committee" subordinate to the Board of Directors to report on the self-assessment of the ethical management principles and the improvement measures taken in response to the audit opinions of the competent authority. The report result of the audit committee is reviewed and approved by the Board of Directors.

1. Fair customer treatment
• First Bank convened quarterly meetings of the Fair Customer Treatment Committee and submitted to its Board of Directors a follow-up report on the "Guidelines for Financial Institutions for Enforcing Fair Customer Treatment Principles" in 2020. implemented the status of the fair customer treatment principle. The Compliance Division's self-assessment of the compliance deficiencies related to the fair customer treatment principles and improvement of the audit deficiencies related to the fair customer treatment principles by the Audit Division of the Board of Directors, and the innovative or effective measures adopted by the Group. The Group's subsidiaries and organizations must regularly report their integrity management status and measures to the Board of Directors from 2020. The committee will report the Group's integrity management status to the Company's Board of Directors and review improvement measures semirently. Implementation status is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number of hours</th>
<th>Personnel's Coverage Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>91,343.25</td>
<td>0.25</td>
</tr>
<tr>
<td>2019</td>
<td>39,023</td>
<td>0.4</td>
</tr>
<tr>
<td>2018</td>
<td>32</td>
<td></td>
</tr>
</tbody>
</table>

2. Education and training
The Company conducts education on regulations related to integrity management of subsidiaries through the "Group Chief Compliance Officer Meeting" quarterly. We urge subsidiaries to organize education, training, and promotion events related to ethical management principles and to communicate the Group's ethical management policy and whistleblower system. In 2020, the company provides all employees worldwide with a total of 91,343.25 hours of education and training for 39,023 participants. Counterparts do business with the Company are invited to participate in the activities, so that they fully understand the Company's unethical management plans and zero tolerance policy.

4-2 Whistleblower System, Process, and Results
The Company set up the "Stakeholder Communications" section on our official website and is a whistleblowing section on the internal website, and provides telephone hotline, e-mail, and mail whistleblowing channels. Reports may be filed when an employee of the Company or an external individual discovers a crime, fraud, or violation of regulations. Reports filed in writing through a telephone, fax, or mail with the whistleblower's name, contact information, and specific matters of the incident. Once the whistleblower submits related evidence. Reports may also be filed through means such as telephone and parental statements. The whistleblower must formulate records or specify the reported items, name, date, and contact information for the whistleblower and sign or seal for authentication and later processing. The company shall accept reports that involve the violation of laws, reports which include actual names, contact information, and concrete evidence. However, when the description is provided in detail for anonymous reports, the Company may consider processing the information.

Future efforts, the Whistleblower System Implementation Rule 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 the whistleblowing system that was reviewed and passed by their respective Board of Directors.

54
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 2020, 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. First Bank and First Life Insurance were recognized by the FSC as “Top 20% of the Fair Customer Treatment Principles Evaluation Rankings” in 2020. Each company 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 8,473 participants completed the training with a completion rate of 100%.

Customer Service and Privacy Protection

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

56
57

We handled 15 external whistleblower cases and 2 internal whistleblower cases in 2020. All the complaints were investigated and did not involve unethical conduct. However, one of the cases was found involve misconduct of an employee of First Bank in dealing with customers. The case was transferred to the Bank’s Personnel Review Committee and reported to the Bank’s Board of Directors for review and improvement. The records were submitted to the Company’s Ethical Management Committee for review.

<table>
<thead>
<tr>
<th>Type of report</th>
<th>Number of reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>External whistleblower</td>
<td></td>
</tr>
<tr>
<td>anonymous</td>
<td>8</td>
</tr>
<tr>
<td>Named</td>
<td>7</td>
</tr>
<tr>
<td>Internal whistleblower</td>
<td></td>
</tr>
<tr>
<td>anonymous</td>
<td>1</td>
</tr>
<tr>
<td>Named</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
</tr>
</tbody>
</table>

Cases received (opened) 17

- 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: 4
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 conditions requiring delisting. To protect consumers’ rights and interests, banks, insurance, securities, and asset management companies all implement Know Your Product (KYP), setting up review systems for investment financial products. In 2020, 272 products were reviewed before listing, 102 products were delisted and discontinued to prevent imposing excessive risks on customers and to improve investment performance and protect customer rights and interests.

<table>
<thead>
<tr>
<th>Company name</th>
<th>Key Tasks in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Bank</td>
<td>• First Bank convened 16 wealth management product review meetings; a total of 115 products passed the review (including 32 ESG-related products) and 30 products met conditions requiring delisting. • First Bank convened 21 insurance product review meetings; a total of 86 products passed the review (including 17 investment insurance policies), and 8 products met conditions requiring delisting. • 4 insurance companies have signed the CSR commitment and 15 prepared Sustainability Reports. • 49 fund companies signed the CSR commitment and 32 companies signed the compliance statement for the “Corporate Investors Stewardship Principles”.</td>
</tr>
<tr>
<td>First Securities</td>
<td>• 8 financial product and service review meetings were convened; a total of 10 fund products passed the review (including 7 ESG-related products) and 10 products met conditions requiring delisting. • 1 fund company compiled a Corporate Social Responsibility Report. • 1 fund company signed the compliance statement for the “Corporate Investors Stewardship Principles”.</td>
</tr>
<tr>
<td>First Life Insurance</td>
<td>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 2020, 19 insurance product evaluation group meeting were convened, 65 new products were sent to competent authorities for provisional review, 58 products were partially altered and sent to competent authority for provisional review, and 64 discontinued products were sent to competent authority for provisional review.</td>
</tr>
</tbody>
</table>

5-2 Protection of customer privacy

SASB FN-CB-230a.1: 1. Number of data breaches
2. Percentages involving personally identifiable information
3. Number of account holders affected

To avoid leaks of customer data, FFHC established the “Personal Information Protection Policy of FFHC and Subsidiaries” in accordance with the “Personal Data Protection Act”, “Personal Information File Security Regulations for Non-Governmental Institutions Designated by the Financial Supervision 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 of confidential documents (including paper and electronic formats), charts and diagrams, messages, computer software, and other media and items in accordance with the “Joint Marketing Framework Policy and Guiding Principles for FFHC and its Subsidiaries”. We also provided regular training 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 2020 for 8,707 participants totaling 5,828.8 training hours (including 195 hours for temporary workers and security staff). The training completion rate was 100%.

FFHC values customers’ personal data security. 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, and appoints a Accountant to perform an external audit every year. Two cases of data breaches were identified at FFHC in 2020 and 50% (1 case) involved personally identifiable information which affected 319 account holders. However, the Company immediately activated emergency response procedures to bear the responsibilities for the personal data security and interests of affected customers, and actively implement mitigation and improvement measures.
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 through telephone and through email 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Performance</th>
<th>Credit Satisfaction</th>
<th>Credit Rating</th>
<th>Investment Information Services</th>
<th>Salesperson’s attitude and familiarity with products</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>86.52%</td>
<td>83.67%</td>
<td>85.26%</td>
<td>96%</td>
<td>83.9%</td>
</tr>
<tr>
<td>2019</td>
<td>86.17%</td>
<td>84.77%</td>
<td>85%</td>
<td>96%</td>
<td>74%</td>
</tr>
<tr>
<td>2018</td>
<td>85.23%</td>
<td>86.01%</td>
<td>84.5%</td>
<td>96%</td>
<td>77.4%</td>
</tr>
<tr>
<td>2017</td>
<td>84.89%</td>
<td>80.64%</td>
<td>84%</td>
<td>96%</td>
<td>71.5%</td>
</tr>
</tbody>
</table>

Improvement

- Send letters to business units to require them to actively care about customers’ needs and reduce operation time
- Actively plan and promote the online loan application platform to improve communication efficiency and use SMS to notify customers on the day after the loan
- Set up additional automated deposit machines

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 FSIH’s official website also includes online customer support for the Group’s subsidiaries, a toll-free customer hotline, business inquiry hotline, and complaint email. First Bank has also set up various real-time communication channels for handling customer requests and complaints, including 24-hour customer service hotline and customer service email. 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 665 consumer complaints filed through all complaint channels in 2020, which was an increase of 230 cases from 2019. The number of customer complaints increased significantly as a result of the Bank’s support for the competent authority’s worker relief loans for responding to the COVID-19 epidemic. 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.

To effectively improve operating procedures and reduce the number of customer complaints, the Company upholds the principles of “speed, simplicity, and leniency” to quickly process loan application from customers. In addition to actively planning and promoting the online loan application platform, we also used the robotic process automation (RPA) to check information in the joint credit system “speed, simplicity, and leniency” to quickly process loan application from customers. In addition to actively planning and promoting the online loan application platform, we also used the robotic process automation (RPA) to check information in the joint credit system to improve the online loan application process. The Bank uses online and offline operations and the joint efforts of the frontdesk and back-office personnel to satisfy customer needs and significantly increase the loan application efficiency. In addition, there has been no complaint case of leaks of personal data in 2020. The Company implements 100% monitoring of the use of customer personal data and approximately 2.69 million (32.86%) records of customer data were used for the second time (e.g., marketing or improvement of product/service quality) without violation of related regulations or agreements signed with customers.

5-4 Customer Care Events

To promote financial knowledge and improve different groups’ ability to utilize financial tools and services, we strengthened the people’s understanding of financial products and services and improved financial risk resistance. We organized various seminars that tour rural, urban and remote areas and provide customers with information on different financial products and other investment analysis and advice. We promoted regional revitalization and community development while increasing the financial tolerance of the entire society to help customers start businesses, grow in life, and retire with security.

Customer Care and ESG Engagement Activities

- 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 regional revitalization and micro loans for eligible Entrepreneurs, 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.
  Reaching the Next Pinnacle of Corporate Success Lecture and Dinner (Yilan and Tainan) 2 sessions in total 268 participants
  • 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 597 sessions in total 13,883 participants
  • Financial Planning Clinic Seminar
    PC personnel conduct one-on-one review of customers’ assets and provide advice.
    31 branches throughout northern, central and southern Taiwan 35 sessions in total 667 participants
  • 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 at the latest financial products.
    Chiaoyi City, Yuliin City and Chunghua City in Chianghua County, Fenghuang District in Taichung City, and Luzhu District in Kaohsiung City 5 sessions in total 182 participants
  • 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 69 sessions in total 3,670 participants
  • Father’s Day Workshop
    Widespread activities to promote social welfare under the theme of caring for society.
    Taipei, Taichung, Kaohsiung, Yulin, Tainan 6 sessions in total 814 participants

Complaints of personal information leakage issues in 2020 are as follows:

<table>
<thead>
<tr>
<th>Channel</th>
<th>Number of cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Service Hotline</td>
<td>0</td>
</tr>
<tr>
<td>Filed a complaint with an external unit</td>
<td>0</td>
</tr>
<tr>
<td>File a complaint with the competent authority</td>
<td>0</td>
</tr>
</tbody>
</table>
6-1 Information Security Management Framework and Strategies

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.

The FSC published the “Financial Information Security Action Plan” in 2020 to provide secure, convenient, and uninterrupted financial services. First Bank implemented and executed the following plans:

- To be implemented after the FSC establishes clear regulations.
- First Bank has appointed a Vice President to supervise the Information Management Center, oversee digital security, information, and digital banking services, and serve as the Information Security Chief

The Digital Security Division has planned and set up the “Information Security Advisory Team” which consists of 2-3 Directors and Supervisors of the Company or individuals with insights on information security governance in the business or academic world. The team plans the information security framework, develops blueprints, and provides recommendations for decisions regarding material information security incidents and overall implementation of information security.

The Digital Security Division has established a KPI for adding two international information security licenses each year and has achieved the expected targets for two consecutive years. It continues to encourage financial institutions to assess the maturity of their information security governance and to adopt international information security management standards and obtain related certifications.

The FSC has received certification for the ISO 27001 Information Security Management System and ISO 20022 Information Security Service Management System, and is not planning to adopt Personal Information Protection (BS 10012) certification. With the support of an impartial third party, the Company will identify the blind spots in implementation and verify the effectiveness of information security management.

The Digital Security Division has established a KPI for adding two international information security licenses each year and has achieved the expected targets for two consecutive years. It continues to encourage financial institutions to assess the maturity of their information security governance and to adopt international information security management standards and obtain related certifications.

The Company has cooperated with the Financial Information Sharing and Analysis Center (FISAC) in evaluating the Cybersecurity Assessment Tool (CAT). Once FISAC creates a version for assessing information security maturity in Taiwan, the Company plans to implement assessments and improvements each year.

The Company has received certification for the ISO 27001 Information Security Management System and ISO 20022 Information Security Service Management System, and is not planning to adopt Personal Information Protection (BS 10012) certification. With the support of an impartial third party, the Company will identify the blind spots in implementation and verify the effectiveness of information security management.

The Digital Security Division has established a KPI for adding two international information security licenses each year and has achieved the expected targets for two consecutive years. It continues to encourage financial institutions to assess the maturity of their information security governance and to adopt international information security management standards and obtain related certifications.
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 convenor 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:

- Review and adjustment of the recovery plan and test items
- Review of emergency response measures and related announcements
- Review of the course of events and handling results
- 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 efficacy 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.

The Company organized 57 information security training sessions in 2020 which were attended by 26,909 people with 146.5 total training hours. Details are shown in the table below:

<table>
<thead>
<tr>
<th>Training Recipients</th>
<th>Sessions</th>
<th>Number of Trainees</th>
<th>Hours</th>
<th>Course Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular employees</td>
<td>19</td>
<td>25,136</td>
<td>42</td>
<td>Email information security awareness, information security management regulations and mobile device security and protection, email social engineering exercises, information security trends and news case analyses, sharing of new knowledge on information security, IDP and remote work, OT/IT information security fundamentals</td>
</tr>
<tr>
<td>IT personnel</td>
<td>38</td>
<td>1,773</td>
<td>104.5</td>
<td>Basic personnel forensics training, personnel incident reporting training, latest hacker attack trends and case studies, smart phone social engineering prevention and case studies, secure web programming, internal information security auditor training, ISO 27000 and ISO 27001 operation standards, APT security protection technologies, malicious network activity analyses courses</td>
</tr>
<tr>
<td>Total</td>
<td>57</td>
<td>26,909</td>
<td>146.5</td>
<td></td>
</tr>
</tbody>
</table>

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 24 social engineering drills irregularly 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. Strengthen training and information security awareness of units that fail to qualify in exercises and employees with lower information security awareness to reduce the risks of potential vulnerabilities and threats.

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, as to provide more secure financial products and trading procedures.

To enhance information security resilience, First Bank has purchased the "Information system illegal conduct insurance" to mitigate the financial losses at 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.

If an information security incident occurs and causes FFHC and subsidiaries to be imposed a severe penalty, the incident will be included as a deduction in points for related personnel in the annual ESG performance evaluation in accordance with the Employee Bonus Rules, resulting in a reduced performance bonus that year. In 2020, 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.

- First Bank’s information security emergency response plan

<table>
<thead>
<tr>
<th>Emergency response plans and drill scenarios</th>
<th>Time drill was completed</th>
<th>Drill results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Response plan for abnormal ATM withdrawal incidents</td>
<td>2020/2/15</td>
<td>Met expectations</td>
</tr>
<tr>
<td>Simulated emergency response measures for branches being robbed by hackers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Response plan for website under DDoS attack</td>
<td>2020/6/18</td>
<td>Met expectations</td>
</tr>
<tr>
<td>Simulated emergency response measures for branches under DDoS attack by hackers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Local backup plan for servers</td>
<td>2020/9/17</td>
<td>Met expectations</td>
</tr>
<tr>
<td>Simulated emergency response measures for switching to servers of the Taichung Center when servers in the Taipei Center malfunction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Information security defense plan for the website application system</td>
<td>2020/8/25</td>
<td>Met expectations</td>
</tr>
<tr>
<td>Simulated emergency response measures for when the Bank’s website services are embedded with a Trojan horse or malicious link by hackers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Remote backup plan for servers</td>
<td>2020/9/19</td>
<td>Met expectations</td>
</tr>
<tr>
<td>Simulated emergency response measures for switching all information services to the Taichung Center when the Taipei Center encounters a disaster</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. SWIFT abnormal remittance response plan</td>
<td>2020/8/28</td>
<td>Met expectations</td>
</tr>
<tr>
<td>Simulated emergency response measures for when hackers hack the SWIFT system and transfer funds</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Financial institutions have unique functions for concentrating the capital of the society for management and utilization, and we are the key for guiding society as a whole to pay attention to sustainable development. We use the powers of the financial market to promote sustainable finance, integrate ESG factors into core businesses, and take care of the environment and society. The Group established sustainable lending, sustainable investment, and sustainable insurance. Policies to incorporate ESG due diligence procedures into all investment, lending, advisory, 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 safety, 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 investment 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.

We reviewed 18 cases of project financing and loans for project companies that meet the review requirements of the Equator Principles from 2018 to 2020, including approximately 5-7 loan cases each year that are governed by the Equator Principles. First Bank signed the Equator Principles and became a member bank in December 2020 and the Bank has approved 3 cases involving the Equator Principles as of June 2021. Cases are mainly in Taiwan and power industry (solar power) projects account for the largest share of projects.
Case Study of Project Financing

1. Steel rolling and extruding/industrial park development and procurement of production equipment

The borrower has set up an industrial park in the Luzhu District of Kaohsiung City to develop advanced technologies and industries to expand the scale of business, introduce new technologies to improve quality, and create a more comprehensive production line to meet international trends of sustainable development, and to support the “Executive Yuan Productivity 4.0 Development Plan” and the Executive Yuan’s goal of promoting the “development of Taiwan into a regional operation center for Asia-Pacific.”

The borrower seeks to create a friendly environment and implement sustainable management to obtain the government’s goal of “Green Enterprise.” In the process of engaging the borrower, First Bank requested the borrower to enhance the environmental protection tasks in various ongoing construction in accordance with the “Luzhu Industrial Park Development Plan Environ-ment Impact Analysis.” The borrower must meet environmental protection regulations and comply with requirements of the authorities for improving the quality of the environment and energy efficiency and the production process. The borrower also established the “Contingency Plan” for the construction period and formulated response procedures and contingency plans to rigorously control the environmental and social impact of the project. As the project will also enhance the efficiency of land use, strengthen the competitiveness of the industries in the park, promote economic development in Luzhu, increase local employment, and power the sustainable development of the local community.

2. Power industry/solar power plant construction

The “GW 5 MW solar power plant for combined fish farming and power generation in Yehzu Township, Chiayi County” will be built on 29 sites. The project commissioned professors from the Department of Bioenvironmental Systems Engineering, National Taiwan University to execute a “hydrological analysis of the construction of a friendly green energy technology farm in Yehzu Township, Chiayi County.” The professors considered the frequency of rainfall, duration of rainfall, and regulations for the water storage goals of the site, and the results of their preliminary assessment showed that there is little possibility of flooding and surface flow from pour points. First Bank also actively engaged local communities in activities such as the seminar on combined fish farming and solar power projects, communication and coordination meetings, and local seminars to learn about the concerns of local residents and fish farmers about the project. A flathead gray mullet farmer near the construction area stated that the piling driving may affect fish spawning. We therefore reached an agreement with the fish farmer and rescheduled the piling driving to a period after the harvest of the mullet to avoid affecting the harvest. To reduce the noise and vibration during the construction period, the project used a drilling machine with a pile driver to avoid affecting the tranquility of the nearby communities. We also required the borrower to fully implement the “Solar PV Power Plant Farm House and Aquaculture House Module Cleaning Standard Operating Procedures” if proposed. It must use clean water for cleaning the PV modules and must not use any cleaning agent. The Procedures also outline the steps, tools, and related procedures for communication and coordination of related environmental and social issues in the project. We have obtained the land use statement from the landowner for the project and the area is currently regarded as barren land without human occupation. We concluded that the project will have minimal impact on the local communities and environment, and the project is deemed to have no significant negative impact on human health or safety. During the construction period, the areas where land prepa-ration is completed will be covered with dust-proof canvas or dust-proof nets, or used to grow plants as quickly as possible to reduce dust emissions and maintain a high-quality landscape. Local residents will be given priority in the construction workforce to enhance local employment opportunities. Luzhu Industrial Park is a core industrial development project for the local community. The development of the project is expected to power the upgrade of the local downstream manufacturing industry and satisfy the demand for high-quality steel products for structural equipment and mechanical hardware. The project will also enhance the efficiency of land use, strengthen the competitiveness of the industries in the park, promote economic development in Luzhu, increase local employment, and power the sustainable development of the local community.

3. Power industry/solar power plant construction

The borrower plans to construct a 77,523 kW ground-mounted solar power plant in Xishazhao scenic area, Ougu District, Tainan City. The site is currently a state-owned abandoned salt field, and the area is located in an area with low ecological disputes which is not within the scope of the Williams Conservation Act. The borrower obtained the EIA exemption from the Environmental Protection Administration in February 2020. The area has the highest insolation hours in Taiwan, with an average of 2,500 hours per year and a solar energy per square meter of 140 million kWh. It is an optimal site for solar power generation. The borrower takes advantage of the low pollution, low risk, zero noise, and safety of solar power for sustainable development to increase the use of renewable energy and reduce carbon emissions. The project has received the “Environmental and Social Impact Assess-ment Report” drafted by TUL RHINELAND Taiwan (TUL), which concluded that the environmental protection of the project will increase renewable energy power generation and is a project favorable to the environment. The source of water is from the pipeline network of Taiwan Water Corporation, and water consumption consists of domestic water and water used for cleaning solar panels. No hazardous chemical substances are used. The project has established the mechanisms such as the “Transporta-tion system management plan,” “personnel safety management,” “pollution prevention and management,” “noise and vibration prevention,” and “waste disposal” to rigorously control the environmental and social impact of the project. As the construction area is a fish farm, there are no residents living on the site. Negotiations and contracts with the landowner have been concluded and complaints mechanisms have been established to ensure that the rights and interests of relevant personnel are protected.

Lending / Due diligence

First Bank included whether the corporate credit loan borrower has fulfilled the environmental protection, corporate ethical management and social responsibilities into the essence of financing evaluation. First Bank starts by reviewing whether the borrower is part of an industry in the general exclusion policy (e.g. sex, tobacco, alcohol) or designated high pollution/energy consumption industries (e.g. electricity supply industry, steel and aluminum/cooper refining, petrochemical industry (including man-made fiber), cement, paper making, semiconductor and LCD panels, printing and dyeing, leather, metal second-processing, printed circuit board and battery manufacturing). The credit loan limit for such industries may not exceed 14.8% in 2021 and may not exceed 14.5% in 2026. These targets were established as the basis for reference for risk management in the industry. For sensitive industries such as biodiversity, climate change, energy use, mining, forestry, agriculture, gasoline, and natural gas. First Bank also established management guidelines for careful evaluation to avoid significant adverse effects on ESG sustainability. First Bank excludes high carbon emission industries who are domestic borrowers to disclose information on their greenhouse gas emissions in the past three years. If the borrower’s greenhouse gas emissions have increased for two consecutive years, the reason must be specified and the Bank must consult the customer on whether it has established related carbon emission control targets, and the customer must sign and submit the “Green Financing Risk 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-approval management are as follows:

1. Review whether the borrower is part of an industry in the general exclusion policy

2. Execute CDD/KYC procedures

3. Fully understand and disclose incidents where a corporate borrower was involved in pollution (including high-pollution/high-energy-consuming industries)

4. Verification and analysis of sensitive industries (e.g., mining, agriculture, gasoline, and natural gas)
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 to identify 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 2015, FHIC extended the scope of "Green Financing Review Principles" to First Bank’s overseas sites, FCB Leasing, First Financial Leasing (Chengdu). 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, FHIC has worked with the borrowers on protecting the local environment. Of which, First Bank succeeded in soliciting the CSR commitment from 99.9% of its borrowers in 2020.

**CSR commitment signed by domestic and foreign borrowers over recent four years**

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic CSR commitment</td>
<td>16,525</td>
<td>16,659</td>
<td>24,353</td>
<td>41,705</td>
</tr>
<tr>
<td>CSR Evaluation Form for Overseas Branches</td>
<td>2,153</td>
<td>2,913</td>
<td>3,703</td>
<td>4,500</td>
</tr>
</tbody>
</table>

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

In 2020, we reviewed 80,941 cases (78,952 domestic cases and 1,989 overseas cases) according to the "Green Financing Review Principles". These cases accounted for 100% of the corporation's lending cases. 75,030 cases (73,471 domestic cases and 1,559 overseas cases) passed the review process. 75,030 cases (73,471 domestic cases and 1,559 overseas cases) passed the review process. There were 5,680 cases in which a borrower was implicated in environmental pollution, harm to society, and human rights violations.

### ESG Dispute Factors

<table>
<thead>
<tr>
<th>Dispute factors</th>
<th>Review results</th>
<th>Refusal of credit loans (excluding reduced credit limit or withdrawal applications)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case</td>
<td>Amount</td>
<td>Case</td>
</tr>
<tr>
<td>Involved in environmental pollution in the past</td>
<td>1,562</td>
<td>410,321,401</td>
</tr>
<tr>
<td>1. Air pollution</td>
<td>761</td>
<td>264,195,987</td>
</tr>
<tr>
<td>2. Water pollution</td>
<td>368</td>
<td>94,568,400</td>
</tr>
<tr>
<td>3. Waste disposal</td>
<td>275</td>
<td>50,729,459</td>
</tr>
<tr>
<td>4. Toxic substances</td>
<td>17</td>
<td>927,565</td>
</tr>
<tr>
<td>5. Other sources of pollution</td>
<td>1</td>
<td>100,000</td>
</tr>
<tr>
<td>Threats to social welfare</td>
<td>52</td>
<td>4,547,571</td>
</tr>
<tr>
<td>Infringement of human rights</td>
<td>50</td>
<td>945,838</td>
</tr>
<tr>
<td>Governance and risk factors</td>
<td>4,216</td>
<td>6,545,786,827</td>
</tr>
</tbody>
</table>

Total: 5,680 cases or 6,959,601,137 cases or 231 cases or 90,824,959

Note: Factors of controversial issues are not absolute causes for refusal of credit loans.

In correspondence with the promotion of green finance in 2017, First Bank added the remarks 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 “declaration of items related to green industry” and “purpose of green funds” respectively to the “Credit Investigation Report” and “Credit Loan Application” of corporate borrowers. Credit reports must disclose whether the borrower engages in planning of green industry. If it discloses 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 Enterprises” 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 protection or social responsibility, 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 of risk control business review meetings in order to carry out the group’s idea of assisting in green enterprise development.

### Responsible investment

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

#### Investment decision-making

- **Step 1: Screening**
  - Exclusion principle: Investment targets may not be arm’s, gambling, pornography, or other controversial industries
  - Review and update the "Do Not Invest List" every two years
  - Disclose the carbon emissions of the investee company in the investment analysis report

- **Step 2: Evaluation**
  - The evaluation procedures include ESG factors
  - ESG engagement with companies
  - Investment decision-making meeting
  - Tracking and investment review

- **Step 3: Review**
  - Review of deviations in execution
  - Disclosure of voting in the shareholders' meeting
  - Sign and comply with the "Stewardship Principles for Institution- al Investors"
  - Monitor ESG issues of investee companies

- **Step 4: Adjustment**
  - Limit an investment for specific industries (highly polluting/high energy consumption)
  - If an investee violates ESG obligations and is penalized but fails to implement improvements, investments in the company shall be reduced or withdrawn

Among credit loans that have not been approved in 2020, the following are the top three borrowers that have been involved in controversial issues in the past, such as environmental pollution, prejudicing social welfare, and infringement of human rights based on the amount.

<table>
<thead>
<tr>
<th>Name of borrower</th>
<th>ESG Dispute factors</th>
<th>Amount of credit loans rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td>XX Construction Co., Ltd</td>
<td>Involved in environmental pollution - Pollution source as announced by the Environmental Protection Administration, Executive Yuan - water pollution</td>
<td>2,589,500</td>
</tr>
<tr>
<td>XX Electronics Co., Ltd</td>
<td>Involved in environmental pollution - Pollution source as announced by the Environmental Protection Administration, Executive Yuan - water pollution</td>
<td>1,120,000</td>
</tr>
<tr>
<td>XX Industries Co., Ltd</td>
<td>Involved in environmental pollution - Pollution source as announced by the Environmental Protection Administration, Executive Yuan - water pollution</td>
<td>750,000</td>
</tr>
</tbody>
</table>

Total: 4,259,500

Note: Factors of controversial issues are not absolute causes for refusal of credit loans.
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 2018 to 2020 were 16, 44, and 10 companies, respectively. This 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 5 domestic funds (Small Cap, Innovation, High-Tech, OTC, and Greater China Balanced) of FSITC excluded related individual stocks from the investment pool based on this list in 2020. 62.89% of the individual stocks that the said five funds have invested in have formulated and filed sustainability reports.

<table>
<thead>
<tr>
<th>Screening Standards</th>
<th>Main Basis</th>
<th>No of individual stocks excluded from the investment pool in the past three years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product sustainability</td>
<td>Excluding enterprises involving animal welfare, climate change, ozone layer destruction, betting games, genetic engineering, nuclear energy, the sex industry, tobacco, and weapons systems</td>
<td>7 7 7</td>
</tr>
<tr>
<td>Governance</td>
<td>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</td>
<td>8 35 3</td>
</tr>
<tr>
<td>Social</td>
<td>• It is determined whether a major labor dispute, employee strike, or other similar incident has occurred and whether union negotiations have not yet been concluded.  • The company has laid off employees without warning.  • Screening guidelines for safeguarding human rights were adjusted based on the content and spirit of the &quot;Universal Declaration of Human Rights,&quot; with particular emphasis on Articles 6, 7, and 8 of the &quot;International Covenant on Economic, Social and Cultural Rights.&quot;</td>
<td>0 0 0</td>
</tr>
<tr>
<td>Environmental</td>
<td>• List of Sanctioned Entities announced by the Environmental Protection Administration, Executive Yuan (Environmental Protection Administration, Executive Yuan / Public Administrative Announcements / List of Entities Sanctioned by the EPA); sanctioned entities which have not made improvements.  • Those which have legal actions taken against them by the prosecutor are entered on the watchlist.</td>
<td>1 2 0</td>
</tr>
</tbody>
</table>

Total | 16 44 10

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 2020 are as follows:

### Responsible investment/stewardship implementation status

- **Attendance in shareholders’ meetings of listed investee companies in 2020**
  - First Bank: 100%
  - First Securities: 100%
  - First Securities Investment Trust: 100%
  - First Life Insurance: 100%

### Results of engagement

- **Successful engagement and case closed:** 92%
- **Engagement in progress:** 4%
- **Engagement closed with restrictions:** 2%
- **Continuous monitoring:** 2%

### Percentage of ESG engagement with investee companies

- **Environmental issues:** 21%
- **Social issues:** 13%
- **Governance issues:** 53%
- **Overlapping ESG issues:** 12%

### Green bond investment balance in past 3 years

- **2020:** 37.8 billion NT$  
- **2019:** 48 billion NT$  
- **2018:** 67 billion NT$
To help companies reduce the pollution and resources waste in the production or service process, First Bank launched the "Net Zero" Promotion in the Energy Industry financing program in 2010 to support energy-saving and pollution-reducing industries (or "ESG Industry"). First Bank also issued the "Renewable Energy Creation Loan" in line with the "Militon 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 Bank's thematic financing plan and 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 product development. 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 Enterprise”, in 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 low-carbon transformation.

**Green Finance**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Product content description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green/ESG-related credit</td>
<td>4,692.81</td>
<td>- Energy service company (ESCO) industries, renewable energy creation loans, and other preferential green finance and green industry loans - Preferential loans for key innovative industries</td>
</tr>
<tr>
<td>Corporate loan financing balance</td>
<td>8,729.67</td>
<td>Note: The Bank’s loans for small and medium enterprises mainly focus on financial inclusion. We therefore moved such loans to 7.5% interest financial products and services in the Bank's Annual Report.</td>
</tr>
<tr>
<td>Percentage(%)</td>
<td>53.76</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Product content description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESG-based fixed-income product issuance amount</td>
<td>10</td>
<td>Issuing green bonds</td>
</tr>
<tr>
<td>Total fixed-income product issuance amount</td>
<td>379.5</td>
<td>2.64</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Product content description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESG infrastructure construction loan balance</td>
<td>268.47</td>
<td>- Taiwan HK loans - Wan-Da Line and San-Yin Line MRT loans - Taoyuan Airport MRT loans</td>
</tr>
<tr>
<td>Infrastructure construction loan balance</td>
<td>405.62</td>
<td>64.19</td>
</tr>
</tbody>
</table>

First Bank actively supports national policies and renewable energy financing. In 2020, the solar PV syndicated loans organized and co-organized by First Bank totaled NT$20.1 billion, and the amount of syndicated loans provided by First Bank totaled NT$17.5 billion. The total installed capacity was 497.9 MW and the annual power generation is approximately 552 million kWh. The projects reduce annual carbon emissions by approximately 280,000 tons CO2 per year which is equal to the carbon absorption of 722 Doran Forest Parks.

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 development in Taiwan. First Bank organized the "Industrial Innovation Plan Loan" which helps industries invest 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$68.5 billion was approved in 2020. First Bank was awarded Rank A in the "Incentive Policy for Loans to Domestic Banks to Innovative Key Industries" promulgated by the Financial Supervisory Commission, showing our determination to support the continual development of the real economy.
Green Bonds and Solar Energy Fund
To support the transformation and upgrade to a low-carbon economy and actively invest in renewable energy industries, 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 loans can be used to construct solar power plants with an installed capacity of approximately 15MW. In addition, First Consulting raised and managed a green energy fund of NT$480 million and First Venture Capital also invested NT$100 million (with 44% shareholding ratio) for the construction of solar power plants with a total installed capacity of approximately 56.5MW. Once the power plants are completed, they are expected to reduce 71,000 tons CO₂e of carbon emissions each year which is equal to the carbon absorption of 183 Da’an Forest Parks.

7-2 Retail Banking / Individual Finance

Credit Card / KYC Review Procedures
First Financial Group incorporates ESG factors into its individual finance business review procedures. The Group implements customer due diligence (CDD) and know-your-customer (KYC), and rigorously checks the AML and countering the financing of terrorism (CFT) blacklists for new account openings and new business transactions. We implement enhanced due diligence (EDD) for high-risk customers and refuse or decline transactions if their ESG risks are too high to minimize the negative impact of our products and services on the society and environment.

Retail Banking Credit Review and ESG Engagement
We have incorporated ESG factors into our credit business to enhance the quality and resilience of credit assets. All retail banking customers are required to pass a financial assessment and ESG risk review process to verify their financial sustainability and resilience against unforeseeable risks. In 2020, we declined the establishment of business relations with 132 customers due to AML risks.

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 more vulnerable to landslides, mudslides, etc. caused by climate anomalies. First Bank provides information on the location of mortgage collateral and works with external consultants to conduct analyses and strengthen the assessment of the risk exposure of the locations of collaterals and strengthen the protection of creditor rights.

Product Review - Include ESG risks and opportunities into the evaluation items for product launch reviews
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 (KYIP) principles, wealth management products launched by First Bank must be reviewed with the scoring sheet to verify whether the ESG-related assessment items involve significant environmental issues, whether the investment targets encompass sustainable industries, social responsibility, and stewardship. After the applicant passes a product in the initial review, the relevant information shall be submitted to the “wealth management product review meeting” for 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 categorization. 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.

Preliminary evaluation by the proposing unit:
• CSR commitment
• Taiwan Stewardship Principles for Institutional Investors (domestic fund companies)
• Principles for Responsible Investment (PRI) (offshore fund companies)
• Anti-Money Laundering and Counter Terrorism Financing Risk Identification Table (Insurance)

Product Review Meeting
Essential scoring items:
• Investment targets and ESG management policies
• Operating strategy
• Risk and returns
• Past performance
• Reasonableness of related fees
• Suitable customer type

100% of the products passed ESG review and a total of 364 ESG-related financial products were launched in 2020. The percentages of the products are as follows:

<table>
<thead>
<tr>
<th>Product classification</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust fund</td>
<td>14.43%</td>
</tr>
<tr>
<td>Investment products</td>
<td>28.32%</td>
</tr>
<tr>
<td>Insurance products</td>
<td>13.23%</td>
</tr>
</tbody>
</table>

Percentage of signature of the compliance statement for the “Stewardship Principles” by domestic fund companies with products marketed at the Group

Percentage of the “Corporate Social Responsibility Report” or submission of the compliance statement of the “CSR Declaration” by insurance companies with products marketed at the Group
## Retail Banking – ESG-related products and their respective proportions (Unit: NT$100 million)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Product content description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green/ESG consumer loan financing balance</td>
<td>458</td>
<td>Green consumption loans, e-speed loans, First Time Home Buyer Mortgage, Comfort Loan, Worker relief loan</td>
</tr>
<tr>
<td>Urban renewal financing projects and financing projects for the reconstruction of dangerous and old buildings</td>
<td>97.3</td>
<td>Urban renewal projects and financing projects for the reconstruction of dangerous and old buildings</td>
</tr>
<tr>
<td>Public Wellbeing/Green Credit Card</td>
<td>7.9</td>
<td>Lewzen Cards, Living Green Cards, Yilan Cards, and World Cards</td>
</tr>
<tr>
<td>Total retail banking business credit balance</td>
<td>6,197.62</td>
<td></td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>9.09</td>
<td></td>
</tr>
</tbody>
</table>

## Green / ESG Lending business

### Green / ESG Consumer Loans

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. We provide First Time Home Buyer Mortgage and Comfort Loan in accordance with national policies to take care of young property buyers and meet financing requirements of elderly people living in the aging society. We also organized the worker relief loan in response to the COVID-19 epidemic in 2020. In addition to in-person applications over the counter, we also use the “e-speed loan” online loan application platform to increase the convenience for applicants and accelerate digital financial services. In 2020, 21% of the customers of personal loans were approved after ESG risk and opportunity engagement.

### Green / ESG Consumer Loans – Related Products

- **Green consumer loans**: (provide customers with funding for the purchase of green energy or energy-efficient products)
- **e-speed loan**: (create a digital financial environment and provide customers with convenient online application services for consumer loans)

### Green / ESG Consumer Loans – Balance

- **3,212**: households
- **36**: USD

## Case Study

### ESG Engagement Case 1

Donations from the Leezen Card to the Tzu-Kin Organic Agriculture Foundation have been used for the promotion of organic agriculture and land rehabilitation projects for many years. FFHC supports a wide range of eco-friendly programs, including the "Clean Resources Project" which promotes organic farming methods in regions containing our water resources to ensure aquifers remain free from contamination, support for organic farming methods in national parks, promotion of tree-planting activities in various regions, afforestation in coastal areas, tree-planting on campuses, promotion of “Green Conservation” product labelling which offers both economic and environmental benefits, and guidance for the industries of local indigenous tribes. The Foundation focuses on development in Taiwan and consolidates the powers of like-minded individuals in Taiwan and abroad to continue to promote organic/environmentally friendly farming and actively expand vegetable and plastic removal activities. First Bank also invited cardholders of Leezen Card to experience organic farming activities together and create bridges between cardholders and organic farms. Every experience activity has received wide acclaim from the cardholders and increased the proportion of effective Leezen Cards to 90%. The “Clean Resources Project” project offers organic farming methods and provides guidance for the industries of local indigenous tribes, 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.

### ESG Engagement Case 2

Since the launch of its urban renewal financing businesses in 2009, First Bank has provided financing loans for regular urban renewal projects, encouraged applicants to apply for the Green Building mark, and provided more 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.

In 2020, we approved a total of 81 urban renewal financing projects and financing projects for the reconstruction of dangerous and old buildings totaling NT$57.57 billion. We helped 58 urban renewal projects obtain Silver-Level Green Building Label or above and benefited 2,466 households.

## Public Welfare / Green Credit Card

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 causes, and donated to the Tzu-Kin Organic Agriculture Foundation and the Biaosa Wisdom Foundation of Culture and Education to promote the idea of organic, pesticide-free vegetables, assist organic agriculture, and restore land. 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 2,665 sets of LED lamps. It is estimated that the power consumption will be reduced by 251,000 kWh, saving electricity costs by about NTD 1 million, and reducing carbon emissions of 150.92 metric tons of CO2.

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.

First Bank issued the “Taoyuan City Citizen Card Co-Branded Credit Card” in collaboration with Taoyuan City Government in March 2021 and allocates 0.3% of domestic payments made with the card to Taoyuan City Government for use in promoting innovative smart city applications including smart water resource recycling cloud integration platforms, green transportation, diverse energy integration systems, and regional resource and circular economy industry chains to create a smart, energy-efficient, green, and low-carbon city, and ensure sustainable development of the environment.

---

### ESG Engagement Case 2

Proceeds from Leezen Card are donated to the “Bliss and Wisdom Foundation of Culture and Education” to promote “good deeds and care for life.” The Foundation is based on the values of filial piety and gratitude, caring education, classical education, and good and altruistic deeds. It organizes life development camps for teachers, life development camps for college students, development camps for business executives, and other camps consisting of more than 1,000 participants each year. It registered a total of 101,108 volunteer participation and 96,440 beneficiaries in 2020. It used outdoor activities such as beach cleaning and tree planting to purify our society. Amid the uncertainties caused by the COVID-19 epidemic across the world, First Bank invited cardholders to support healthcare workers together by sending more than one thousand thank you boxes, vegetable lunch boxes, Leezen organic food, and other heartwarming supplies with the aim of encouraging more companies and people to join hands in providing support and give back to the society through real actions.

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.

### Sustainability Investment Product

FFHC integrates core competencies to support the transformation to a low-carbon economy and makes full use of the influence of the financial industry for sustainability. We provided the following products or services in 2020 that benefited the society and environment.

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

- **Themed funds:** The funds include those that have positive benefits for the environment or climate change control such as funds related to infrastructure for public services, low carbon transformation, and artificial intelligence.

  - **FSITC Global Artificial Intelligence Fund**
    - The fund mainly invests in AI-related industries closely related to the low-carbon economy and climate change
    - AuM 1.428 billion
  - **FSITC Global Utilities and Infrastructure Fund**
    - The fund mainly invests in utilities and infrastructure construction industries closely related to the low-carbon economy and climate change
    - AuM 2.136 billion
  - **FSITC Global FinTech Fund**
    - The fund mainly invests in FinTech industries closely related to the low-carbon economy and climate change
    - AuM 1.105 billion

  **Total**
  - AuM 4.669 billion

  **Note:** To focus more on funds with positive benefits for the environment, the AuM - FSITC Global AI Robotics and Smart Auto Fund, FSITC AI Global Precision Medicine Fund, and FSITC Innovation Fund which focused more on benefits for the society were removed in 2020.

#### Scale of assets of ESG-related funds under the management of First Bank

<table>
<thead>
<tr>
<th>Item</th>
<th>AuM of sustainability-themed investment products</th>
<th>AuM of all investment products</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unit: NT$100 million</td>
<td>1,854.24</td>
<td>10.9</td>
</tr>
<tr>
<td>2022</td>
<td>202.02</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

### ESG-Themed Advisory Services

First Bank uses its core banking competencies to provide consulting and services to enhance the marketing activities for the sustainable development of small and medium enterprises. We promote the Green Financing Review Principles and preferential loan programs for innovative industries and green enterprises to help customers identify ESG opportunities and obtain working capital. We also share information on business opportunities for energy saving and carbon reduction measures and low-carbon transformation to direct financial resources to companies that can contribute to the sustainable development of the environment and society.

#### Small and Medium Enterprise Credit Guarantee Fund (SMEG)

First Bank used real actions to support domestic enterprises and expanded financing of domestic small and medium enterprises as part of its long-term collaboration with the Small and Medium Enterprise Credit Guarantee Fund. We are committed to supporting their growth which would indirectly stimulate domestic economic growth and spur job creation. The outstanding loans to SMEs amounted to NT$71 billion. Our market share has topped all domestic banks for 11 consecutive years and we have won the “SMEG Gold Award” for SME credit guarantees 12 times. We also organized the Reaching the Next Pinnacle of Corporate Success - Lecture Series to provide small and medium enterprises with the latest financial information and sustainability advisory services.
Supporting Domestic Regional Revitalization Programs

In response to a declining and aging population, over-concentration of population in metropolitan areas, and unbalanced urban and rural development, we support the government’s “Regional Revitalization” policy and actively promote the “Regional Revitalization National Strategic Plan”. We encourage new businesses to relocate to local areas, increase local employment, and develop the technical know-how and manpower for local industries. As of the end of 2020, First Bank had 26 regional revitalization business accounts in the “Regional Revitalization Team Database” and the loan balance was $787 million.

Creation of the One-stop Service for Urban Renewal

As we have obtained the Green Building Label for the renovation of our buildings and reduction of their environmental impact, we also make sure that the urban renewal plans meet our green finance policies as part of our core business. As buildings rebuilt in urban renewal must meet green building standards, we actively provide assistance and guidance for urban renewal financing despite the lengthy and complicated process of integration for urban renewal cases. As we also committed manpower and resources to complete self-financed urban renewal cases. As such, we have implemented projects by developers but by the urban renewal companies organized by the original residents, the benefits of urban renewal are vested in the original residents who do not have to share the benefits with the developers. The program is very beneficial for economically disadvantaged residents. In the preparation process of urban renewal projects, we actively integrated overall resources of FFHC to provide comprehensive one-stop financial services for urban renewal from urban renewal planning, trust management, rebuilding costs, insurance, construction management to the subsequent completion, handover and loan splitting. The services ensure that the residents do not have to worry about fundraising, construction, construction supervision, and safety management issues.

FFHC has continued to promote urban renewal consulting services. The design of a comprehensive package for disadvantaged communities in particular means that residents can move into safe and comfortable new buildings without having to pay for the reconstruction themselves. The building transformations create energy-saving, carbon-reducing, ecological and friendly communities that benefit the environment, residents and FFHC. We continue to attract urban renewal consulting cases and we have successfully integrated 46 urban renewal consulting cases since we started the services. 38 such projects have plans to apply for green building labels which will enhance FFHC’s professional reputation in urban renewal consulting services.

7-3 Inclusive Finance Products and Services

SASB FN-CB-240a.1: Number and amount of loans outstanding qualified to programs designed to promote small business and community development

SASB FN-CB-003a.4: Number and value of checking and savings accounts by person and small business

SASB FN-CB-003a.8: Number and value of loans by person, small business, and corporate

To support the United Nations SDG for promoting inclusive finance and providing disadvantaged groups and people in remote areas with basic financial services, the products launched by FFHC and their effectiveness are as follows:

<table>
<thead>
<tr>
<th>Recipients of Services</th>
<th>Methods and Items</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Disadvantaged groups</strong></td>
<td>No. of micro-insurance effective contracts</td>
<td>214</td>
<td>155</td>
<td>309</td>
</tr>
<tr>
<td></td>
<td>Micro insurance and effective contract amount</td>
<td>106.7</td>
<td>77.7</td>
<td>154.5</td>
</tr>
<tr>
<td></td>
<td>No. of Loving Smallism Lifetime Insurance effective contracts</td>
<td>4,411</td>
<td>5,359</td>
<td>6,005</td>
</tr>
<tr>
<td></td>
<td>Cumulative amount of Loving Smallism Lifetime Insurance</td>
<td>1,242.14</td>
<td>1,567.56</td>
<td>1,779.25</td>
</tr>
<tr>
<td></td>
<td>No. of Comfort Loan being processed</td>
<td>525</td>
<td>1,335</td>
<td>2,151</td>
</tr>
<tr>
<td></td>
<td>Comfort Loan approval amount</td>
<td>8,920.6</td>
<td>6,182.54</td>
<td>8,211.41</td>
</tr>
<tr>
<td></td>
<td>Number of loans for medical biotechnology and long-term care projects</td>
<td>21</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Amount in loans for medical biotechnology and long-term care projects</td>
<td>1,290</td>
<td>2,129</td>
<td>807</td>
</tr>
<tr>
<td></td>
<td>Number of effective contracts in annuity insurance programs related to aging society and low birth rates</td>
<td>565</td>
<td>1,587</td>
<td>1,289</td>
</tr>
<tr>
<td></td>
<td>Contract amount of effective contracts in annuity insurance programs related to aging society and low birth rates</td>
<td>518.6</td>
<td>2,232</td>
<td>666</td>
</tr>
<tr>
<td></td>
<td>The number of senior citizens’ branches</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>The number of wheelchair-accessible ATMs</td>
<td>415</td>
<td>473</td>
<td>492</td>
</tr>
<tr>
<td><strong>Persons with disabilities and the elderly</strong></td>
<td>No. of Micro Loans for Female Entrepreneurs</td>
<td>40</td>
<td>47</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>Micro Loans for Female Entrepreneurs approval amount</td>
<td>27.24</td>
<td>50.17</td>
<td>54.65</td>
</tr>
<tr>
<td></td>
<td>Percentage of female who received loans from the “Micro Loans for Female Entrepreneurs” program</td>
<td>82.50</td>
<td>72.34</td>
<td>68.42</td>
</tr>
<tr>
<td><strong>Female</strong></td>
<td>No. of Loans for Young Entrepreneurs and Start-ups and “Loans for Minor Entrepreneurs” approval amount</td>
<td>153</td>
<td>241</td>
<td>667</td>
</tr>
<tr>
<td></td>
<td>Loans for Young Entrepreneurs and Start-ups and “Loans for Minor Entrepreneurs” approval amount</td>
<td>243.79</td>
<td>285.39</td>
<td>507.52</td>
</tr>
<tr>
<td><strong>Youth</strong></td>
<td>New Loans through SMEG</td>
<td>145,600</td>
<td>146,300</td>
<td>184,869</td>
</tr>
<tr>
<td></td>
<td>SMEG Loan Amount</td>
<td>64,800</td>
<td>73,000</td>
<td>118,230</td>
</tr>
<tr>
<td></td>
<td>SME Loan Amount</td>
<td>457,300</td>
<td>700,700</td>
<td>791,037</td>
</tr>
<tr>
<td></td>
<td>Balance of SME entrepreneurship investment</td>
<td>280</td>
<td>266</td>
<td>303</td>
</tr>
<tr>
<td><strong>Small and medium enterprises</strong></td>
<td>No. of preliminary negotiation approval accounts</td>
<td>675</td>
<td>675</td>
<td>661</td>
</tr>
<tr>
<td></td>
<td>Amount of preliminary negotiation contracts signed</td>
<td>42</td>
<td>48</td>
<td>579</td>
</tr>
</tbody>
</table>
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 disabilities (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://www.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 interrupted 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.

To better accommodate the needs of people with disabilities, we have already set up 492 wheelchair-accessible ATMs throughout Taiwan as of the end of 2020, including seven voice-operated ATMs for visually-impaired customers who can plug in headphones with the headphone plug and enter the accessible audio mode. The operation buttons are provided with explanation in Braille for customers to use their sense of touch to read. We also use audio features to guide visually-impaired customers in step-by-step operations so that they can operate ATMs without others’ assistance and we can increase the accessibility of financial services.

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.

Financial inclusion metrics and activity metrics for promoting small business development

<table>
<thead>
<tr>
<th>Item</th>
<th>Person</th>
<th>Small business</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of loan accounts</td>
<td>108,575</td>
<td>27,206</td>
<td>1,058</td>
</tr>
<tr>
<td>Value of loans (Unit: NT$1,000)</td>
<td>18,992,145</td>
<td>189,629,265</td>
<td>284,839,045</td>
</tr>
<tr>
<td>Number of checking and savings accounts</td>
<td>6,520,294</td>
<td>73,808</td>
<td>-</td>
</tr>
<tr>
<td>Value of checking and savings (Unit: NT$1,000)</td>
<td>1,472,500,083</td>
<td>116,850,020</td>
<td>-</td>
</tr>
</tbody>
</table>

Note:
1. Exclude customers of overseas branches and subsidiaries.
2. Number of checking and savings accounts is calculated based on the number of cases (if there are multiple accounts for one business, multiple number of accounts will be counted).
3. Number of loan accounts is calculated based on the number of cases (if there are multiple cases for one business, multiple number of cases will be counted).
4. Value of loans does not include mortgage loans, revolving loans and overdue personal loans.
5. A small business is defined as a micro or small enterprise, which means that the enterprise meets one of the following criteria: has been established for less than two years, employees fewer than 20 employees, registered capital is less than NT$5 million, or annual revenue is less than NT$10 million.

Support of with Government Policies in Relief Loans

As the Covid19 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 at the end of 2020, First Bank had processed 121,516 relief loan applications and approved 93,968 applications totaling NT$107,576 billion with an approval rate of 77.33%.

“Glory= World Card” Education and Support for Remote Areas

First Bank has 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 lunchies, classes after school, etc.

As of the end of 2020, First Bank had issued 5,071 “Glory= World Cards” and donated NT$2.7 million through the “School Education Savings Account” platform of the Ministry of Education, which in turn helped 792 disadvantaged schoolchildren.
8-1 The Group’s AML / CFT Management Framework

Establishment and amendment of the AML/CFT Policy

Authority and responsibility: Board of Directors

Supervision mechanisms

- Follow-up and report on improvements for audit deficiencies
- Report the AML implementation status every six months

Meeting instructions

- Subsidiaries shall adjust the IRA risk factors and indicators annually in accordance with external laws and regulations and the nature of their business operations.
- Subsidiaries must periodically appoint independent experts to conduct comprehensive verification of the AML system.

Assigned dedicated officer — Chief Compliance Officer of the head office

Authority and responsibility: Board of Directors assigned a Vice President to take charge of supervising the Group’s AML/CFT compliance status.

Implementation Results

- Reporting the Group’s AML/CFT implementation status and reviewing improvement measures to the Risk Management Committee every two months
- Reporting the AML/CFT implementation status to the Audit Committee and the Board of Directors every six months

Establishment of dedicated unit - Compliance Department

Authority and responsibility: Establishment and management of the Group’s overall AML/CFT plans.

Implementation Results

- 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.
- The Company organizes AML/CFT training programs for the Group. As an example, the Company invited the Prosecutor Pei-Ling Tsai to speak on the “Development and Vision in the Post-APG Era” for the Group’s Directors, Supervisors, and dedicated AML personnel on July 8, 2020.

Assign supervisor

Authority and responsibility: First Bank has set up a dedicated AML/CFT supervisor system to enhance the effectiveness of AML/CFT system and ensure stable business development.

Implementation Results

- First Bank assigned dedicated AML/CFT supervisors to 28 domestic business units. Other domestic units that do not implement the dedicated supervisor system are assigned a deputy supervisor.

- 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
  - Monopower assignment and training
  - Key AML plans for next period
  - STR de-identification case studies
  - CDD information sharing implementation status
8-2 Implementation of Anti-Money Laundering and Counter Terrorism Financing

1. Education and training

To improve the abilities and performance of the group’s employees in AML/CFT, categories of AML/CFT education and training courses organized by FFHC, First Bank, First Securities, First Securities Investment Trust, and AMC in 2020 are as follows:

<table>
<thead>
<tr>
<th>Course</th>
<th>FFHC</th>
<th>Banks</th>
<th>Securities</th>
<th>Securities Investment Trust</th>
<th>Life Insurance</th>
<th>AMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular internal training that uses cases for learning</td>
<td>100 people</td>
<td>5,445 hours</td>
<td>88 people</td>
<td>42 people</td>
<td>23 people</td>
<td>25 people</td>
</tr>
<tr>
<td>Computers training course self-evaluation form</td>
<td>10,024 people</td>
<td>159.75 hours</td>
<td>1,507 people</td>
<td>2,357.39 hours</td>
<td>440 people</td>
<td>880 hours</td>
</tr>
<tr>
<td>The laws/regulations manager is responsible for company-wide</td>
<td>64 people</td>
<td>128 hours</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>internal network training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The laws/regulations and provides face-to-face training</td>
<td>403 people</td>
<td>201.5 hours</td>
<td>257 people</td>
<td>407.5 hours</td>
<td>294 people</td>
<td>588 hours</td>
</tr>
<tr>
<td>Face-to-face training by external institutions</td>
<td>70 people</td>
<td>264 hours</td>
<td>908 people</td>
<td>1,738.5 hours</td>
<td>42 people</td>
<td>93.5 hours</td>
</tr>
<tr>
<td>Mandatory annual training</td>
<td>9 people</td>
<td>108 hours</td>
<td>297 people</td>
<td>4,465 hours</td>
<td>8 people</td>
<td>96 hours</td>
</tr>
<tr>
<td>Total</td>
<td>20,062 people</td>
<td>attended the courses with a total of 34,141.89 hours</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To strengthen employees’ awareness of AML/CFT laws and regulations, First Bank, First Securities, and First Securities Investment Trust require all employees or specific personnel of domestic units to complete online AML/CFT courses and take a post-course test. The test results are listed in the table below:

<table>
<thead>
<tr>
<th>Number of people qualified</th>
<th>Average score</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,974</td>
<td>95</td>
</tr>
</tbody>
</table>

2. Centralized suspicious transaction report (STR) project

First Bank began implementing the centralized suspicious transaction report (STR) project on May 25, 2020 to effectively monitor suspicious transactions and implement reporting operations. The alerts produced in the SAR module of the AML system are now directed to the dedicated unit of the head office for investigation, identification, confirmation, and reporting to enhance investigations, improve the quality of reports, and ensure that there are no omissions. As of December 31, 2020, a total of 95 branches have implemented the centralized STR system.

3. Non-face-to-face customer due diligence

First Bank implements customer due diligence (CDD) with the same effects as general CDD, and requires special and sufficient measures to reduce risks (e.g., the single-day withdrawal limit for ATMs of the Bank is NT$100,000). Regulations on non-face-to-face account opening and transactions are explained below:

a. First Bank’s ATM services: All users are customers of the Bank.

b. Offshore electronic payment: Restricted to the existing customers of the Bank and no online account opening services shall be provided.

c. Digital deposit account: Limited to natural persons and sole proprietorships and the identity certification methods are as follows:

1. Check and authenticate customer identity: Request application form (authorizing an account and business dealings, if any).

2. Check and identify the beneficial owner: Request declaration from senior management and beneficial owner.

3. Request information on senior management: Request declaration from senior management and beneficial owner.

4. Understand the nature of the relationship and purpose for business dealing: Request the business dealing statement.

4. Policies, identification, regular review, and monitoring of PEPs and other high-risk customers

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 tracked 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.

First Bank Customer Due Diligence (CDD) procedures are as follows:

1. Check and authenticate customer identity

2. Check and identify the beneficial owner

3. Request information on senior management

4. Understand the nature of the relationship and purpose for business dealing

High-risk customers adopt enhanced due diligence (EDD) customer due diligence measures and increase review level by one level.
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 effectiveness of 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.

- The FSC currently only requires banks and large insurance companies to appoint accountants to conduct special audits on their AML/CFT assurance projects. However, the Company has requested First Bank, First Securities, First Securities Investment Trust, and First Life Insurance to commission an accountant to conduct special audits on their AML/CFT assurance projects to ensure the effectiveness and implementation of the Group’s AML/CFT operations. The Group continued to appoint PricewaterhouseCoopers, Taiwan to implement special audits on the AML/CFT assurance projects of First Bank, First Securities, First Securities Investment Trust, and First Life Insurance in 2020.

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 2020, the Bank also analyzed 5,590 suspected MLTF transactions reported by external inspection authorities and 1,353 STRs from the Bank and identified criminal risks faced by the Bank for formulating related operating procedures.

<table>
<thead>
<tr>
<th></th>
<th>Letter from external investigation institution</th>
<th>Bank files STR</th>
<th>Number of feedback incentive cases of the Investigation Bureau, Ministry of Justice</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of cases</td>
<td>Percentage</td>
<td>Number of cases</td>
</tr>
<tr>
<td>Fraud</td>
<td>4,442</td>
<td>79.46%</td>
<td>853</td>
</tr>
<tr>
<td>Tax crime</td>
<td>442</td>
<td>7.91%</td>
<td>561</td>
</tr>
<tr>
<td>Organized crime</td>
<td>26</td>
<td>0.47%</td>
<td>6</td>
</tr>
<tr>
<td>Drugs</td>
<td>197</td>
<td>3.52%</td>
<td>23</td>
</tr>
<tr>
<td>Corruption</td>
<td>169</td>
<td>3.02%</td>
<td>15</td>
</tr>
<tr>
<td>Securities fraud</td>
<td>169</td>
<td>3.02%</td>
<td>28</td>
</tr>
<tr>
<td>Gambling</td>
<td>145</td>
<td>2.60%</td>
<td>59</td>
</tr>
<tr>
<td>Third party ML</td>
<td>0</td>
<td>0.00%</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>5,590</td>
<td>100.00%</td>
<td>1,353</td>
</tr>
</tbody>
</table>

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 2020, a total of 52 fraud attempts were successfully prevented, resulting in NT$15.56 million in fraudulent funds being blocked.
**Climate Change Strategy and Management**

**Material Topic:**
GRI 203 Indirect economic impact

**ENVIRONMENTAL FACTORS**

**Climate Change Strategy and Management**

**Building “the No. 1 Brand in Green Finance” Milestones**

<table>
<thead>
<tr>
<th>Year</th>
<th>Milestones</th>
</tr>
</thead>
</table>
| 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 ESDD industry.  
• Established the Organic Agricultural Assistance Project and launched the first charity co-branded card based on the concept of "growing organic to stay healthy" and "environmental conservation." The card enables First Bank to team up with customers to help small organic farmers that lack manpower and financing in order to protect the land of Taiwan. |
| 2011 | • First Bank set up "Green Finance Committee", supporting the development of "Green Finance" with four approaches on "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 achieved "ISO 14001 Environmental Management System" certification.  
• 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 achieved "ISO 14001 Environmental Management System" certification. |
| 2012 | • First Bank London Branch applied for the certification for old buildings based on the Carbon Disclosure Project (CDP) and became the first company in Taiwan’s financial industry to obtain Leadership A List.  
• First Bank set up the "ISO 14001 Environmental Management System" certification for the IT Building for the first time and received certification.  
• First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Financial AMC achieved "ISO 14001 Environmental Management System" certification. |
| 2013 | • First Bank and First Securities Investment Trust, First Life Insurance and First Financial AMC obtained "The Green Building Mark (Taiwan)" for the FFHC headquarters building (opened in 1982) and received certification.  
• First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Financial AMC obtained "ISO 14001 Environmental Management System" certification for the IT Building for the first time and received certification. |
| 2014 | • First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Financial AMC achieved "ISO 14001 Environmental Management System" certification for the IT Building for the first time and received certification.  
• First Bank set up "Green Finance Committee", supporting the development of "Green Finance" with four approaches on "green financing," "Green Consumer Finance," "Green Examination," and "Green Investment." |
| 2015 | • First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Financial AMC all achieved "ISO 14001 Environmental Management System" certification. |
| 2016 | • First Bank set up "Green Finance Committee", supporting the development of "Green Finance" with four approaches on "green financing," "Green Consumer Finance," "Green Examination," and "Green Investment." |
| 2017 | • First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Financial AMC all achieved "ISO 14001 Environmental Management System" certification. |
| 2018 | • First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Financial AMC all achieved "ISO 14001 Environmental Management System" certification. |
| 2019 | • First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Financial AMC all achieved "ISO 14001 Environmental Management System" certification. |
| 2020 | • First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Financial AMC all achieved "ISO 14001 Environmental Management System" certification. |
1-1 Climate change governance

Strengthen climate change governance in response to business risks in the finance industry brought forth by climate change. The Environmental Sustainability, Responsible Finance and Sustainable Financial Products and Services Group of the Board of Directors and the Sustainability Development 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 aspects. It shall establish a risk and opportunity matrix and use the outcomes of the matrix analysis to establish risk management strategies regarding the major risks as the core response action to the climate change accordingly.

FFHC worked with external consultants in 2020 and conducted scenario analysis for 2 climate risks to quantify the financial impact of climate change on the Company. The Board of Directors reviewed and approved the inclusion of emerging risks including climate change risks into the risk management policy. FFHC added the Green Finance, Green Investment, and Risk Management Task Forces on the Green Finance Committee platform. The Task Forces convene meetings on the impact on operations, financial planning, value chain engagement, and risk management policy every month to include climate risks into the evaluation framework for overall corporate risks, adjust related operating procedures, or communicate information on climate change risks. The results are reported in the quarterly meetings of the Green Finance Committee to help companies and investors invest in green and sustainable industries and address climate change risks in all related decisions.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Matters implemented after the resolution of the Board of Directors, such as “Supplier Management Policy” and “CSR Code of Conduct”</td>
<td>• Matters implemented by the Board of Directors, such as the “Green Financing Review Principles”, “Green Investment Management Policy”, and “Sustainability Management Policy”</td>
<td>• The Board of Directors reviewed and approved the inclusion of climate change risks into the risk management policy</td>
</tr>
<tr>
<td>• Established the Green Finance Committee and Assigned the President to serve as the Chairman of the Committee</td>
<td>• Established the Green Finance Committee and Assigned the President to serve as the Chairman of the Committee</td>
<td>• The Board of Directors reviewed and approved the “Sustainability Investment Policy”, “Sustainability Insurance Policy”, and “Sustainability Finance Policy”</td>
</tr>
<tr>
<td>• The Task Forces convene meetings and reviewed and established the CSR Policy</td>
<td>• Supported the “Sustainability Investment Policy” with integrated ESG factors into the planning and operating procedures of core businesses</td>
<td>• FFHC added the Green Finance, Green Investment, and Risk Management Task Forces on the Green Finance Committee platform</td>
</tr>
<tr>
<td>• Provided the lists of green industry and energy-intensive industries and analyzed the climate change risks of these industries to enhance the Company’s green industry and energy-intensive industries and opportunities</td>
<td>• Supported the “Sustainability Insurance Policy” and “Sustainability Finance Policy” with integrated ESG factors into the planning and operating procedures for investments, financing, underwriting, and insurance businesses</td>
<td>• 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</td>
</tr>
<tr>
<td>• Draw significant risk or opportunity matrix.</td>
<td>• Supported the Intended Nationally Determined Contributions (INDC) targets</td>
<td>• Introduced relevant regulations and documents for the Equator Principles in 2021 and establish the “First Bank Equator Principles Guidelines for Loan Application” to implement the internal management of loan applications, environmental and social risk rating, reviews, and monitoring to reduce the potential credit risk</td>
</tr>
<tr>
<td>• Provide risks and opportunities list and discuss the definition of each risk or opportunity and its relevance to the business of the Company.</td>
<td>• Introduced carbon pricing and mitigation mechanisms to enhance the knowledge of business units and related personnel for the climate risk management framework and procedures</td>
<td>• Organize training to enhance the knowledge of employees and implement internal carbon management controls to reward employees of high-performing units</td>
</tr>
<tr>
<td>• Calculate risk or opportunity index.</td>
<td>• Introduction of carbon pricing and carbon offsetting measures and policies to enhance the knowledge of employees and implement internal carbon management controls to reward employees of high-performing units</td>
<td>• Continue to monitor the performance of employees and implement internal carbon management controls to reward employees of high-performing units</td>
</tr>
<tr>
<td>• Evaluate the impact strength and occurrence frequency.</td>
<td>• Evaluate the sufficiency of the said reduction and transfer measures and if there is room for improvement, draw up the standard response process for the next risk.</td>
<td>• Discuss the signing of the “First Bank Equator Principles Guidelines for Loan Application” to implement the internal management of loan applications, environmental and social risk rating, reviews, and monitoring to reduce the potential credit risk</td>
</tr>
<tr>
<td>• Accept risk reduction measures and analyze the cost corresponds with its performance; if it was analyzed to be feasible, then perform the risk reduction measure.</td>
<td>• After performing the risk reduction measures, analyze the feasibility and evaluate whether or not to transfer the risk, such as purchase relevant insurance, if the financial impact is severe.</td>
<td>• Discuss the signing of the “First Bank Equator Principles Guidelines for Loan Application” to implement the internal management of loan applications, environmental and social risk rating, reviews, and monitoring to reduce the potential credit risk</td>
</tr>
<tr>
<td>• After performing the risk reduction measures, analyze the feasibility and evaluate whether or not to transfer the risk, such as purchase relevant insurance, if the financial impact is severe.</td>
<td>• After performing the risk reduction measures, analyze the feasibility and evaluate whether or not to transfer the risk, such as purchase relevant insurance, if the financial impact is severe.</td>
<td>• Discuss the signing of the “First Bank Equator Principles Guidelines for Loan Application” to implement the internal management of loan applications, environmental and social risk rating, reviews, and monitoring to reduce the potential credit risk</td>
</tr>
<tr>
<td>• Evaluate the sufficiency of the said reduction and transfer measures and if there is room for improvement, draw up the standard response process for the next risk.</td>
<td>• Please refer to the “Sustainable Development Goals” chapter on page 22 to 23 and 26 to 29 of this Report</td>
<td>• Please refer to the “Sustainable Development Goals” chapter on page 22 to 23 and 26 to 29 of this Report</td>
</tr>
</tbody>
</table>
1-2 Climate change risks and opportunities

- **FFHC** Identify the risks of climate change

<table>
<thead>
<tr>
<th>Type</th>
<th>Risk</th>
<th>Impact on Company Operations</th>
<th>Corresponding number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy and regulatory risks</strong></td>
<td>- If the government requires users with a contractual capacity of 800 kW or more to save 1% of electricity every year, although the Group has already taken action, the Group encounters a bottleneck to reducing carbon emissions. If the Group fails to achieve the carbon reduction target required by the government, it may face disciplinary action from the government.</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Regulations on renewable energy certificate or carbon right certificate transactions being unclear.</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Regulatory change regarding renewable energy will influence power companies the Company invests in.</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- 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.</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td><strong>Transformation risks</strong></td>
<td>- The use of electricity for air-conditioning and water has increased in recent years due to the increase in the number of days with extreme high temperature. We predict that electricity prices will gradually rise in the future as the power structure changes in Taiwan, resulting in an increase in the operating costs of the Company. If the Company has to purchase carbon credits and renewable energy certificates for its carbon reduction outcome, the operating costs of the Company will increase.</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td><strong>Physical Risk</strong></td>
<td>- Extreme drought 1. May lead to lack of electricity which results in disruption of operations 2. May lead to fires or difficulties in obtaining water resources will increase operating costs 3. Extreme climate change - The rise of electricity for air-conditioning and water has increased in recent years due to the increase in the number of days with extreme high temperature. We predict that electricity prices will gradually rise in the future as the power structure changes in Taiwan, resulting in an increase in the operating costs of the Company. If the Company has to purchase carbon credits and renewable energy certificates for its carbon reduction outcome, the operating costs of the Company will increase. 2. Increase of the occurrence rate of infectious diseases increases the risks to employee health and disruption of operation.</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td><strong>Market risks</strong></td>
<td>- Investors in the stock market may reduce their holding of stocks lacking corporate sustainability. It secures underwriting departments and dealing departments invested using the Company's own funds continue to underwrite or invest, the Company's operation may be impacted.</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- All loan customers of the Company are required to sign the CSR Declaration, which could lead to the loss of business.</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td><strong>Reputation risks</strong></td>
<td>- 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.</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td><strong>Immediate risks</strong></td>
<td>- Tropical cyclone / Extreme precipitation 1. Caused damage to offices, equipment, or transportation vehicles. Heavy rain or strong wind brought forth by tropical cyclones may directly impact the Company's operation sites. 2. Employees suffer losses on their way to or from work, at the workplace, or on their way to confirm damages caused by disasters. 3. Work being called off which resulted in the disruption of operations. 4. Caused bodily injury to the insured of the Company which lead to the increase of claim amount. 5. Investee personnel's loss of property causes investment profitability to fall. 6. Borrowers suffer from interruption of operations or loss of personnel or property which leads to difficulties in repayment and thus causes bad debt losses to the Company. 7. Caused decrease in the asset value of the Company's investment real estates</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- 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.</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Work with external consultants on climate risk scenario analysis and quantify the financial impact of climate change risks on the Company to establish more effective response measures.</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- As tropical cyclones and extreme precipitation may cause damage to the information appliances, the Company appoints information of the industry and international reports; organize training to enhance the knowledge of business units and related personnel for the climate risk management framework and procedures; confer with the consultants and collect domestic and foreign cases to draw up response policies.</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- As the &quot;Indoor Air Quality Management Act&quot; may be expanded to include all business units, the Company shall initiate astonishing management of air quality for all business units in advance. We shall inspect air-quality CO₂ concentration in office environments every six months. For business units with CO₂ concentration of higher than 1,000ppm, we shall send personnel to the locations to survey and plan improvement measures.</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- When there is reputation risk, we will investigate the truthfulness of the incident, collect evidence, evaluate its impact, draw up response measures and publish to the public by press release.</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Avoid investment in stocks of companies with disposed performance in environmental conservation, human rights, and social issues.</td>
<td>16</td>
<td></td>
</tr>
</tbody>
</table>

The Company provides borrowers with green loans to support their transformation and reduce the impact on the Company's profits.
1-3 Quantified Financial Data of the Impact of Climate Change on the Company and Scenario Analysis

FFHC worked with external consultants in 2020 and conducted scenario analysis for physical and transition risks to quantify the financial impact of climate change on the Company.

Case 1: Impact of ‘physical risks’ caused by climate change on the value of mortgage provided by the Company

The Company used the "Representative Concentration Pathways" (RCPs) to define the scenarios of future climate change in accordance with the Assessment Report 5 (AR5) of the United Nations Intergovernmental Panel on Climate Change (IPCC). We selected RCP2.6 and RCP 8.5 and referenced the impact assessment report on flooding in different regions in research papers for mortgages in Taipei City and New Taipei City. We used models for simulation and included related parameters for the impact assessment such as the precipitation, urban drainage standards, flooding trends, the impact of flooding on housing prices in different regions, and the Company's management costs for the business.

Scenario and assumptions for factors to be considered

Analysis method

- RCP2.6: Scenario where global warming slows
- RCP8.5: Scenario with high greenhouse gas emissions
- Factors to be considered: Loss from price decline of properties caused by flooding
- Use the data from the Global Circulation model (GCM) adopted in the Coupled Model Intercomparison Project Phase 5 (CMIP5) in IPCC AR5 as the source of composite weather data for future scenario.
- Explore the changes in the losses from price decline of property prices and the loan-to-value ratio (LTV)

Results of the study

- The composite precipitation under the aforementioned scenarios in Taipei City and New Taipei City before 2030 did not reach the flood prevention design standards of the areas.
- The Company considered the balance of mortgages, hazards, and vulnerabilities in Taipei City and New Taipei City and identified areas with higher risks as Wanhua District in Taipei City and Xinzhuang District in New Taipei City.
- The Company analyzed the decline in the value of the Company's mortgaged assets in the aforementioned areas and the Company's management costs for the business.

Changes in the loan-to-value ratio (LTV) caused by flooding on mortgages for different types of residential buildings in Taipei City

![Graph showing changes in LTV caused by flooding]

Note: Short-term risks: Estimated to occur within 1-5 year; Medium-term risks: Estimated to occur within 5-10 years; Long-term risks: Estimated to occur after 10 years.

Opportunity

- Identify the opportunities of climate change

- FFHC worked with external consultants in 2020 and conducted scenario analysis for physical and transition risks to quantify the financial impact of climate change on the Company.

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Type</th>
<th>Category</th>
<th>Explanation of opportunities</th>
<th>Corresponding number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource usage efficiency</td>
<td>• Promote electronic account opening, electronic trading and account processing services</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy sources</td>
<td>• Use low-carbon energy and increase energy efficiency</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products and services</td>
<td>• Listing products related to topics like environmental protection, climate change and green energy</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Help customer issue green bonds</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Develop new business opportunities by adding insurance products for natural disasters or injury in climate-related accidents</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Launch credit cards with green environmental protection concept</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Promote urban renewal financing projects, transform old buildings into energy saving, carbon reducing and Eco friendly communities</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Increase the volume of green financing and green consumption loans</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Raise green energy fund to invest in solar power plants in Taiwan</td>
<td>9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Market

- Issuance of green bonds to gain new market access opportunities | 10 |
- Raise new funds to provide investors with ESG products and win new market opportunities | 11 |

Resilience

- Green Finance Committee plans green financing and investment policies and guidelines to improve the scope and level of our green finance products | 12 |
- Host environmental protection competitions and present awards to outstanding departments and employees | 13 |
- Obtain government cooperation, pay attention to latest regulations at all times and actively participates in energy saving competitions held by the government | 14 |
- Increase the proportion of green investments to meet global trends and reduce asset allocation risks | 15 |
- Include green buildings and energy saving buildings as key purchasing items in real estate investment | 16 |

FFHC worked with external consultants in 2020 and conducted scenario analysis for physical and transition risks to quantify the financial impact of climate change on the Company.

Case 1: Impact of ‘physical risks’ caused by climate change on the value of mortgage provided by the Company

The Company used the "Representative Concentration Pathways" (RCPs) to define the scenarios of future climate change in accordance with the Assessment Report 5 (AR5) of the United Nations Intergovernmental Panel on Climate Change (IPCC). We selected RCP2.6 and RCP 8.5 and referenced the impact assessment report on flooding in different regions in research papers for mortgages in Taipei City and New Taipei City. We used models for simulation and included related parameters for the impact assessment such as the precipitation, urban drainage standards, flooding trends, the impact of flooding on housing prices in different regions, and the Company's management costs for the business.

Scenario and assumptions for factors to be considered

Analysis method

- RCP2.6: Scenario where global warming slows
- RCP8.5: Scenario with high greenhouse gas emissions
- Factors to be considered: Loss from price decline of properties caused by flooding
- Use the data from the Global Circulation model (GCM) adopted in the Coupled Model Intercomparison Project Phase 5 (CMIP5) in IPCC AR5 as the source of composite weather data for future scenario.
- Explore the changes in the losses from price decline of property prices and the loan-to-value ratio (LTV)

Results of the study

- The composite precipitation under the aforementioned scenarios in Taipei City and New Taipei City before 2030 did not reach the flood prevention design standards of the areas.
- The Company considered the balance of mortgages, hazards, and vulnerabilities in Taipei City and New Taipei City and identified areas with higher risks as Wanhua District in Taipei City and Xinzhuang District in New Taipei City.
- The Company analyzed the decline in the value of the Company's mortgaged assets in the aforementioned areas and the Company's management costs for the business.

Changes in the loan-to-value ratio (LTV) caused by flooding on mortgages for different types of residential buildings in Taipei City

![Graph showing changes in LTV caused by flooding]

Note: Short-term risks: Estimated to occur within 1-5 year; Medium-term risks: Estimated to occur within 5-10 years; Long-term risks: Estimated to occur after 10 years.
Case 1: First Bank loan borrower - financial impact of transition risks on a certain semiconductor company caused by climate change

In the case of a certain semiconductor company which obtained loans from First Bank, if the borrower faces climate change transition risks in regulations, the following three types of management shall be implemented for the scenarios analyses of total carbon emissions. The Bank shall also consider the carbon tax, cost of installing renewable energy equipment, cost of renewable energy supply, and cost of electricity savings for transition risk analyses.

### Scenarios and assumptions for factors to be considered

- **NDC target settings**: The target is to reduce the baseline annual emissions by 1.46% each year until 2030 and reduce emissions by 2.32% each year from 2031 to 2050.
- **WB2DC (SBT) scenario**: Reduce the emissions by 2.5% from the baseline year each year.
- **1.5DC (SBT) scenario**: Reduce the emissions by 4.6% from the baseline year each year.
- **Factors to be considered**: Carbon tax, cost of installing renewable energy equipment, cost of renewable energy supply, and cost of electricity savings.

### Analysis method

- Analyze the changes in the revenue and operating cost of the semiconductor company in 2025, 2030, and 2040 due to the adoption of renewable energy strategies for responding to climate change transition risks.

### Results of the study

The borrower adopted renewable energy strategies and the financial impact of 3 carbon emission reduction scenarios on the borrower are shown in the table below:

<table>
<thead>
<tr>
<th>Assumption scenario</th>
<th>2025</th>
<th>2030</th>
<th>2040</th>
</tr>
</thead>
<tbody>
<tr>
<td>NDC target</td>
<td>54</td>
<td>11</td>
<td>31</td>
</tr>
<tr>
<td>WB2DC</td>
<td>68</td>
<td>93</td>
<td></td>
</tr>
<tr>
<td>1.5DC</td>
<td>412</td>
<td>457</td>
<td>445</td>
</tr>
</tbody>
</table>

The aforementioned research results are based on certain assumptions and relevant parameters cited in the estimation.

The Company implemented financial impact analyses based on the aforementioned risk assumptions. Under 1.5DC conditions in 2040, the borrower’s cost may increase by NT$44.5 billion. However, the estimation showed that the borrower has strong financial resources and the increased cost has very little impact on the borrower’s operating profits and cash flow from operating activities (CFO). Therefore, it will not affect its credit rating and default rate, and such conditions will not create financial risks for the Company.

### FFHC’s Steps to reduce carbon emissions

FFHC has 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 2020, savings in fuel, electricity and gas reduced carbon emissions by 348.96 tons of CO₂e. Paperless operations reduced carbon emissions by 18,846.76 tons of CO₂e. Total carbon reductions therefore amounted to 19,213.72 tons of CO₂e, equal to the annual amount of carbon absorption by 49 Daan Parks. Related measures and outcomes are described below.

### GRI Topic -

GRI 102: Energy, GRI 305: Emissions
GRI 307: Environmental Compliance
GRI 308: Supply chain 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.

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 2020, savings in fuel, electricity and gas reduced carbon emissions by 348.96 tons of CO₂e. Paperless operations reduced carbon emissions by 18,846.76 tons of CO₂e. Total carbon reductions therefore amounted to 19,213.72 tons of CO₂e, equal to the annual amount of carbon absorption by 49 Daan Parks. Related measures and outcomes are described below.

### Material Topic -

GRI 102: Energy, GRI 305: Emissions
GRI 307: Environmental Compliance
GRI 308: Supply chain 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.

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 2020, savings in fuel, electricity and gas reduced carbon emissions by 348.96 tons of CO₂e. Paperless operations reduced carbon emissions by 18,846.76 tons of CO₂e. Total carbon reductions therefore amounted to 19,213.72 tons of CO₂e, equal to the annual amount of carbon absorption by 49 Daan Parks. Related measures and outcomes are described below.

### 2-1 Reduce GHG emissions

FFHC has 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 2020, savings in fuel, electricity and gas reduced carbon emissions by 348.96 tons of CO₂e. Paperless operations reduced carbon emissions by 18,846.76 tons of CO₂e. Total carbon reductions therefore amounted to 19,213.72 tons of CO₂e, equal to the annual amount of carbon absorption by 49 Daan Parks. Related measures and outcomes are described below.

#### GHG emission reduction

The Group has set a target to obtain 39 Green Building Marks for its buildings by the end of 2026. 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.

The Group announced the “Carbon Management Control and Evaluation Plan for Domestic Business Units” in 2020 and allocated carbon emission reduction targets for all domestic business units to promote carbon pricing and fulfill responsibilities for reducing carbon emissions.
Obtain Green Building Mark for 29 of the Company’s buildings and the carbon emissions benefits

Environmental Management certifications received by FFHC

- ISO 14046 Water Footprint
- ISO 14041 Environmental Management System
- ISO 14001 Environmental Management System
- ISO 50001 Energy Management System
- ISO 14064-1 Greenhouse Gas Inventory

“Gold-class” Green Building
- Verification of the headquarters building to reduce its GHG emissions in 2015 by 12% compared to 2011.
- Required the headquarters building to reduce its GHG emissions in 2015 by 12% compared to 2011.
- Obtained the “Diamond-class” Green Building Mark for 27 existing commercial buildings
- Obtained the “Gold-class” Green Building Mark for 2 new commercial buildings

Environmental educator certification.

To clarify the sources of carbon emissions, the reduction targets in Scope 1 (gasoline, diesel, natural gas, gas) and Scope 2 (electricity) emissions of the companies were set based on the previous year.

To increase the reasonableness of the carbon reduction target, the Company set a target for carbon emissions per capita.

Company | First Bank | First Securities | First Securities Investment Trust | First Life Insurance | First Financial Assets Management
---|---|---|---|---|---
Scope 1 Carbon reduction | Compared to 2019 reduction target | Actual Results | Compared to 2019 reduction target | Actual Results | Compared to 2019 reduction target | Actual Results
FFHC | -87.18 | 0.32 | -13.01 | 0.21 | 5.45 | 0.15 | 1.04 | 0.10 | 1.58
Scope 2 Carbon reduction | 115.81 | 407.32 | 0.54 | 118.87 | 7.02 | 3.74 | 1.88 | 6.72 | 0.61 | 4.56

Total Carbon Reduction Result and Goal for FFHC Group

- FFHC complied with the national voluntary carbon emissions reduction commitment and set goals to reduce the Group’s carbon emissions in 2030 by 20% from emissions in 2005 and reduce the Group’s carbon emissions in 2050 by 50% from emissions in 2050.
- As the finance industry consumes large quantities of paper, to encourage paper-saving, FFHC also incorporated the results of the paperless policy aspect of our carbon reduction targets into our management.
- The carbon emissions reduction goal set in 2012 was achieved ahead of schedule.
- The energy conservation and carbon reduction performance of FFHC Group in 2020

- 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.
- First Financial Holding Company won international recognition with the “A List”, the only domestic company that has been rated “A List” twice and has been ranked “Leadership Level” for three consecutive years in financial industry in 2020.
- The carbon emissions reduction target, the Company set a target for carbon emissions per capita.
- To increase the reasonableness of the carbon reduction target, the Company set a target for carbon emissions per capita.
- Required the headquarters building to reduce its GHG emissions in 2015 by 12% compared to 2011.

2012 | 2013 | 2016
---|---|---
Scope 1 Carbon reduction | 19.44 | 27.88 | 35.44
Scope 2 Carbon volume | 132.25 | 321.08 | 314.65
Total | 151.69 | 346.96 | 350.09

Environmental educator certification.

Environmental educator certification.

Environmental educator certification.
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. As a principle, official vehicles shall be used for commuting. Until 2020, 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 CO₂e. We also set up battery exchange stations on vacant lots at the Chung-Shan Branch, Ta-Tao-Cheng Branch, Pei-Tou Branch, Hsin-Hsing Branch, and Yanji Dormitory to build promotion-low-pollution scooters. In addition, a system for sharing company-owned EasyCars is in place to encourage employees to utilize mass transportation when traveling on business. When company cars need replacement, we will evaluate the possibility of change for electric vehicles, hybrid vehicles or vehicles with high energy conversion efficiency. The Company set up charging stations for electric vehicles at Zhongli Branch and Yanping building for use by employees and customers. 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 2020 were verified to total 1,495,601 kilometers, total energy consumption was 1,312 GJ (note) which emitted a total of 243 metric tons of CO₂e.

Note: according to the National Chiao Tung University thesis titled "Aircraft Fuel Consumption analysis and Fuel Saving Strategy" (2013), flights consume 4.122 kiloliters (assume an average density of 0.705/l for jet fuel, totaling 2.9211 metric tons of fuel for a 1,074nm flight. The conversion of the energy consumption (tCO₂e) 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 292 passengers.

The Company set up charging stations for electric vehicles (Zhongli Branch on the left and Yanping building on the right) for use by employ-ees and customers.

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 2.9 g and 800 g of CO₂e 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 Chung-sheng Telecom Counter Service PCR amendment meeting. FFHC reduced carbon emissions in the over-the-counter services by 3.9% at Yung-Ho Branch in 2019 and 3.55% at Wanhua Branch in 2020. Both branches received the carbon emissions reduction label from the Environmental Protection Administration. We fully demonstrated our carbon management and performance in carbon emissions reduction.

The Greenhouse gas emissions in the past years

<table>
<thead>
<tr>
<th>item</th>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 Goals</th>
<th>2020 Goals compared to 2019 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 Carbon Emissions</td>
<td>Under ISO 14064-1 Indirect Emissions Inventory (tons CO₂e)</td>
<td>2,670</td>
<td>2,586</td>
<td>2,487</td>
<td>2,459</td>
<td>2,467</td>
</tr>
<tr>
<td>Scope 2 Carbon Emissions</td>
<td>Under ISO 14064-1 Indirect Emissions Inventory (tons CO₂e)</td>
<td>20,978</td>
<td>20,857</td>
<td>20,282</td>
<td>19,961</td>
<td>20,150</td>
</tr>
<tr>
<td>Total Emissions (Scope 1 + Scope 2) (tons CO₂e)</td>
<td>23,648</td>
<td>23,245</td>
<td>22,769</td>
<td>22,420</td>
<td>22,617</td>
<td>-2</td>
</tr>
</tbody>
</table>

Note: the company does not emit NOx, SOx, and other significant air emissions.

<table>
<thead>
<tr>
<th>Greenhouse Gas</th>
<th>CO₂</th>
<th>CH₄</th>
<th>N₂O</th>
<th>HFCs</th>
<th>PFCs</th>
<th>SF₆</th>
<th>N₂O</th>
<th>Total Emissions of 7 greenhouse gases (tons CO₂e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions (tons CO₂e/year)</td>
<td>21,564</td>
<td>396</td>
<td>48</td>
<td>602</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>22,610</td>
</tr>
<tr>
<td>Proportion of total emissions (%)</td>
<td>99.58</td>
<td>1.75</td>
<td>0.21</td>
<td>2.66</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>item</th>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 Goals</th>
<th>2021 Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISO 14064-1 Other indirect emissions inventory (tons CO₂e)</td>
<td>318</td>
<td>418</td>
<td>373</td>
<td>265</td>
<td>346</td>
<td>29</td>
</tr>
</tbody>
</table>

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 emissions 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 targeted value for the IPCC 4th assessment report in 2007 did not have a reference value, it refers to the warming potential of the IPCC 5th assessment report in 2007, which allows the calculation of the greenhouse gas volume in Operational Control Method (inventory). 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, and electricity. The statistics are listed by each set in accordance with relevant forms, compiled by the Sustainable Environment Work Group of the Corporate Sustainable Development committee, and verified by SGS. The conversion of the energy consumption (tCO₂e) 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.

3: MWh (Megawatt Hour)

4: The number of employees investigated was 9,008 in 2017, 9,227 in 2018, 9,565 in 2019, and 9,849 in 2020.

5: MWh is calculated based on the target for reducing the use of fuel for company vehicles, diesel for generators, and gas by 0.79%, and the conversion of the 'fuel jet' consumption in transportation - other sources - Waste gas emissions from business travel' (Unit: ton CO₂e)

6: The Group set policies for addressing the failure to reach annual carbon emissions reduction targets in 2020 by purchasing carbon credits to establish effective carbon emissions reduction measures. In 2019, the Group obtained the SGS-certified Carbon Footprint Verification Statement 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 2.9 g and 800 g of CO₂e when providing counter service to a single person.

7: Scope 1 and Scope 2 targets for 2020 are based on the national voluntary carbon emissions reduction commitment. The Group's target is to 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 Chung-sheng Telecom Counter Service PCR amendment meeting. FFHC reduced carbon emissions in the over-the-counter services by 3.9% at Yung-Ho Branch in 2019 and 3.55% at Wanhua Branch in 2020. Both branches received the carbon emissions reduction label from the Environmental Protection Administration. We fully demonstrated our carbon management and performance in carbon emissions reduction.

8: The number of employees investigated was 9,008 in 2017, 9,227 in 2018, 9,565 in 2019, and 9,849 in 2020.

9: MWh (Megawatt Hour)

10: The CO₂e Emissions of business travels made by the FFHC in the past years

Note 1: Due to the impact of the COVID-19 epidemic in 2020, the Group's overseas business travel decreased significantly compared to the previous year and carbon emissions also fell sharply.

Note 2: The 2020 and 2021 targets were set based on the average of 364 tons CO₂e in carbon emissions for business travel in the 4 years prior to the outbreak of the COVID-19 epidemic (2016 to 2019). The Company has set a target to reduce such carbon emissions by 56% each year.

2-4 Carbon Footprint Management

If a user requests more information on carbon emissions, we will provide detailed data and analysis. We will also conduct carbon footprint certifications for various business areas, such as our operations and supply chain, to ensure transparent carbon management and performance. We will work with third-party organizations to conduct audits and verify our carbon footprint data. By doing so, we aim to build trust with customers and help them understand their carbon footprint. With this foundation, we can develop targeted carbon reduction strategies and initiatives to minimize our impact on the environment.

The FFHC has implemented various measures to reduce its carbon footprint, such as: 1) Replacing traditional gasoline scooters with environmentally friendly Gogoro electric scooters to reduce CO₂ emissions by 8.9 metric tons CO₂e. 2) Setting up battery exchange stations on vacant lots at company branches to promote low-pollution scooters. 3) Establishing a system for shared company-owned electric cars to encourage employees to use mass transportation when traveling on business. 4) Conducting a carbon footprint assessment on overseas business travel to identify areas for improvement. 5) Setting up charging stations at company locations in high population density areas, as well as rural regions and remote areas, to support electric vehicle usage. 6) Conducting a carbon footprint assessment on business travel to identify opportunities for reduction. 7) Conducting a carbon footprint assessment on office energy consumption to identify areas for improvement. 8) Conducting a carbon footprint assessment on business travel to identify opportunities for reduction.
2-5 Use of Renewed Energy

1. Installation of Rooftop Solar Power Generation Systems

To respond to the green energy policy, the FFHC has used the renewable energy. In 2020, it reduced 83.39 metric tons of CO₂e. The FFHC set goals for producing and using 70MWh of renewable energy for 2021 and will continue to increase the proportion of the Group’s use of renewable energy, so that we may implement environmental sustainability policies.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in a decrease of the external power purchase of 4,987 kWh or annual reduction of 2.54 MT of CO₂e.

2. Installation of decorative solar-powered billboards

In light of the fact that solar-powered digital billboards can provide 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 an annual decrease of the external power purchase of 300 kWh or annual reduction of 1.57 MT of CO₂e.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in an annual decrease of the external power purchase of 70 kWh or annual reduction of 0.35 MT of CO₂e.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in an annual decrease of the external power purchase of 10 kWh or annual reduction of 0.05 MT of CO₂e.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in an annual decrease of the external power purchase of 2 kWh or annual reduction of 0.01 MT of CO₂e.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in an annual decrease of the external power purchase of 0.2 kWh or annual reduction of 0.001 MT of CO₂e.

3. 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 combines 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 raises 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 2020, the solar power system in Wanhua Branch generated 488 kWh of electricity and reduced 0.25 MT of CO₂e.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in a decrease of the external power purchase of 4,987 kWh or annual reduction of 2.54 MT of CO₂e.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in a decrease of the external power purchase of 2,993 kWh or annual reduction of 1.57 MT of CO₂e.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in a decrease of the external power purchase of 700 kWh or annual reduction of 0.35 MT of CO₂e.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in a decrease of the external power purchase of 140 kWh or annual reduction of 0.07 MT of CO₂e.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in a decrease of the external power purchase of 20 kWh or annual reduction of 0.01 MT of CO₂e.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in a decrease of the external power purchase of 2 kWh or annual reduction of 0.01 MT of CO₂e.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in a decrease of the external power purchase of 1 kWh or annual reduction of 0.005 MT of CO₂e.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in a decrease of the external power purchase of 0.1 kWh or annual reduction of 0.0005 MT of CO₂e.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in a decrease of the external power purchase of 0.01 kWh or annual reduction of 0.0001 MT of CO₂e.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in a decrease of the external power purchase of 0.001 kWh or annual reduction of 0.0001 MT of CO₂e.
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. FFHC set up rainwater recycling pools at Yanping building and Zhongli Branch in 2020 to use rainwater for watering plants on the roof and make full use of water resources. In 2020, the Group’s total water consumption was 202.35 million liters. Top water usage was made up 99.62% of the water consumption and 0.38% came from the Headquarters building. FFHC evasitated water 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. Speddy repair was a must in cases of leakage. Certified green water-saving devices such as water-saving toilet fittings, 2-stage flushing toilets, and sensor-controlled urinals were also installed to reduce water usage. We adjust the kitchen dishwashing process to save washing water. In addition, to protect water resources, we have installed an oil trap in the headquarter’s mini 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 encouraged 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.

2-5 Reducing Water Use and Conserving Water Resources

Through the building of a green data center, the FFHC upgraded its information equipment, replaced the old servers, and automated the data transmission. FFHC also implemented the “New Enterprise e-Loan computerized system cloud and data cloud have effectively reduced paper consumption. Joint credit information service is now automatically imported. Borrower/policy holder credit information can be seamlessly retrieved and printed with reference to the meeting server.

Paperless meeting

Printed materials no longer provided (due to meetings being held online). The meeting minutes are integrated into electronic files and submitted to the meeting server.

All business announcements, and sales reviews are conducted through video conferencing where possible to reduce fuel consumption and carbon emissions from business travel. This improved administrative efficiency and reduced carbon emissions.

Paperless learning

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

Physical classroom teaching adopts slides or IPad to reduce paper usage.

Paperless administration

Internal documents use both sides of a paper when possible.

Internal documents are now in electronic form. Recycled enenvelopes are used for sending printed documents.

Use of Internet bulletin board for announcements.

Reduced the use of paper cups and meal boxes.

Recycled paper packaging for bills, accordingly risk used for printing enenvelopes and annual reports.

The Company installed a rainwater recycling pool on 11F of the Yanping building for watering plants on the roof.

The Company installed a rainwater reclamation tank in the basement of the Headquarters building to supply water for watering the gardens and toilets. FFHC set up rainwater recycling pools at Yanping building and Zhongli Branch in 2020 to use rainwater for watering plants on the roof and make full use of water resources. In 2020, the Group’s total water consumption was 202.35 million liters. Top water usage was made up 99.62% of the water consumption and 0.38% came from the Headquarters building. FFHC evasitated water 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. Speddy repair was a must in cases of leakage. Certified green water-saving devices such as water-saving toilet fittings, 2-stage flushing toilets, and sensor-controlled urinals were also installed to reduce water usage. We adjust the kitchen dishwashing process to save washing water. In addition, to protect water resources, we have installed an oil trap in the headquarter’s mini 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 encouraged 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.

2-6 Upgrading IT Equipment: Paperless Operations
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. 2020 FFHC expanded the scope of statistics on domestic waste and recycled resources from the head office buildings of subsidiaries and the First Bank IT building to all First Bank and First Securities branches in Taiwan. In 2021, the Company plans to include the resource recycling and sorting as well as domestic waste volume into the scope of statistics to manage resource recycling, sorting, and domestic waste volume in all company locations.

### Comparison of Trash and Recycling Amounts of FFHC over years

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Magnitude of change from previous year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper and paper containers</td>
<td></td>
<td>29,228</td>
<td>32,485</td>
<td>26,988</td>
<td>23,546</td>
<td>728</td>
</tr>
<tr>
<td>Plastic and PET bottles</td>
<td></td>
<td>2,535</td>
<td>2,940</td>
<td>2,928</td>
<td>29,351</td>
<td>902</td>
</tr>
<tr>
<td>Aluminum, iron, glass</td>
<td></td>
<td>2,580</td>
<td>2,085</td>
<td>2,192</td>
<td>26,002</td>
<td>1,068</td>
</tr>
<tr>
<td>Batteries and electronic devices</td>
<td></td>
<td>58</td>
<td>4,073</td>
<td>233</td>
<td>35</td>
<td>-85%</td>
</tr>
<tr>
<td>Cooking oils</td>
<td></td>
<td>774</td>
<td>743</td>
<td>708</td>
<td>570</td>
<td>-19%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>35,175</td>
<td>42,326</td>
<td>33,049</td>
<td>279,504</td>
<td>746</td>
</tr>
</tbody>
</table>

Note 1: The scope of statistics on resource recycling from 2017 to 2019 included the head office buildings of subsidiaries and the First Bank IT building, and it was expanded to all First Bank and First Securities branches in Taiwan in 2020. As a result, the volume of waste paper, paper containers, plastic, bottles, aluminum, iron, and glass increased significantly from the previous year.

Note 2: First Bank IT building did not replace large quantities of servers and various electronic equipment in 2020 and the recycled resource volume decreased from 2019.

Note 3: The employee cafeteria at the head office suspended meal services in November and December 2020 due to floor waterproofing construction. As a result, the waste food oil production during the construction period was lower than that of the previous year.

### Total Waste, Recycled Waste, and Domestic Waste Amount of FFHC over years

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total waste (a)</td>
<td></td>
<td>95.86</td>
<td>102.22</td>
<td>92.76</td>
<td>519.87</td>
</tr>
<tr>
<td>Recycled waste (b) [Note 1]</td>
<td></td>
<td>35.16</td>
<td>42.53</td>
<td>33.05</td>
<td>279.50</td>
</tr>
<tr>
<td>Not Less than 15.69%</td>
<td></td>
<td></td>
<td></td>
<td>Not Less than 167.89</td>
<td></td>
</tr>
<tr>
<td>Domestic waste (c) [Note 2]</td>
<td>60.70</td>
<td>59.89</td>
<td>59.71</td>
<td>240.37</td>
<td>Less than 249.93</td>
</tr>
<tr>
<td>Less than 289.93</td>
<td>728</td>
<td>728</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note 1: The scope of coverage from 2017 to 2019 included the subsidiaries' HQ buildings and First Bank IT Building. First Bank and First Securities' domestic branches were added into the scope in 2020.

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. First Bank and First Securities' domestic branches were added into the scope in 2020.

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. FFHC partnered with the social enterprise "Friendly SEED Co., Ltd." to launch four courses on green finance and environmental education, namely, energy conservation and carbon reduction in green buildings, climate change risk management, green loans and loan review, and green consumer finance in 2020. We hosted 18 sessions of courses on environmental education targeting enterprises, government agencies, and schools with a total of 486 participants. In 2015, we began organizing online environmental education courses for employees. In 2020, 21 sessions of environmental protection-related training were held by the companies and attended by 9,254 people. Employees in each company on average received at least 2 hours of training.

2-10 Encouraged Employees to Propose their Ideas and Held the Environmental Protection Competition

Encouraged Employees to Propose their Ideas and Held the Environmental Protection Competition. Since 2015, the FFHC has held Environmental Protection and Energy Conservation Competition for all operating sites. The Group announced the "Carbon Management Contest and Evaluation Plan for Domestic Business Units" in May 2020 to implement joint but differentiated carbon emission reduction responsibilities, and allocate 2020 carbon emission reduction targets for all domestic business units. FFHC plans to rank the units' attainment rate for carbon emission reduction targets in June 2021, announce the units with great performance, and provide rewards. 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 2020, a total of 16 related proposals were submitted, wherein 6 were approved for implementation. Rewards totaling NT$2,000 were provided.

2-11 Supplier Sustainability Management and Sustainable Procurement

1. Sustainable Procurement

FFHC introduced the 7 core themes of the ISO 20400 Sustainable Procurement Guidance in 2020 to instill the concept of sustainability into procurement practices and influence the actions of upstream suppliers. The Group plans to complete ISO 20400 Sustainable Procurement Guidance Performance Evaluation certification by June 2021. The green purchasing target for 2020 was NT$35 million per year. The actual purchase amount in totaled NT$874.99 million. We were recognized as Benchmark Private Businesses and Groups in Green Purchasing by Taipei City Government for the 6th consecutive year.

*Pictured above: 7 core themes of the ISO 20400 Sustainable Procurement Guidance*
2. 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 Clause" 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.

FFHC set up a retailer 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 evaluating the use of energy-saving equipment, purchasing and maintaining IT equipment, construction and interior design, business-related OA equipment and landscape and environmental greening engineering. As a principle, the main procurement regions include suppliers of the place of operation and those close to business locations. In 2020, 100% (Note) 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 Group organized the "First Financial Group Supplier Meeting" in December 2020 to discuss the implementation of the ISO 20400 Sustainable Procurement Guidance and gender equality and occupational health and safety training to implement environmental protection and social sustainability ideals.

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

<table>
<thead>
<tr>
<th>Item</th>
<th>year</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Percentage of no. of current vendors based on assessments (%)</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>(b) Ratio of identified risks to items (a) that have been assessed (%)</td>
<td>36%</td>
<td></td>
</tr>
<tr>
<td>(c) Ratio of mitigation procedures that have been implemented to items with identified risks among (b) (%)</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Note 1: According to the number of vendors in the 2020 statistics, 182 out of 577 suppliers were identified as risks in violation of human rights. They included 6 clothing service companies, 5 transportation companies, 41 decoration companies, 22 air conditioning companies, 47 planning and electrical engineering companies, 15 safety engineering companies, 6 landscape companies, and 4 solar power construction companies with higher rates of musculoskeletal injuries and occupational safety risks.

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

<table>
<thead>
<tr>
<th>Evaluation method</th>
<th>year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of suppliers with transactions</td>
<td>195</td>
<td>188</td>
<td>207</td>
<td></td>
</tr>
<tr>
<td>Document evaluations</td>
<td>Number of suppliers</td>
<td>195</td>
<td>188</td>
<td>207</td>
</tr>
<tr>
<td>Percentage(%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Onsite evaluations</td>
<td>Number of suppliers</td>
<td>5</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Percentage(%)</td>
<td>2.56</td>
<td>3.72</td>
<td>3.86</td>
<td></td>
</tr>
</tbody>
</table>
### 3-step Supply Chain Management Process

<table>
<thead>
<tr>
<th>Management Strategy</th>
<th>Tangible Actions Taken</th>
<th>Implementation Results</th>
</tr>
</thead>
</table>
| **Preliminary Screening** | • Active Inquiries: Before a vendor may participate in the bidding process, we first check to determine whether they have been implicated in any infractions relating to environmental pollution, contravention of labor laws and regulations, or societal harm, in which case an explanation is required, or the company is excluded as a potential partner 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.  
• Overseas locations: Before a procurement is made, the "Human Rights and Environmental Sustainability Evaluation" must be completed to check whether the vendor has been implicated in any infractions relating to environmental pollution, damages to labor or human rights protections, or harm to society.  
• Providing guidance to vendors: The Company’s Sustainability report is provided in electronic format and vendors are asked to observe the Company’s Corporate Sustainable Development policies. | • Completed 2,033 vendor inquiries, (accounting for 100% of all vendors) The Group added 30 suppliers to the database of qualified suppliers in 2020.  
• FFHC’s overseas locations completed “Human Rights and Environmental Sustainability Evaluations” for 762 vendors.  
• 2,488 vendors made an effort to observe the Company’s Sustainable Development policies. |
| **Concurrent Screening** | • Education and Compliance Declaration: 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 require them to pledge to comply with fundamental labor and human rights protections stipulated in the Universal Declaration of Human Rights, promise to implement human resources policies which are fair and equitable, protect the environment, and seek to achieve environmental sustainability.  
• Declaration to Use Green Materials: When entering into a real estate agreement, the prospective tenant must sign a declaration to use green building materials.  
• Negotiated Procurement: During negotiated procurement with vendors of equipment requiring large amounts of electricity, energy efficiency (using Chinese National Standards as a standard reference for compliance) is listed as a required criterion. | • The “Declaration on Human Rights and Environmental Sustainability Clauses" has been signed by 2,033 suppliers and we have advocated ideas of human rights protection.  
In addition, 516 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.  
• 100% of new vendors signed the declaration.  
• 100% tenants pledged to use green building materials.  
• 29 pieces of high-energy consumption equipment were purchased with high coefficient of performance (COP) A/C systems. |
| **Post-hoc management** | • Employee Qualifications: FFHC has certain qualifications in place for third-party maintenance personnel involved in the operation, maintenance, repair, or management of facilities, equipment, or systems involving high electricity consumption, and we also provide energy management awareness training.  
• Education and training: 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 sustainable development.  
• Regular Audits: Audits of qualified suppliers are regularly conducted to check for environmental issues, occupational hazards, and labor rights violations. In the event that a compliance violation is identified, the supplier is requested to provide an improvement plan, otherwise their contract is terminated and the supplier is added to the monitoring list. | • Held sessions of energy management awareness training to train a total of 20 employees.  
• We organized supplier meetings for a total of 50 participants.  
• Spot checks are conducted every quarter and records are kept. In addition, each year we make a random selection to conduct an onsite inspection. FFHC conducted onsite inspections on 6 suppliers in 2020 and found no violations of environmental protection or labor regulations. |
1-1 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, care 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 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.

1-2 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. All Directors, Supervisors, managerial officers, and employees of the Group must comply with the Code of Conduct and may not make sexual advances or commit actions that violate human rights such as implicit sexual suggestions, sexual discrimination, or violation of human dignity and personal freedom. 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 2020. None of the subsidiaries were involved in mergers, acquisitions or major investment agreements.

We implement the Gender Equality Policy based on the spirit of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) to foster gender equality in core financial business practices. We have set up broadening 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. We received the “Taiwan Corporate Sustainability Awards (TCSA) - Gender Equality Award” in 2020.

In 2020, employees of domestic and overseas operations attended human rights protection training 19,473 times for a total of 15,276 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 lasting 0.5 hours in 2020.

1-3 Human rights due diligence

The Company’s Corporate Sustainable Development committee reviews relevant human rights issues each quarter and uses actual investigations, data monitoring, and questionnaire surveys to evaluate potential human rights risks and establish a risk matrix for human rights issues.

Please refer to the Company’s website for the Human Rights Commitment

Evaluate hazards and impact
Discuss and formulate corresponding plans
Implement and execute corresponding plans

Formulate corresponding plans
Supervise and implement plans
Performance assessment and improvement

Formulate corresponding plans in the Employer-Employee Meeting and Corporate Sustainable Development Committee

Evaluate and discuss the impact of the business activities and internal management of each company on human rights protection

Implement and execute human rights protection management plans and track and review improvements

Analyze, review, and adjust related human rights protection measures and improve the human rights due diligence mechanisms
In 2020, we implemented mitigation and compensation measures for human rights issues with medium probability of occurrence and operational impact such as "abnormal workload" and "sexual harassment." Examples include the execution of the Abnormal Workload-Triggered Diseases Prevention Plan and the establishment procedures for daily overtime work applications and management reminders in the system to ensure reasonable adjustments of work and manpower allocation. FFHC provides training on the role of law, enhances the concept of gender equality for managers and employees, and carefully processes sexual harassment complaints in accordance with the "Regulations on Sexual Harassment Prevention, Complaints and Investigation." We impose appropriate penalties on perpetrators in accordance with the management’s resolution to prevent the occurrence of infringements and harassment.

**Human Rights Risk Assessment and Management**

<table>
<thead>
<tr>
<th>Human Rights Risk Factor</th>
<th>Risk Identification Ratio (%)</th>
<th>Overall Risk (%)</th>
<th>Preventive and Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversities, inclusiveness, and equal opportunity</td>
<td>0%</td>
<td>0%</td>
<td>All insured employees appoint the full number of employees with disabilities based on legal requirements.</td>
</tr>
<tr>
<td>Child labor</td>
<td>3.67% 6.92%</td>
<td>0.05% 0.10%</td>
<td>Implement the &quot;Abnormal Workload-Triggered Diseases Prevention Plan.&quot; Establish procedures for daily overtime work applications and management reminders in the system to provide care for employees and ensure reasonable adjustments of work and manpower allocation. Implement restrictions on total daily/monthly extended hours. The system produces a table on abnormal overtime work and implements improvements to reduce the risks of violation of regulations. Implement regular inspections on overtime work and enhance audits based on the overtime work conditions of each unit to help units manage overtime work. Issue official letters from time to time to remind units of key points in labor inspections. Implement flexible work hours in accordance with the Labor Standards Act to reduce the need for overtime work. Implement flexible work hour system (flexible commuting, work hours adjustments, flexible leaves, and reduced work hours).</td>
</tr>
<tr>
<td>Gender equality</td>
<td>0.05%</td>
<td>0.05%</td>
<td>Implement the &quot;Prevention of Illegal Infringement at Work Plan.&quot; The Company enhanced the training programs for new employees and current employees. All units are required to complete the &quot;Gender Identification and risk assessment for prevention of illegal infringement in the workplace&quot; for all employees each year. The representatives of both labor and management established the &quot;Illegal Infringement Complaint Investigation Team&quot; to investigate cases of illegal infringement, implement the &quot;Prevention of Illegal Infringement at Work Plan.&quot; All units have posted promotional posters for &quot;Ban on sexual harassment&quot; and published the &quot;Regulations on Sexual Harassment Prevention, Complaints and Investigation&quot; on the official website and internal website. They have also set up sexual harassment complaint hotlines and emails. The Company organizes courses on sexual harassment prevention regulations, complaint channels, and prevention of workplace violence each year.</td>
</tr>
<tr>
<td>Maternity health protection</td>
<td>1.87%</td>
<td>1.34%</td>
<td>Implement the &quot;Maternal Employee Health Protection Plan.&quot; Implement risk assessment, hazard control, risk management, and work adjustments and assign in-house physicians and full-time nurses to provide care and health education over the telephone. Rigorously comply with labor regulations, gender equality in employment, and maternity protection regulations. Provide health education on precautions during pregnancy and after giving birth as well as remind pregnant employees of childbirth subsidies and related information. Provide flexible breastfeeding measures and set up breastfeeding rooms. Organize maternity health protection seminars.</td>
</tr>
</tbody>
</table>

**Human Rights Risk Assessment Ratio in Past Years**

<table>
<thead>
<tr>
<th>Year</th>
<th>Risk value (%)</th>
<th>Impact value (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>5.74</td>
<td>6.63</td>
</tr>
<tr>
<td>2019</td>
<td>5.98</td>
<td>6.92</td>
</tr>
</tbody>
</table>

Note: The Company implemented adjustments based on the human rights due diligence procedures and suited different human rights risks factors for human rights assessment and management. The strategies and methods data from past years are adjusted accordingly.

**Human Rights Risk Protection Training in past years**

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total hours</td>
<td>23,212</td>
<td>20,938</td>
<td>25,617</td>
<td>15,276</td>
<td></td>
</tr>
<tr>
<td>Total number of attendances (persons)</td>
<td>10,902</td>
<td>18,730</td>
<td>20,253</td>
<td>19,673</td>
<td></td>
</tr>
<tr>
<td>Employee training rate (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Note: Information on human rights protection training include physical and online courses. Due to the impact of the epidemic, the total training hours were lower than previous years.
1-4 Compensation Structure with Equal Pay for Equal Work

All starting salaries of the Company and subsidiaries are higher than the minimum wage stipulated in the Labor Standards Act. We follow the principle of fair and reasonable compensation in employee compensation. 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 2020, if men’s compensation was 100%, then women’s compensation would be 104%. The average compensation was 105%. The average salary of non-management female employees was 97% and the average compensation was 100%.

- Remuneration at FIFC in the past years

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average salary of the President</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Average compensation of the President</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Average salary of management personnel</td>
<td>100%</td>
<td>100%</td>
<td>105%</td>
<td>104%</td>
</tr>
<tr>
<td>Average compensation of management personnel</td>
<td>100%</td>
<td>100%</td>
<td>105%</td>
<td>104%</td>
</tr>
<tr>
<td>Average salary of non-management personnel</td>
<td>100%</td>
<td>101%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Average compensation of non-management personnel</td>
<td>100%</td>
<td>100%</td>
<td>101%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note 1: The salary and remuneration of the President are proposed by the Remuneration Committee and submitted to the Board of Directors for review. There is no gender-based variation.

Note 2: Definitions of management personnel: Employees who assume managerial roles and administrative duties.

Note 3: Definitions of salary: Salary refers to the monthly base salary, position allowances, various other allowances, compensation for overtime work, etc.

Note 4: Definitions of compensation: Compensation refers to the salary + other incentives (e.g., Employee compensations, bonuses, retirement benefits, severance pay, and incentives of material value).

We offer a fair workplace with gender equality. As of the end of 2020, women account for 50.9% of the Group’s 317 senior executives, and women occupy 53.2% of job positions with potential for salary increase. It is evident that there are no gender-based differences in the Company’s hiring and promotion practices.

- Proportion of Female Executives and Employees in Past Years

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of female employees (%)</td>
<td>59.0</td>
<td>60.0</td>
<td>59.9</td>
<td>60.0</td>
</tr>
<tr>
<td>Percentage of female executives (%)</td>
<td>53.0</td>
<td>53.0</td>
<td>51.2</td>
<td>51.2</td>
</tr>
<tr>
<td>Percentage of junior female executives (%)</td>
<td>53.6</td>
<td>53.6</td>
<td>51.8</td>
<td>51.8</td>
</tr>
<tr>
<td>Percentage of senior female executives (%)</td>
<td>41.7</td>
<td>48.6</td>
<td>51.0</td>
<td>50.9</td>
</tr>
<tr>
<td>Number of female employees in management roles</td>
<td>49.3</td>
<td>47.4</td>
<td>48.4</td>
<td>53.2</td>
</tr>
<tr>
<td>Number of female employees who are members of the union (%)</td>
<td>37.9</td>
<td>38.0</td>
<td>38.1</td>
<td>38.8</td>
</tr>
</tbody>
</table>

Note 1: Number of junior female executives/total number of junior executives
Note 2: Definitions of 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, 2005
Note 3: Number of female executives in positions with potential for salary increase/total number of executives in positions with potential for salary increase (excluding supporting departments such as human resources, IT, and legal affairs)
Note 4: We started the disclosure of the percentage of women in related STEAM positions in 2020. STEAM refers to Science, Technology, Engineering, Arts, and Mathematics. We recruit employees based on their professional skills and do not set gender-based thresholds for recruitment.

1-5 Freedom of association

To promote employer-employee harmony as well as support business development and employee welfare, all companies have set up diverse and confidential employee communication channels. The Employer-Employee Meeting at each company consists of an equal number of labor and management representatives. The conference is held periodically 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 provided in the table below. There were no penalties caused by labor-management disputes in 2020.

- Statistics on Employer–Employee Meetings in the past years

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of meetings</td>
<td>26</td>
<td>28</td>
<td>28</td>
<td>32</td>
</tr>
<tr>
<td>Proposals</td>
<td>53</td>
<td>73</td>
<td>76</td>
<td>70</td>
</tr>
</tbody>
</table>

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 Employee-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 97.94% of employees are covered by the collective bargaining agreement which was a significant growth of 1.43% from 2019. 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 employers and the employer and mutual prosperity.

- Statistical table on number of employees who are members of the union

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of employees who are members of the union</td>
<td>6,300</td>
<td>6,500</td>
<td>7,500</td>
<td>7,500</td>
</tr>
<tr>
<td>Percentage of employees who are members of the union (%)</td>
<td>85</td>
<td>84.53</td>
<td>96.51</td>
<td>97.94</td>
</tr>
</tbody>
</table>

Note: Percentage of employees who are union members = number of employees who are members of the union / number of employees (excluding local hire of overseas office and temporary personnel)
1–6 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. First Bank received 5 sexual harassment complaints in 2020 and the “Sexual Harassment Complaints Committee” was convened in accordance with the “Regulations on Sexual Harassment Prevention, Complaints and Investigation”. We have initiated investigation procedures through without disclosing information in accordance with the Regulations. We also protected the parties’ privacy and personal legal interests. With regard to the names of the parties or other information that can be used to identify the parties, except where it is necessary for investigations or public security, we have requested the members of the Sexual Harassment Complaints Committee and related personnel to bear confidentiality obligations. To reiterate the importance of the confidentiality obligations, the Chairman of the Committee recites related provisions before each meeting to inform all personnel in attendance. We notified the parties involved in the three unsubstantiated cases of their handling result at the meeting.

The actions taken to address the issues are described below:

Case 1
• Arrangements for separation were made to prevent contact between the parties during the investigations.
• Related surveillance video footage was kept to facilitate future investigations.
• We implemented suitable punishments including demerits and removal of the perpetrator based on the recommendations of the Committee and informed the individual of the results.
• We provided the victim with counseling and legal assistance and appointed lawyers for civil claims.

Case 2
• Arrangements for separation were made to prevent contact between the parties during the investigations.
• We implemented suitable punishments including demerits and removal of the perpetrator based on the recommendations of the Committee and informed the individual of the results.
• We provided the victim with counseling and legal assistance.

2–1 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 2020, our Group had 9,849 regular employees (including 1 female part-time employee in overseas offices) including 547 foreign nationals. FFHC has 5,508 female employees and 3,941 male employees. The ratio of female to male employees is 4:4. Employees in management roles account for 17.3% in which female managers account for 51%. There are more women than men in management and general positions. The proportion of senior management hired from domestic residents was 100%. In addition, our Group employed 472 atypical employees (including temporary workers and security personnel), or 4.79% of our total workforce in 2020.
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, and pharmacy. Since 2014, we have recruited more than 200 professional personnel and high-level managers with related digital technology expertise such as information security 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 talents.

To enhance talent recruitment accuracy and improve the corporate image, First Bank partnered with Aurora Group in 2020 for the introduction of the asynchronous video interview system, which uses imaging analysis of minute facial expressions, voice traits, and speech speed to establish a personality trait prediction model. The model helps the Bank avoid subjective biases and enhance the accuracy of judgment for supervisors in talent recruitment interviews. First Bank supports the Group’s global expansion strategy and continues development in the ASEAN region. It also expands overseas offices in the United States and Europe and recruits talents based on the business plans and needs of each business unit. The status of diverse talent recruitment in 2020 was as follows:

<table>
<thead>
<tr>
<th>Target Goals</th>
<th>Project</th>
<th>Execution Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Finance talents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We work together with academic institutions to build a comprehensive training system that supports professional development and relevant talent planning programs to quickly connect outstanding students with opportunities in the financial industry.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Work Study Program for Youth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Youth for Financial Innovation Program (1007 Program) of the Ministry of Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Youth Employment Training Program of the World Bank Development Agency, Ministry of Labor</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cross-border talents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Bank works with the management of its overseas subsidiary to cultivate international talents to support the Group’s international business strategy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Strengthen training mechanisms for overseas training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Organize “integrated business seminars and internships at overseas branches”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Expand overseas talent recruitment channels</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Digital talents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Understanding digital finance development is the key for the Group’s business expansion in the era of digital finance. We encourage our employees to improve their digital skills and actively recruit skilled employees with scientific, mathematical, and information backgrounds.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Financial technology and other professional talents for talent recruitment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• NTU Digital Talent Summit Internship</td>
<td></td>
<td></td>
</tr>
<tr>
<td>We recruited 3,251 talents in 2020. They include specialists in big data analysis, social media management, digital channel planning, and information security.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In 2020, we recruited a total of 10 students from the junior year or above from Taiwan universities for internships in the Digital Banking Division of First Bank. They will be prioritized for talent recruitment and related job opportunities.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As of the end of 2020, the Group had 43 overseas business locations including 18 operations in Southeast Asia. In addition to hiring the most compatible and talented employees, the business locations also provide local residents with prioritized employment opportunities to continue to implement local management. Local hires with outstanding performances are promoted annually, with some holding managerial positions, emphasizing the diversity and inclusiveness of the Group while boosting business expansion. As of the end of 2020, the Group has hired 547 foreign employees including 98 new foreign employees.
2-3 Human Resource Management Risk Map

FFHC evaluates the impact of ESG risk factors on the Group’s operations in the establishment of business locations, new business development, loan investments, procurements, planning of business strategies, and human resource development. The human resource management risk graph drawn up based on the 22 selected evaluated factors in 2020, with the vertical axis as incidence probability and horizontal axis as the impact on company operations, is as follows. The 10 factors designated as medium to high probability incidence were categorized as those requiring risk management.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Probability</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major infectious disease</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td>Employee relations</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Recruitment cost</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td>Economic Crisis</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>Information security</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Occupational safety and health management</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Competitors compete for local hires</td>
<td>Low</td>
<td>Moderate</td>
</tr>
<tr>
<td>FinTech</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>Corporate culture</td>
<td>Low</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

In 2020, we conducted due-diligence surveys on the material issues with high rates of occurrence and impact such as “major infectious disease”, “remote work/working from home”, and “assignment of personnel to overseas offices”, and established and implemented related programs to reduce the impact of related risks on the Group. For instance, we have revised the “Major Infectious Disease Contingency Plan”, “Crisis Management Guidelines for Overseas Units”, and “Guidelines and Notices in Operating Procedures for Work from Home” in response to the new pneumonia epidemic and geopolitical risks in our overseas operations. In the event of a crisis or disaster, a crisis management team shall be created in the form of a task group to find solutions and prevent risks of disruption of operations. In addition, we established the “Overseas Management Talent Cultivation Guidelines” and “Sales Personnel in China Talent Cultivation Guidelines” which shall be used as the basis for promotions to expand overseas market opportunities and increase employees’ willingness to work in overseas units.

2-4 Complete development system

In 2020, following the implementation of the training system, we have started to train new employees immediately after their training. 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 use one or two phases of interviews, 270-degree evaluations (superiors, peers, and subordinates) to evaluate employees’ management and leadership skills.

For employees requiring professional 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 2020, a total of 221 employee proposals were adopted and NT$73,400 in bonuses issued. Apart from solid on-the-job training as well as professional experience gained through job rotation, we also organize a variety of professional training, online training, teamwork, 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.

First Bank has implemented a management enhancement program to enhance the management functions of management personnel. The bank has established a modular training system based on the needs of management competencies on each level. The system provides a variety of courses on common management issues, effective management methods, and communication skills for communicating with superior officers and subordinates to reduce management difficulties and help improve management quality. The training is based on a dual-track system of both “leadership management competencies” and “business management competencies”.

### Human Resource Management/Fold Map

<table>
<thead>
<tr>
<th>Salary payment</th>
<th>Basic benefits</th>
<th>Attendance</th>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job rotation</td>
<td>Employee relations</td>
<td>Performance evaluation</td>
<td>Recruitment cost</td>
</tr>
<tr>
<td>Incentive</td>
<td>Fintech</td>
<td>Occupational safety and health management</td>
<td>Competitors compete for local hires</td>
</tr>
<tr>
<td>Information security</td>
<td>Fintech</td>
<td>Management quality</td>
<td>Competitors compete for local hires</td>
</tr>
</tbody>
</table>

### Career Training System

**New Employee Training**
- Help new employees smoothly connect with the workplace
- Quickly understand the company’s organizational structure and culture
- Covers corporate knowledge, basic operations, legal compliance education, human rights regulations, team-building activities, safety and health course

**Specialized Training**
- Basic training
  - Enhance employees’ knowledge and skills of basic operations
  - Introduce important regulations, processes, internal controls and sales techniques for each task
- Advanced training
  - Enhance employees’ advanced specialized skills
  - Industry analysis, case discussion, sharing of experience by top marketers

**Management Training**
- Assistant manager trainee
  - Improve preliminary management capabilities
  - Enhance knowledge of management roles and management skills
- Senior assistant manager trainee
  - Strengthen team communication and build team rapport
  - Encouragement for subordinates and management of mid-level personnel

**Other Training**
- Language training
  - Strengthen the foreign language skills and promote a language-learning atmosphere for employees
  - Provide subsidies to employees attending foreign language courses at language centers
  - Set up English courses online for employees

**Internship**
- Career internship
  - Send to external financial institutions to learn about and observe the workflow and points of each business process
  - Career internship
  - Strengthen leadership and management skills

**External Training**
- Encourage and subsidize colleagues for extra-job training
- Send external financial institutions to learn about business-related competency

### News 

**Employee proposals**
- 2017: 106
- 2018: 143
- 2019: 97
- 2020: 196

<table>
<thead>
<tr>
<th>Year</th>
<th>Total proposals</th>
<th>No. of awarded proposals/Bonuses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>106</td>
<td>44 / 16,000</td>
<td>542</td>
</tr>
<tr>
<td>2018</td>
<td>143</td>
<td>56 / 18,000</td>
<td>763</td>
</tr>
<tr>
<td>2019</td>
<td>97</td>
<td>45 / 15,200</td>
<td>542</td>
</tr>
<tr>
<td>2020</td>
<td>196</td>
<td>76 / 24,000</td>
<td>221,734,600</td>
</tr>
</tbody>
</table>
2-5 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 to foster "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, trust, compliance, anti-money laundering, and overseas trains. First Securities and First Securities Investment Trust arrange professional training courses such as preservice 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 ensure the smooth operations of overseas business units and the stability of the business operations of the unit, 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 2020, 369 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. To ensure the "qualitative" and "quantitative" talent development and protect and control training effectiveness, we introduced the Kirkpatrick Model and Human Capital ROI to review and evaluate the changes and effectiveness of employees' behavior and performance during and after training.

Digital Banking Talent Transformation Program

Goal: Foster 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. We enhanced the digital marketing performance with the enhancement of the smart customer service system, digital welcome system, and new functions in the mobile marketing platform app. The training cost in 2017, 2018, 2019, and 2020 totaled NT$67,419 thousand, NT$126,599 thousand, NT$70,408 thousand, and NT$49,860 thousand, respectively. The estimated ROI for training in 2020 increased by 22% compared to 2019.

Kirkpatrick Evaluation Level

- 2017
- 2018
- 2019
- 2020

Response level (L1): After-course satisfaction questionnaire recovery rate (%)
- 92.8
- 93.6
- 92.6
- 93.6

Learning level (L2): Test passage rate (%)
- 100
- 100
- 100
- 100

Behavior level (L3): Utilization rate of electronic channels (%)
- 76.94
- 78.07
- 80.18
- 83.85

Results level (L4): Percentage of income from digital transactions (%)
- 7.73
- 7.90
- 6.97
- 7.49

Returns level (L5): Return on investment (ROI) evaluation
- 627.2
- 467.6
- 882.0
- 1,077.0

- Financial benefits = interest income + service fee income

Overseas Trains Program

Goal: Accelerate the professional training of overseas talent

Operating performance: This increase in the quality of overseas personnel has helped the Bank increase overseas profitability each year. In 2017, 2018, 2019, and 2020, gross profits of overseas branches reached US$250,493,000, US$250,027,000, US$264,032,000, and 394,963,000 respectively.

Kirkpatrick Evaluation Level

- 2017
- 2018
- 2019
- 2020

Response level (L1): After-course satisfaction questionnaire recovery rate (%)
- 92.8
- 93.6
- 92.6
- 93.6

Learning level (L2): Test passage rate (%)
- 100
- 100
- 100
- 100

Behavior level (L3): Overseas trainee turnover rate (%)
- 1.59
- 2.08
- 2.93
- 3.5

Results level (L4): Target achievement rate for new borrowers (%)
- 60.22
- 58.72
- 72.34
- 60.78

Returns level (L5): Operating margin growth rate of overseas units (%)
- 21.75
- 21.67
- 5.57
- 49.59

- Although we maintained the operating margin in 2019, the comparison period was higher and resulted in reduced growth rate of the operating margin.

Securities Salesperson Transformation Program

Goal: Respond to requirements for digital development, help salespersons evolve into an all-rounded financial management advisor

Operating performance: In 2020, a total of 155 securities salespersons acquired investment insurance certificates. The proportion of First Securities employees with licenses for selling insurance products was increased to 71.76%. The investment returns from co-marketing businesses in 2020 increased by 5.3% from 2019.

Kirkpatrick Evaluation Level

- 2017
- 2018
- 2019
- 2020

Response level (L1): After-course satisfaction questionnaire recovery rate (%)
- -
- 83.4
- 80.6

Learning level (L2): Test passage rate (%)
- 100
- 100
- 100

Behavior level (L3): Salesperson insurance license acquisition rate (%)
- 48.36
- 46.57
- 71.76

Results level (L4): Percentage of income from insurance products (%)
- 0.52
- 0.55
- 0.50

Returns level (L5): Return on investment (ROI) evaluation for insurance products through co-marketing
- 350.24
- 451.03
- 460.63

- Financial benefits = service fee income for sales of insurance products

● Effectiveness of training based on implementation of the Kirkpatrick Model

Management Trainee Succession and Training Program

Goal: Improve the competency indicators such as management and leadership skills and judgment of managers to fit all business objectives

Benefits for operations: Strengthen the team leadership skills of managers to enhance the cohesion force and motivation of employees and increase the revenue of the Company. We recruited 185, 185, 216, and 729 management trainees in 2017, 2018, 2019, and 2020, respectively. The return on investment (ROI) for the training in 2020 grew by 45% compared to 2019.

Kirkpatrick Evaluation Level

- 2017
- 2018
- 2019
- 2020

Response level (L1): Average satisfaction rate of training course (%)
- 95.2
- 92.6
- 92.2
- 94.6

Learning level (L2): Test passage rate (%)
- 100
- 100
- 100
- 100

Behavior level (L3): Key talent retention rate (%)
- 100
- 100
- 100
- 100

Results level (L4): Operational risk ratio (%)
- 4.84
- 4.81
- 4.78
- 4.56

Returns level (L5): Estimated return on investment (ROI) for training
- 125.0
- 91.4
- 78.8
- 114.4

- The Company systematically trains and cultivates the skills of management trainees to improve and retain the skills of the team. We added the Management Trainees Succession and Training Program and filled out data from past years based on the evaluation level.
- Operational risk ratio = operational risk / total risk-weighted assets * 100%
- Estimated return on investment (ROI) for training = revenue (operating expenses - (salary cost + benefit cost)) / (salary cost + benefit cost)
### Professional Insurance Talent Training Program

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total attendance in training for managers</td>
<td>17,144</td>
<td>14,226</td>
<td>11,872</td>
<td>22,244</td>
<td>18,465</td>
<td>16,954</td>
<td>17,003</td>
<td>15,612</td>
</tr>
<tr>
<td>Average training hours per manager</td>
<td>66.29</td>
<td>60.15</td>
<td>73.66</td>
<td>84.11</td>
<td>61.74</td>
<td>85.01</td>
<td>69.37</td>
<td>73.87</td>
</tr>
<tr>
<td>Average training hours per non-manager</td>
<td>51,155</td>
<td>52,403</td>
<td>54,053</td>
<td>74,524</td>
<td>43,515</td>
<td>83,056</td>
<td>56,176</td>
<td>54,383</td>
</tr>
<tr>
<td>Total training hours for managers</td>
<td>67.32</td>
<td>70.15</td>
<td>73.66</td>
<td>84.11</td>
<td>61.74</td>
<td>85.01</td>
<td>69.37</td>
<td>73.87</td>
</tr>
<tr>
<td>Total training hours for non-managers</td>
<td>47,903</td>
<td>50,679</td>
<td>53,157</td>
<td>73,512</td>
<td>62,327</td>
<td>62,327</td>
<td>61,128</td>
<td>61,128</td>
</tr>
<tr>
<td>Average non-manager training hours</td>
<td>54.95</td>
<td>57.89</td>
<td>57.89</td>
<td>57.89</td>
<td>54.68</td>
<td>54.68</td>
<td>56.86</td>
<td>56.86</td>
</tr>
<tr>
<td>Average employee training cost (NT$1,000)</td>
<td>7,437</td>
<td>13,760</td>
<td>7,825</td>
<td>5,647</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 3-1 Competitive remuneration and performance evaluation system

To fulfill our care of duty to employees, we refer regularly to salary surveys conducted by professional organizations. Our annual salary is in the 95% range of the market (95% means our standard of compensation is superior to 65% of our competitors).

The average salary increased by 2.4% in 2020. The average salary of full-time non-management employees was NT$1,208 thousand, 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 2020 amounted to NT$16.13 billion, up 3.7% from 2019.

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of people</td>
<td>7,699</td>
<td>7,585</td>
<td>7,835</td>
<td>8,056</td>
<td>1,114</td>
<td>1,235</td>
<td>1,243</td>
<td>1,208</td>
</tr>
<tr>
<td>Average salary ( Thousands NTD)</td>
<td>1,114</td>
<td>1,235</td>
<td>1,243</td>
<td>1,208</td>
<td>2.82</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median salary ( Thousands NTD )</td>
<td>1,022</td>
<td>1,138</td>
<td>1,133</td>
<td>1,103</td>
<td>2.45</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

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 establish 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 to adjust the long-term performance of employees and implement the “Employee 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 the 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 “Reduction 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 seniority, performance, 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 the 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, and the highest annual evaluation scores at the current grade for the past 1-5 years as well. Each weightage is correlated to the employees’ long-term performance. We also included ESG training in the performance evaluation of employees (5% of the total score), and included volunteer activities as necessary items in the promotion evaluation of the deputy management trainees. We participate in the implementation of environmental protection and care for the disadvantaged through volunteer activities and fulfill our corporate social responsibility.
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 1.511. 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 91.88% in 2020. 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 insurance “scheme” in 2020. Full-time employees who have worked for the Company for more than 6 months are free to opt in the insurance policy account in advance when they leave the Company. The value of the policy account is determined based on the employee’s number of years of enrollment and the contribution ratio described as follows:

<table>
<thead>
<tr>
<th>Years of enrollment</th>
<th>Value of the policy account with company contribution of insurance premiums and contribution ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 3 years</td>
<td>0</td>
</tr>
<tr>
<td>3–6 years</td>
<td>50, Calculated based on the accumulated policy account value at the insurance policy at the time</td>
</tr>
<tr>
<td>6 years or more</td>
<td>100, Calculated based on the accumulated policy account value of the insurance policy at the time</td>
</tr>
</tbody>
</table>

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 2020, 95.94% of individuals have participated in the program. The Bank deposited a total of NT$87.58 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:

<table>
<thead>
<tr>
<th>Number of years in trust plan</th>
<th>Percentage (%) of amount that can be withdrawn from the mandatory pension account</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 3 years</td>
<td>0</td>
</tr>
<tr>
<td>3–6 years</td>
<td>50 (Plus cumulative profit or loss from this)</td>
</tr>
<tr>
<td>6 years or more</td>
<td>100 (Plus cumulative profit or loss from this)</td>
</tr>
</tbody>
</table>

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 2020 a total of 97 employees participated in the program and we appropriated a total of NT$534.56 million.

First Financial Investment Trust has implemented a long term incentive plan for fund managers that exceeds 1 year. In accordance to the “Investment Researcher’s Compensation and Penalty Plan”, long term performance bonuses would be awarded 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.

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 7.26% at the end of 2020. If those applying for retirement at the age of 65 in accordance with the Labor Standards Act are excluded then the turnover rate was 5.89%. We encourage internal rotations for talents and increased opportunities for employees to actively arrange and plant their personal careers.

The Company has strengthened the disclosure of information on internal openings and focused on on-the-job training for employees. We also use systematic job rotations and increase the proportion of internal positions filled by internal candidates to gradually reduce the turnover rate of employees each year. Our internal opening fulfillment rate was 84.21% in 2020.
3-3 Employee Communication and Commitment

To respond to the Company’s business development and protect employee rights, the Company complies with the "10 Indicators of Forced Labour" of the International Labour Organization and Taiwan’s labor regulations including the "Labor Standards Act", "Employment Service Act", "Act of Gender Equality in Employment", and "Middle-aged and Elderly Employment Promotion Act". We specify employee work rules and human resource management polices. In addition, employees will be notified of important work changes as soon as possible. For instance, employees must be notified of the establishment of new business units or the transfer of business personnel due to business requirements in writing and time in advance. For the assignment of employees to overseas business locations (including branches, offices, and preparatory offices), 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 host country. This will shorten the amount of preparation time, reduce the time required for handover, protect employees’ labor rights, and reduce operational 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 3 years of continuous service; (3) 30 days' notice for employees who have continuously served for three years or more.

The Group's various companies have conducted employee commitment surveys since 2017. The Company seeks to learn about the opinions of employees, their satisfaction with work, approval of the Company, and recommendations on the Company's development in order to improve and optimize related business management systems. The results of the Employee Commitment Survey of the Group in the past three years are as follow:

<table>
<thead>
<tr>
<th></th>
<th>Total 2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of questionnaires</td>
<td>8,504</td>
<td>8,792</td>
<td>9,063</td>
</tr>
<tr>
<td>Number of returned questionnaires</td>
<td>8,091(Male:5,572/Female:2,419)</td>
<td>8,495(Male:5,460/Female:2,928)</td>
<td>8,896(Male:5,456/Female:3,338)</td>
</tr>
<tr>
<td>Recovery rate (%)</td>
<td>95.14</td>
<td>96.67</td>
<td>96.27</td>
</tr>
<tr>
<td>Overall commitment (%)</td>
<td>82.39</td>
<td>86.43</td>
<td>92.38</td>
</tr>
<tr>
<td>Level of commitment of male employees (%)</td>
<td>84.76</td>
<td>87.91</td>
<td>95.79</td>
</tr>
<tr>
<td>Level of commitment of female employees (%)</td>
<td>80.64</td>
<td>85.38</td>
<td>91.43</td>
</tr>
</tbody>
</table>

Internal aspects of the questionnaire

- Company policy and culture
- Training and development
- Compensation and benefits
- Leadership and management
- Relationship with colleagues
- Participation in volunteer activities
- Health and safety
- Work-life balance

Improvement mechanisms

- Amend the rules for employee promotion and shorten the required length of service to accelerate the promotion of talented individuals.
- Enhance training for professional competencies and establish transparent talent assignment mechanisms.
- Provide job rotation opportunities to help employees learn about different businesses.
- Accelerate talent development and assign employees with high performance and high potential to attend professional training courses.
- Increase employee welfare expenditures each year.
- Organize quarterly employer-employee meetings to enhance the communication channels between managers and subordinates.
- Encourage employees to take part in volunteer activities including those that are not organized by the Company.

Effectiveness of improvements

- The individual commitment of male and female employees of the Group and overall commitment have increased more than 5% from the survey results in 2019.
- Establish internal job rotation mechanisms to provide employees with the opportunities for changing their desired roles, increase their passion for work, and reduce turnover. The turnover rate of 7.26% in 2020 was lower than the 8.43% in 2019.
- First Bank evaluated employees under the age of 45 with medium high performance and medium high potential based on the results of competency assessments. A total of 25 employees have been reassigned to core businesses.
- The Company cooperated with external professional institutions in foreign language learning programs and helped employees pass foreign language certification tests. As of the end of 2020, 2,447 employees passed English proficiency certification tests and 286 employees passed other foreign language proficiency certification tests.
- Starting from 2020, the Bank complex is a list of candidates eligible for promotion for reference by overseas units during the annual promotion operations of local branches to facilitate the promotion of local talents and the implementation of the local management strategy in overseas branches. The Bank considered the needs of overseas units and the economy; data of each country and revised the salary standards for local hires of 12 branches including the Vancouver, Toronto, Hong Kong, Macau, Shanghai, Chengdu and Xiamen branches to strengthen the competitiveness of overseas units in terms of salary and remuneration for local hires. The turnover rate of 8.80% for overseas employees in 2020 was thus lower than the 9.98% in 2019.
- FFHC has raised the childbirth subsidy for each child to NT$100,000 and the policy was implemented on January 7, 2021.
- Review the differences in the benefits provided by the Company and other financial institutions and increase rewarding mechanisms for the total employee welfare costs in 2020 amounted to NT$10.13 billion, up 3.04% from 2019.
- First Securities Investment Trust convenes regular town hall meetings (meeting of all employees) to encourage employees to provide suggestions on process improvements. A total of 196 employee recommendations were reviewed and passed by the companies’ Board of Directors. We also set up hotlines, fax, emails, and other communication 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.
- The telephone number and email for employee complaints are posted under the Stakeholder Communications section on 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.
- 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 supervision/independent directors and Audit Committee notified, and the competent authority informed as well.
- 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 employees can handle problems properly.
- 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 email 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 year.
- The Company does not tolerate workplace bullying or harassment by any of the Company’s employees or executives. If the Company receives a report of illegal infringement, discrimination, or harassment, the Company shall assist employees in addressing the issue immediately and provide psychological counseling and legal assistance in accordance with the Company’s internal rules and regulations.
- A proposal system and themed competitions are used to encourage employees to make suggestions on process improvements. A total of 196 employee recommendations were proposed in 2020 including improving the quality of services, improvement of current operations, improvement of automatic services, improvement of operation methodology, cost savings, and building a better corporate image. All recommendations were studied closely by the relevant departments and 76 of them were eventually accepted.
- 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.
- 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.

FFHC subsidiaries provide multiple channels for employee communications and whistleblowing. A positive interactive relationship is maintained and whistleblowers are protected against improper treatment. Apart from personal meetings between managers and employees, the employee mailbox and complaints hotline, video conferencing, intranet pages, the law-weekly publication and monthly publication all enable employees to keep track of company developments and communicate with corporate governance to report problems.
3-4 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.

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

Establishment of Employee Welfare Committee
- Subsidies for employee self-improvement trips and distribution of gift boxes on the three major holidays
- Employee birthdays
- Souvenirs for retired personnel
- Compensation for hospitalization of family members and funerals
- Scholarships for employees’ children

Employee dormitories and guest houses
- Employee guest houses in Bellou, Penghu, and Hualien
- Employee dormitories in Taipei City, New Taipei City, Hsinchu, Taichung, Tainan, Kaohsiung, and Hengchun
- Various subsidies
  - Marriage, childbirth subsidies
  - Subsidy for continuing education at university
  - Subsidy for learning foreign language
  - Subsidy for professional exam entrance fees
  - Subsidy for birthday celebrations, annual parties and holiday travel
  - Subsidy for funerals
  - Subsidy for recreational courses and events
  - Subsidy for how of spa treatments
  - Employee deposit and shareholding trust
  - Employee group annual insurance

Leave regulations that surpass the legal requirement
- 14 days of paid special leave and 30 days of paid sick leave (except for employees on their first and second year)
- Number of leave days for wedding, funeral, and miscarriage exceed statutory requirement
- One day of volunteering leave

Medical care
- Health examination for employees and their families
- Health workshops and nutrition management
- Medical clinics and full-time nutritionist
- Abnormal Workload/triggered Diseases Prevention Plan
- Human-factor Hazard Prevention Plan
- Maternal Employee Health Protection Plan
- Tobacco-free Workplace, Air Quality Testing and Maintenance
- Psychological consultation for employees
- Flu vaccinations and cancer screening
- Low-dose lung CT scan
- Care for hospitalized employees

Various subsidies
- Subsidy for pregnancy
- Subsidy for child care
- Scholarships for employees’ children
- Subsidy for leisure activities
- Subsidy for recreational courses and events
- Subsidy for continuing education at university
- Subsidy for professional exam entrance fees
- Consolation payment on the three major holidays for retired employees
- Establishment of Employee Welfare Committee
- Employee dormitories and guest houses
- Leave regulations that surpass the legal requirement
- Medical care
- Various subsidies

Implementation results of employee welfare measures in 2020

Childbirth and child care
- Maternity leave: Employees may take part in paid leave for childbirth. In 2020, we provided NT$300,000 in maternity allowances and 14 days of maternity leave which is superior to regulations specified in the Labor Standards Act. A total of 139 employees applied for maternity leave in 2020 which totaled NT$4.17 million.
- We encourage employees to take part in socializing activities for unworn people organized by public institutions. A total of 3 people took part in the activities and received NT$3,600 in subsidies in 2020.

Pregnancy
- We provide a total of 44 days of paid leave for pregnancy, personal leave (superior to the statutory 10 days for sick leave and unpaid personal leave specified in the Labor Standards Act), and prenatal checkup leave (prenatal leave, pregnancy leave) (5 days). The use of leave is not included in the annual performance work plan and does not affect promotions. A total of 353 people applied for such leave in 2020 and the average duration is 7.33 days.
- FFHC appoints full-time nurses and in-house physicians to provide pregnant employees with related health instructions and consulting services.
- We organized a workplace health talk on supplementary nutrition before pregnancy.

Childbirth
- FFHC has raised the child birth subsidy since 2017 and offers NT$100,000 for the first child, NT$150,000 for the second child, and NT$200,000 for the third child and every child thereafter. Child birth subsidy of NT$145.2 million was disbursed in 2020, contributing to the birth of 2,010 babies. FFHC raised the childbirth subsidy for each child to NT$100,000 starting from 2021.
- Maternity leave of 16 days 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 179 employees applied for the leave in 2020 and the average duration was 48 days.

Breast-feeding
- FFHC Headquarter building, First Bank IT building, Zhengyang building, and Blide building 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 929 people in 2020.
- We organized workplace breastfeeding and childcare health talks on infant development and breastfeeding as well as brain development and breastfeeding.
- We provided female employees with the “First Pregnancy Pack” and “First Mommy Pack”, and constantly evaluated adjustments for the work environment of pregnant employees.
- FFHC protects the promotion prospects, performance evaluation, and benefits of employees on unpaid maternity leave, and after childbirth care and support for employees. In 2020, a total of 87 people applied for unpaid maternity leave and the reinstatement rate reached 87.88%; the retention rate one year after reinstatement in 2020 for employees who went on unpaid child care leave was 90.00%.

Leisure and care measures
- Vacation subsidies
  - FFHC provides 14 days of paid personal leave (including 7 days of family care leave). These types of leave were applied for by 298 employees, averaging 21 hours per person.
  - Education subsidies are also provided for employees’ children. A total of NT$14.58 million was disbursed.
  - FFHC has signed an agreement with a well-known national chain to provide all employees with discounted daycare service.
  - FFHC organized workplace childcare health talks, family reading, and relaxing childcare activities.
  - FFHC protected the promotion prospects, performance evaluation, and benefits of employees on unpaid personal leave, and after diversified care and support for employees. In 2020, a total of 87 people applied for unpaid maternity leave and the reinstatement rate reached 87.88%; the retention rate one year after reinstatement in 2020 for employees who went on unpaid child care leave was 90.00%.

Disease prevention and care measures
- To mitigate the impact of the COVID-19 epidemic on overseas personnel, we distributed support funds totaling more than NT$7 million to employees assigned to overseas units in 356 cases, and provide paid disease prevention leave for quarantined employees during the quarantine period. Employees assigned overseas are provided with official leave for self-health management when they are transferred or when they return to their office. The number of subsidized airplane tickets for family visits, health examination subsidies, and annual leave that were unused in 2020 may be deferred for use in 2021.
Statistics on applicants for child care leave in 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of employees on parental leave</th>
<th>No. of applicants for child care leave</th>
<th>No. of employees returning to work within 1 year</th>
<th>No. of employees returning to work within 1 year (A)</th>
<th>Reinstate- ment rate (%) (B/A)</th>
<th>Retention rate (%) (D/C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>344</td>
<td>75</td>
<td>89</td>
<td>78</td>
<td>74</td>
<td>66</td>
</tr>
<tr>
<td>Total</td>
<td>245</td>
<td>12</td>
<td>10</td>
<td>9</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Grand Total</td>
<td>589</td>
<td>87</td>
<td>99</td>
<td>87</td>
<td>80</td>
<td>72</td>
</tr>
</tbody>
</table>

Statistics on rate of reinstatement and retention in past years

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinstatement rate (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>75.25</td>
<td>86.67</td>
<td>85.40</td>
<td>95.18</td>
<td>81.82</td>
<td>93.62</td>
</tr>
<tr>
<td>Retention rate (%)</td>
<td>94.85</td>
<td>100.00</td>
<td>95.28</td>
<td>93.55</td>
<td>93.27</td>
<td>92.51</td>
</tr>
</tbody>
</table>

FFHC Pension Contribution Plans in Past Years

<table>
<thead>
<tr>
<th>Category</th>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Pension System</td>
<td></td>
<td>218,426</td>
<td>247,787</td>
<td>274,071</td>
<td>317,994</td>
</tr>
<tr>
<td>Old Pension System</td>
<td></td>
<td>377,978</td>
<td>357,919</td>
<td>352,208</td>
<td>327,151</td>
</tr>
<tr>
<td>Overseas</td>
<td></td>
<td>16,175</td>
<td>15,969</td>
<td>16,514</td>
<td>18,798</td>
</tr>
</tbody>
</table>

Note: Please refer to pages 195-196 of the Company’s 2020 Annual Report for detailed information on the pension contribution plan and contribution status.

Occupational safety and health

Material Topic: GRI 405: Occupational safety and health

4-1 Occupational Safety and Health

To effectively protect employees’ safety and health, we evaluated employees’ health risks based on important indicators such as the nature of work, work environment, health examination results, age distribution, and the four plans for workplace health promotion (abnormal work load, human factors, maternity, and illegal infringement). We identified 11 employee health issues and produced the following employee health issue risk map based on the probability of occurrence and level of impact on the Company’s operations.

According to the 2020 health risk map, the Company listed the top 10 issues with medium to high probability of occurrence/degree of impact as health risks that must be managed. Infectious diseases, obesity, cardiovascular diseases, accidents, mental stress, and cancer are listed as medium high risk factors, and infectious diseases may cause higher impact on the Company’s operations and probability. FFHC has formulated preventive plans and mitigation measures based on the risk level for management and tracking to effectively reduce the frequency of occupational accidents and health hazards for employees.

The Company added annual performance targets for occupational safety managers and continued to improve occupational safety and health management procedures in 2020 to enhance occupational safety and health management measures and effectively manage employees’ health risks.

Evaluate health hazards

Review and evaluate the impact of the Company's business activities and work environment on occupational safety and health.

Formulate corresponding plans

Discuss major occupational accidents and health risk issues and formulated annual health promotion plans in meetings of the Occupational Safety and Health Committee.

Supervise and implement plans

Implementation of occupational safety and health measures, system certification, and training, and follow up on the implementation status.

Performance assessment and improvement

Analyze and review results to adjust the mitigation measures. Assign in-house physicians and nurses for follow-up management and provide health instructions.
The employees health risk prevention plans in 2020 are as follows.

I. 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 form 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 improvement and follow up on their improvement status. We organized health examinations for 135 executive, 24 (overseas personnel), 7,889 employees in 2020 and subsidies amounted to approximately NT$164 million.

II. 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 scheduled to determine their risk rating based on personal risk factors. High-risk employees are provided with telephone interviews and healthcare instructions by the inhouse 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. High-risk employees and 351 moderate-to-low-risk employees were identified in 2020.

III. Human-factor Hazard Prevention Plan: Conduct an annual assessment for employees suspected of musculoskeletal symptoms and draw up a tracking table. The inhouse physician learns about the reasons of symptoms, individual cases, provide suitable recommendations for improvement, and regularly follows up on the improvement status through the telephone. We also organized the health seminars such as “Fighting Osteoporosis” and “Officer Worker Stress Relief Health Seminar” to raise employees’ health awareness. In 2020, 105 employees were suspected of having human-factor hazards they made improvements with the assistance of the inhouse physician.

IV. Maternal Employee Health Protection Plan: Female employees, upon learning of their pregnancy and those identified within one year of childbirth, fill out the “Health Risk Assessment Form for Pregnant/Past/Paturnal Employee” with their manager to assess on maternal health due to work. In 2020, 179 pregnant employees were included in the Maternal Employee Health Protection Plan and medical personnel completed risk assessment and confirmation in 277 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.

V. 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 “illegal 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 created safe work environments, assigns manpower appropriately, and provide 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.

If the Company receives a report of illegal infringement, the Company shall assist employees in addressing the issue immediately and actively provide psychological counseling and legal assistance in accordance with the Company's internal rules and regulations based on the physical and mental state of the employees. Perpetrators in such cases shall be penalized in accordance with related regulations and they shall be transferred from their original positions to prevent further contact with the victims. The Company shall provide the victims with the necessary assistance and support, and arrange psychological counseling services, poor support, rehabilitation or leave, or adjustments in work to provide support and encouragement. The Company's medical staff shall provide follow-up care and we hire lawyers to provide assistance for civil cases to claim compensation for damages and process related litigation.

Prevention of Illegal Infringement at Work Plan Implementation Process

- **STEP 1:** Identify and assess hazards
- **STEP 2:** Set up suitable workplaces and assign personnel
- **STEP 3:** Establish the code of conduct and procedures for processing
- **STEP 4:** The Investigation Team completes the investigation report within 1 month
- **STEP 5:** Performance assessment and improvement

The Investigation Team completed the investigation report in 277 cases in 2020.

Prevention of Illegal Infringement at Work Plan Implementation Process

The employee health risk prevention plans in 2020 are as follows.

### 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 form 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 135 executive, 24 (overseas personnel), 7,889 employees in 2020 and subsidies amounted to approximately NT$164 million.

### 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 scheduled to determine their risk rating based on personal risk factors. High-risk employees are provided with telephone interviews and healthcare instructions by the inhouse 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. High-risk employees and 351 moderate-to-low-risk employees were identified in 2020.

### Human-factor Hazard Prevention Plan
Conduct an annual assessment for employees suspected of musculoskeletal symptoms and draw up a tracking table. The inhouse physician learns about the reasons of symptoms, individual cases, provide suitable recommendations for improvement, and regularly follows up on the improvement status through the telephone. We also organized the health seminars such as “Fighting Osteoporosis” and “Officer Worker Stress Relief Health Seminar” to raise employees’ health awareness. In 2020, 105 employees were suspected of having human-factor hazards they made improvements with the assistance of the inhouse physician.

### Maternal Employee Health Protection Plan
Female employees, upon learning of their pregnancy and those identified within one year of childbirth, fill out the “Health Risk Assessment Form for Pregnant/Past/Paturnal Employee” with their manager to assess on maternal health due to work. In 2020, 179 pregnant employees were included in the Maternal Employee Health Protection Plan and medical personnel completed risk assessment and confirmation in 277 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.

### 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 “illegal 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 created safe work environments, assigns manpower appropriately, and provide 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.

If the Company receives a report of illegal infringement, the Company shall assist employees in addressing the issue immediately and actively provide psychological counseling and legal assistance in accordance with the Company's internal rules and regulations based on the physical and mental state of the employees. Perpetrators in such cases shall be penalized in accordance with related regulations and they shall be transferred from their original positions to prevent further contact with the victims. The Company shall provide the victims with the necessary assistance and support, and arrange psychological counseling services, poor support, rehabilitation or leave, or adjustments in work to provide support and encouragement. The Company's medical staff shall provide follow-up care and we hire lawyers to provide assistance for civil cases to claim compensation for damages and process related litigation.

**Prevention of Illegal Infringement at Work Plan Implementation Process**

- **STEP 1:** Identify and assess hazards
- **STEP 2:** Set up suitable workplaces and assign personnel
- **STEP 3:** Establish the code of conduct and procedures for processing
- **STEP 4:** The Investigation Team completes the investigation report within 1 month
- **STEP 5:** Performance assessment and improvement

The Investigation Team completed the investigation report in 277 cases in 2020.

**Statistical table on related illegal infringement complaints in past years**

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illegal framing (number of cases)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**2020 employee health risk mitigation measures and effectiveness.**

### Health risk Mitigation/Prevention Measures and Effectiveness

- **Issued a newsletter to provide health care information:** Employees 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 diseases. We also set up the “COVID-19” section on the internal website to provide employees with the latest COVID-19 disease prevention information.

- **Protective measures:** Maintained cleanliness of the workplace environment with periodic cleaning and disinfection and increase the number of disinfections when necessary.

- **Provide employees with necessary protective equipment such as transparent separation boards, veils, face masks, and disinfectants.**

### Infectious disease

- **On-site service by nursing personnel:** Based on the health examination results, if the workplace has employees who contracted infectious diseases, dedicated nursing professionals were invited to provide disease health education at the workplace to improve employees’ understanding of the disease and prevention methods.

- **Organize disease prevention awareness campaigns:** The Company organized COVID-19 seminars and disease prevention awareness campaigns for a total of 790 participants.

### Obesity

- **Nutrition Management:** We organize the “Healthy Diet” health promotion campaign with a total of 963 participants. The weight control group (BMI<24) and weight management group lost a total of 751.9 kilograms, and individuals lost up to 19.5 kilograms. The weight control group (BMI>18.5) gained 37.6 kilograms, and individuals gained up to 5.1 kilograms.

### Cardiovascular 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.

- **Installation of automated external defibrillator (AED):** As of the end of 2020, we have installed AEDs in 56 businesses sites to protect employees and customers, and received the “AED Safe Workplaces Certification”.

### Accidents and injuries

- **Increased awareness through internal official documents:** 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 steep cautiously when going up or down the stairs to avoid accidents.

- **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 consultation in 90 cases in 2020.

### Mental stress

- **Organized health talks:** We asked “Teacher Chang Foundation” to organize 5 sessions of mental health seminars on “Creating Positive Energy in the Workplace - Supervisor Sensitivity and Communication EQ” in northern, central, and southern Taiwan for a total of 218 participants.

- **Shared information on alleviating pressure on mental health:** Employees can share their experience in mental health and stress relief on the internal website (e.g., psychological consultation and emotional thermometer sections).

### Promoted the “Low-dose Radiation Tomography Lung Scan” to provide early detection and treatment for lung cancer.

- **A total of 5,491 employees completed the examination from 2017 to 2020; and the examination rate was 77.4%.** Hospital health examination center was asked to contact employees whose examination results revealed lung nodules or anomalies to return for further checkups.

### Cancer

- **Promoted the “Low-dose Radiation Tomography Lung Scan” to provide early detection and treatment for lung cancer:** We provided employees with consultation for serious illnesses or injuries (27 participants in 2020). We also set up a “Family Association” and encourage employees to support and share their health care experiences with each other. For individual patients, health professionals made phone calls to check up on seriously ill or injured employees and provide professional health care information.

374 expressions of support were conducted during 2020.
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. Note: COVID-19 disease prevention measures In response to the COVID-19 epidemic, the Group established the Disease Prevention 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 disease prevention plans. They also immediately implemented various disease prevention measures based on the latest material information announced by the Central Epidemic Command Center to protect the health of employees and customers and ensure uninterrupted operations.

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 health 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.

2. Improvement of the “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. As of the end of 2020, the Company had a total of 1,303 ISO 45001 managers (including employees and contractors). The Company provides annual internal/external audits, and P-D-C-A process through regulatory reviews, as well as potential risks in the work environment identified in the management review, and safety and health inspections. We made improvements for internal and external safety and health issues as well as potential risks in the work process through regulatory reviews, internal/external audits, and PDCA procedures to maintain the validity of the management system certificate.

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 Central Control 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.

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Trainees and Training Hours for Workplace Safety and Hygiene Managers</td>
<td>714/8,515</td>
<td>712/4,052</td>
<td>728/7,309</td>
<td>29/645</td>
<td></td>
</tr>
<tr>
<td>Number of Trainees and Training Hours for Fire Hazard Prevention Management</td>
<td>650/3,930</td>
<td>69/828</td>
<td>95/1,116</td>
<td>695/4,314</td>
<td></td>
</tr>
<tr>
<td>Number of Trainees and Training Hours for ISO 45001 Management Systems</td>
<td>21/558</td>
<td>41/378</td>
<td>625/2,640</td>
<td>33/594</td>
<td></td>
</tr>
<tr>
<td>Number of Trainees and Training Hours for Emergency Rescue</td>
<td>99/707</td>
<td>50/179</td>
<td>29/645</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note: As a result of the epidemic in 2020, except for the necessary annual on-the-job training, some units assigned personnel to other courses based on necessity, and therefore the number of participants and number of hours were lower than previous years.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Statistics on Occupational Safety and Health Committee meetings in the past 4 years

- All business units have appointed an OSH supervisor, first-aid personnel and the prevention manager to protect the safety and health of business units.
- Certified personnel are also dispatched to receive on-the-job training in fire-prevention management of employee health, supervision of safety and hygiene, and other measures beneficial to improving workplace safety and hygiene management.

Statistics on health education seminars in past years

Preparation for health promotion activities

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical and mental health topics</td>
<td>2 sessions / 826 people</td>
<td>4 sessions / 812 people</td>
<td></td>
</tr>
<tr>
<td>Maturity health and Childcare health topics</td>
<td>-</td>
<td>2 sessions / 71 people</td>
<td></td>
</tr>
</tbody>
</table>

Health promotion activities

- 2nd session of weight control class was conducted with a total of 66 participants, shedding a total of 64.1 kg
- 1st session of weight control class was conducted with a total of 43 participants, shedding a total of 32.5 kg
- Walkathon 1 session/942 participants with more than 150 million steps and 2.3/7 kg in weight loss

Health promotion activities

- 1 session/553 participants (weight control group: BMI≥24) and weight maintenance group lost a total of 75.9 kilograms, weight control group: BMI<24, weight maintenance group lost a total of 17.6 kilograms.
4. 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 15,748 people were enrolled in 2020; First Securities, First Life Insurance, First Financial AMC, and First Securities Investment Trust also provide group insurance for employees. A total of 1,506 employees were insured at a cost of NT$ 4,881,000. 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.

5. 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 42 in 2020. The number of employees (including temporary workers and security staff) fell ill due to work related causes was 0. The number of employees who were injured on the job was 5.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of people on occupational injury leave</th>
<th>Number of days of occupational injury leave</th>
<th>Occupational injury rate (per 100)</th>
<th>Lost day rate (%)</th>
<th>Disabling Injury Frequency Rate (%)</th>
<th>Severity of disabling injuries rate (%)</th>
<th>Number of days absent (excluding medical leave)</th>
<th>Absenteeism rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>28</td>
<td>618</td>
<td>0.47</td>
<td>6.27</td>
<td>1.42</td>
<td>3.1</td>
<td>10,842</td>
<td>0.73</td>
</tr>
<tr>
<td>Female</td>
<td>14</td>
<td>423</td>
<td>0.36</td>
<td>4.29</td>
<td>0.71</td>
<td>2.2</td>
<td>6,188</td>
<td>0.63</td>
</tr>
<tr>
<td>Total</td>
<td>42</td>
<td>1,041</td>
<td>0.43</td>
<td>10.56</td>
<td>2.13</td>
<td>5.3</td>
<td>17,030</td>
<td>0.69</td>
</tr>
</tbody>
</table>

Note: The occupational accidents include falling incidents, inappropriate actions, and traffic accidents.

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0.65</td>
<td>0.22</td>
<td>0.47</td>
<td>0.43</td>
</tr>
<tr>
<td>Absenteeism rate%</td>
<td>0.24</td>
<td>0.07</td>
<td>0.33</td>
<td>0.31</td>
</tr>
</tbody>
</table>

Note: 1. Occupational injury rate: Number of people on occupational injury leave 2. Lost day rate: Days of occupational injury leave/ Work hours = 228,000 3. Total work hours: 19,684,000 hours
4. Disabling Injury Frequency Rate (FR): Based on the total number of disabling injuries during the period in question. Disabling Injury Frequency Rate is calculated as the total number of disabling injuries for every million work hours (to two decimal places). The formula is as follows:

\[
\text{Frequency of disabling injuries (persons) x 10^6} = \frac{\text{Total hours worked}}{\text{Disabling Injury Frequency Rate (FR)}}
\]

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

\[
\text{Total number of days lost x 10^6} = \frac{\text{Total hours worked}}{\text{Disabling Injury Severity Rate (SR)}}
\]

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of people on occupational injury leave</th>
<th>Number of days of occupational injury leave</th>
<th>Occupational injury rate (per 100)</th>
<th>Lost day rate (%)</th>
<th>Disabling Injury Frequency Rate (%)</th>
<th>Severity of disabling injuries rate (%)</th>
<th>Number of days absent (excluding medical leave)</th>
<th>Absenteeism rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>28</td>
<td>618</td>
<td>0.47</td>
<td>6.27</td>
<td>1.42</td>
<td>3.1</td>
<td>10,842</td>
<td>0.73</td>
</tr>
<tr>
<td>Female</td>
<td>14</td>
<td>423</td>
<td>0.36</td>
<td>4.29</td>
<td>0.71</td>
<td>2.2</td>
<td>6,188</td>
<td>0.63</td>
</tr>
<tr>
<td>Total</td>
<td>42</td>
<td>1,041</td>
<td>0.43</td>
<td>10.56</td>
<td>2.13</td>
<td>5.3</td>
<td>17,030</td>
<td>0.69</td>
</tr>
</tbody>
</table>

Note: The occupational accidents include falling incidents, inappropriate actions, and traffic accidents.

5-1 Charitable strategy

Community Engagement

Material Topic -
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

<table>
<thead>
<tr>
<th>Solution</th>
<th>Amount Unit: ten thousand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Care</td>
<td></td>
</tr>
<tr>
<td>&quot;GOGLORY: World Cards&quot; in circulation and the proceeds</td>
<td>2,126 cards/1,767</td>
</tr>
<tr>
<td>Proceeds from &quot;financing projects for the reconstruction of dangerous and old buildings&quot;</td>
<td>15,780</td>
</tr>
<tr>
<td>The senior citizens’ easy-care trust and disabled people’s care trust</td>
<td>37</td>
</tr>
<tr>
<td>Proceeds from reverse mortgage “Comfort Loan”</td>
<td>84</td>
</tr>
<tr>
<td>Income from &quot;Worker Relief Loan&quot; and “Micro-Enterprise e-Services”</td>
<td>–</td>
</tr>
<tr>
<td>Income from First Time Home Buyer Mortgage</td>
<td>45,328</td>
</tr>
<tr>
<td>Proceeds from loans for small and medium enterprises</td>
<td>1,245,000</td>
</tr>
<tr>
<td>Premium income from micro insurance products</td>
<td>5</td>
</tr>
<tr>
<td>Number of beneficiaries in the financial seminars in remote areas, campuses, and communities</td>
<td>6,186</td>
</tr>
<tr>
<td>Amount of donations for charity organizations made through First Bank credit cards</td>
<td>43,300</td>
</tr>
<tr>
<td>Number of beneficiaries of disadvantaged schoolchildren (including rebates from the World Card, breakfast for schoolchildren in remote areas, financial support for disadvantaged school/children, and financial industry scholarship donations) and amount donated</td>
<td>2,289 / 353</td>
</tr>
<tr>
<td>Proceeds from reverse mortgage “Comfort Loan”</td>
<td>2,137 / 432</td>
</tr>
<tr>
<td>Proceeds from reverse mortgage “Comfort Loan”</td>
<td>2,226 / 483</td>
</tr>
<tr>
<td>Purchase of gifts for the charity year-end party and income for the performance of disadvantaged groups</td>
<td>138</td>
</tr>
<tr>
<td>Amount of donations to the Food Bank and amount</td>
<td>375 / 86</td>
</tr>
<tr>
<td>Number of beneficiaries in overseas charitable activities and amount of donations</td>
<td>49,500</td>
</tr>
<tr>
<td>Number of beneficiaries in overseas charitable activities and amount of donations</td>
<td>100</td>
</tr>
<tr>
<td>Number of beneficiaries in overseas charitable activities and amount of donations</td>
<td>138</td>
</tr>
<tr>
<td>Amount of donations to the Food Bank and amount</td>
<td>134</td>
</tr>
<tr>
<td>Number of beneficiaries in overseas charitable activities and amount of donations</td>
<td>100</td>
</tr>
<tr>
<td>Financial benefits</td>
<td>1,245,000</td>
</tr>
<tr>
<td>Social and environmental benefits</td>
<td>6,186</td>
</tr>
<tr>
<td>Community Engagement</td>
<td>43,300</td>
</tr>
<tr>
<td>Social and environmental benefits</td>
<td>6,186</td>
</tr>
<tr>
<td>Solution</td>
<td>Amount Unit: ten thousand</td>
</tr>
<tr>
<td>Resolved social and environmental issues</td>
<td></td>
</tr>
<tr>
<td>The wealth gap between urban and rural areas makes it difficult for disadvantaged groups to obtain education resources and financial information and services</td>
<td>375 / 86</td>
</tr>
<tr>
<td>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</td>
<td>495 / 105</td>
</tr>
<tr>
<td>Taiwan’s aging society has made the lack of resources for long-term care of the elderly increasingly severe</td>
<td>750 / 110</td>
</tr>
<tr>
<td>Resolve youth and low birthrate issues and help youths uphold optimism in facing the future</td>
<td>535 / 75</td>
</tr>
</tbody>
</table>

Impact

We promote financial inclusion and incorporate SDGs to take care of young property borrows and ease asset safety that is necessary for the silver-haired people living in the aging society. In addition to fully supporting small and medium enterprises, we also provide First Time Home Buyer Mortgage and Comfort Loan. Moreover, we offer the "Worker Relief Loan" to address the impact of the pandemic. These services were concluded in an amount totaling NT$877 billion in 2020, accounting for 8.24% of overall consumer loans. The amount of EOS-based retirement trusts for the elderly and disability trusts for customers with physical or mental disabilities reached NT$215 billion.
We have been sponsoring and organizing all kinds of sports activities for more than 20 years. By training potential young table tennis players, we have cultivated a number of national players, laying a solid foundation for Taiwan’s table tennis development. Internally, we have created a sporting culture among employees. Externally, we have successfully enhanced the young, energetic brand image of the Group.

Since the launch of the trust service for film grants in 2004, we have accepted more than 200 cases, with a total amount of NT$1.8 billion. We also assisted in the development of the domestic cultural and creative industries by proactively processing loans for the said industries. The total credit balance of the loans in 2020 reached NT$24.6 billion. Moreover, we launched various loan programs for the cultural and creative industries, including “Credit Loan for Cultural and Creative Industry Uplifted” and “Loans for Young Entrepreneurs and Startups in the Cultural and Creative Industries.” We sponsored Taiwan Lantern Festival and Taipei Lantern Festival to attract more visitors and consumers.

We combine core competencies to facilitate industrial transformation, and develop and provide ESG products and services. We hosted energy-conservation symposiums, Corporate Gold Workshop, urban renewal information sessions, and environmental education to communicate the Group’s green finance products, policies, and ideas with customers, suppliers, and various stakeholders. The financing balance of ESG-related corporate loans amounted to NT$4.87 billion in 2020, accounting for 56% of the overall financing balance of corporate loans. We issued Green Public Welfare Credit Cards and donated a certain amount of credit card payments made by cardholders to the government or social welfare groups for facilitating environmental protection and social welfare. For example, rebates totaling NT$1.16 million from Living Green Card and NT$270,000 from FFHC were donated to 5 elementary schools in rural areas to help them install 1,216 sets of LED lighting equipment. We also provided One-stop Financial Service for Urban Renewed to help residents rebuild their homes to increase real estate value. Moreover, we respond to the government’s goal of achieving an eco-friendly, low carbon footprint city by supporting the construction of green buildings.

Note: We cut down the number of charts and Green Volunteers events to be hosted due to the impact of the COVID-19 pandemic, resulting in a decrease in commercial, social, and environmental benefits.
5-2 Benefit evaluation

We respond to the United Nations Sustainable Development Goals (SDGs) and actively use care 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 2020 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 invested a total of NT$79.85 million in the four major charitable strategies in 2020. 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 2020, a total of 134 charity activities were held, including 45 volunteer activities, 38 green volunteer activities, and 53 financial knowledge promotion activities on campus and in the community. The volunteer service instances totaled 2,019 and the beneficiary instances totaled 13,591 in 8,059 hours of services. Between 2011 and 2020, volunteers participated in events for a total of 22,488 times, benefiting over 91,602 people and clocking in a total of 92,783 hours of service. To learn about the participants’ satisfaction rate of volunteer activities, we also distributed 7,635 surveys and收回awarded 98.93% of the surveys. 92.28% of the participants have expressed their satisfaction with the events, and set a target of achieving year-on-year growth of 3% starting from 2021 in terms of the number of volunteers.

Northern Region

Taichung-Changhua-Nantou Region

- Central Region Children’s Home, Ministry of Health and Welfare
- Taoyuan Children’s Home
- Bankers on Campus
- Enhui Children and Juvenile Center, Changhua County
- Loving Volunteers Services Center, Changhua County
- “Get Out and Give” Blood Drive
- Investment primary school
- Trust lecture for families of people with physical or mental disabilities

Taoyuan-Hsinchu-Miaoli Region

- House of Hope, Taoyuan
- Qtlz Love Farm, Chiayi
- Bethlehem Foundation, Taichung
- Taichung Babes’ Home, Good Shepherd Social Welfare Foundation

Yunlin-Chiayi-Tainan Region

- House of Hope, Tainan
- Qtlz Love Farm, Chiayi
- Bethlehem Foundation, Tainan
- Taichung Babes’ Home, Good Shepherd Social Welfare Foundation

Kaohsiung-Pingtung Region

- House of Hope, Kaohsiung
- Qtlz Love Farm, Chiayi
- Family Homeland, Pingtung
- 1st Taoy Family Primary School, Liuyin, Kaohsiung

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Hours</th>
<th>Participants</th>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2,140</td>
<td>535 people</td>
<td>1,148 people</td>
</tr>
<tr>
<td>2012</td>
<td>2,484</td>
<td>621 people</td>
<td>2,001 people</td>
</tr>
<tr>
<td>2013</td>
<td>6,804</td>
<td>1,701 people</td>
<td>4,073 people</td>
</tr>
<tr>
<td>2014</td>
<td>11,646</td>
<td>2,866 people</td>
<td>6,556 people</td>
</tr>
<tr>
<td>2015</td>
<td>12,004</td>
<td>3,506 people</td>
<td>6,774 people</td>
</tr>
<tr>
<td>2016</td>
<td>12,896</td>
<td>3,552 people</td>
<td>10,585 people</td>
</tr>
<tr>
<td>2017</td>
<td>13,440</td>
<td>3,128 people</td>
<td>12,421 people</td>
</tr>
<tr>
<td>2018</td>
<td>11,749</td>
<td>2,888 people</td>
<td>15,446 people</td>
</tr>
<tr>
<td>2019</td>
<td>11,723</td>
<td>2,872 people</td>
<td>19,027 people</td>
</tr>
<tr>
<td>2020</td>
<td>8,059</td>
<td>2,019 people</td>
<td>13,991 people</td>
</tr>
</tbody>
</table>

Cumulative total: 92,783 hours, 22,680 people, 91,602 people
Promotion Projects for Financial Education

FFHC takes practical action to support disadvantaged groups by proactively leveraging its core competencies to help disadvantaged people learn about financial knowledge and safeguard their rights and interests. Our employees form volunteer service teams every year to share financial or wealth management concepts with rural communities, schools, and social welfare groups in hopes of continuously expanding the universalization of financial knowledge and creating opportunities for children to learn financial knowledge. FFHC incorporates the product concepts of retirement trusts and disability trusts for customers with physical or mental disabilities into volunteer services, thereby ensuring the financial security of the elderly and families of people with physical or mental disabilities.

<table>
<thead>
<tr>
<th>Services</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial education and promotion</td>
<td>Session: 51</td>
<td>Number of Participants: 5,373</td>
<td>Number of Participants: 8,077</td>
</tr>
<tr>
<td>in rural areas by volunteers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volunteer services</td>
<td>Session: 1</td>
<td>Number of Participants: 29</td>
<td></td>
</tr>
<tr>
<td>incorporated with the</td>
<td>Session: 6</td>
<td>Number of Participants: 352</td>
<td></td>
</tr>
<tr>
<td>promotion of retirement</td>
<td>Session: 2</td>
<td>Number of Participants: 272</td>
<td></td>
</tr>
<tr>
<td>and disability trusts</td>
<td>Session: 1</td>
<td>Number of Participants: 5</td>
<td></td>
</tr>
<tr>
<td>and disability trusts for</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>customers with physical or</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>mental disabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Primary School</td>
<td>Session: 1 (Taipei Family Helper Center</td>
<td>Number of Participants: 29</td>
<td></td>
</tr>
<tr>
<td>- Wealth Management Number One</td>
<td>and TCWC Children Home)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment checkup seminar in rural</td>
<td>Session: 1 (Taipei Family Helper Center</td>
<td>Number of Participants: 157</td>
<td></td>
</tr>
<tr>
<td>communities</td>
<td>and TCWC Children Home)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Online wealth management</td>
<td>Session: 46</td>
<td>Number of Participants: 1,419</td>
<td></td>
</tr>
<tr>
<td>workshop</td>
<td>Session: 45</td>
<td>Number of Participants: 1,946</td>
<td></td>
</tr>
<tr>
<td>Session: 69</td>
<td></td>
<td>Number of Participants: 3,697</td>
<td></td>
</tr>
</tbody>
</table>

Note: Some events were canceled or held online due to the impact of the COVID-19 pandemic, resulting in a decrease in the number of events held and participants.

A heartwarming story in a local community – the breakfast food truck sending love to the House of Hope in Taiwan

In November 2020, a red truck carrying delicious teas, eggs, and popcorn arrived at the House of Hope of Gatlee Mission in Taiwan for the first time. Volunteers from First Bank partnered with client Good Morning, a breakfast chain, for the first time to make heartwarming breakfast with disadvantaged children from the House of Hope. The House of Hope of Gatlee Mission shelters disadvantaged children and orphans aged under 16 and those from single families or skipped-generation families. It was the first time for the children to experience the fun part of making their own breakfast with volunteers. They also received souvenirs such as radish cake and new pairs of shoes. First Bank volunteers conveyed the importance of savings and wealth management through a play-and-win session. The volunteers also donated few safety facilities and teaching equipment, including second-hand computers, projectors, and printers, to the House of Hope. With donations, children can grow up with wise and learn happily.

Disadvantaged Assistance

- First Bank Culture & Education Foundation donated 1% of payments made with the First Bank World Card to the “School Education Savings Account” platform of the Ministry of Education. The platform sponsors education, school lunches, and after-school classes for disadvantaged schoolchildren in remote areas to help their schooling. We helped 290 economically disadvantaged schoolchildren and those suffering from drastic changes in their families in their education, with an amount donated totaling NT$194,000.
- We donated NT$2.5 million to the Financial Service Industry Education Foundation. We supported 1,330 students from poor and disadvantaged families. We have donated NT$15 million over 4 years and assisted 9,825 students from newly 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 468 disadvantaged schoolchildren in Ankang, Zhongzhen, and Erchong Elementary Schools for 10 consecutive years and provided education assistance programs to 5,352 students for 10 years.
- We donated NT$100,000 to the “Five Core Competency Project” of Shih Chien University to help students with physical or mental disabilities or those who are economically disadvantaged in their education.
- We sponsored the breakfast program of “Tainan Elementary School” in remote areas of Nantou County and the baseball team of Chung-Syue Elementary School in Tainan City and provided breakfast to 120 disadvantaged school children and baseball players for the entire year.
- We invited family members from Xingfu Shelter of Taipei Autism Children Social Welfare Foundation to attend the “Trend lecture for families of people with physical or mental disabilities.” The lecture introduced how to safeguard the everyday needs of people with physical or mental disabilities at old ages by leveraging trust and reliability given by trust products with stable wealth management products. A total of 35 people participated in the lecture.

Volunteering and care

- 43 loving volunteer activities were held to accompany elderly people living alone, disadvantaged groups and financial education.
- The Phnom Penh Branch and Ho Chi Minh City Branch partnered with customers to donate supplies to local children’s homes. The two overseas volunteer activities benefited a total of 535 disadvantaged children. The activities have been benefited a total of 7,635 overseas disadvantaged people since 2016.
- We worked with Memmorial Christian Hospital and Taipei Medical University Hospital Fang Hsin Medical Youth Service Group to organize 5 free clinics in Warrong and Zhuoxi Township in Hualien and Hsin Township in Pinghu for the 5th straight year. We also sponsored the medical expenses for the 20 free clinics provided by Memmorial Christian Hospital, 4 Gatherings for Patients with liver diseases, and 25 free clinics provided by Taipei Medical University Hospital Fang Hsin Medical Youth Service Group. The free clinics benefit more than 1,600 people and saved approximately NT$240,000 in medical expenses.

Health and gender education

- We organized 5 life education seminars and invited people with disabilities to share their wisdom in life for approximately 802 schoolchildren.
- Volunteers promoted child safety education and gender equality through after-school programs. A total of 15 sessions were hosted, benefiting 1,490 people.
We invited the Atayal Traditional Choir from Fushan Elementary School in New Taipei's Wulai, Bo-Yi Wu, a band Yishgen Ministry of Economic Affairs and commissioned the social enterprise “Friendly SEED Co., Ltd.” in helping Wanhua Branch amounted to more than NT$400,000 in 2020.

We donated 370 packages of the New Year’s loving dishes to Zhongjhen Borough in Taipei City, benefitting solitary elderly people and low-income households. We donated 159 packages of the New Year’s loving dishes to solitary elderly people living in Zhongshan District and those living in Songshan District of Taipei City to wish them a happy Lunar New Year.

We donated magnetic chalkboards and magnetic water erasable chalkboards to Tanan Elementary School in Nantou County’s Xingji Township to provide teachers and students with a quality teaching and learning environment and ensure their health by protecting them from chalk dust. A total of 80 teachers and students benefitted from the donations.

We partnered with Taipai Medical University Hospital to launch the “First Life Insurance Donation Project.” With each policy of “Loan Derivative Insurance Products (Mortgage Life Insurance)” or “LongTerm Care Coverage” sold, we donated NT$100 to Any District’s integrated community care center under the Stone Soup Project. Total donations amounted to more than NT$400,000 in 2020.

We responded to the “Buying Power Social Innovative Products and Services Procurement Incentive Mechanism” of the Ministry of Economic Affairs and commissioned the social enterprise “Friendly SEED Co., Ltd.” in helping Wanhua Branch organize environmental education and promotion courses to support the development of social enterprises. Total purchases reached NT$470,000.

We donated NT$110,000 to the Queensland Government of Australia for helping the government in rebuilding after the bushfires.

To prevent local people working in agriculture and fisheries from the impact of the COVID-19 pandemic, we took concrete action to support the domestic agriculture and fisheries sector. We purchased 100 kg of groupers and concrete action to support the domestic agriculture and fisheries sector. We purchased 100 kg of groupers and

We partnered with Taipei Medical University Hospital to launch the “First Life Insurance Donation Project.” With each policy of “Loan Derivative Insurance Products (Mortgage Life Insurance)” or “Long Term Care Coverage” sold, we donated NT$100 to Any District’s integrated community care center under the Stone Soup Project. Total donations amounted to more than NT$400,000 in 2020.

We responded to the “Buying Power Social Innovative Products and Services Procurement Incentive Mechanism” of the Ministry of Economic Affairs and commissioned the social enterprise “Friendly SEED Co., Ltd.” in helping Wanhua Branch organize environmental education and promotion courses to support the development of social enterprises. Total purchases reached NT$470,000.

Donations to Fight COVID-19

To prevent local people working in agriculture and fisheries from the impact of the COVID-19 pandemic, we took concrete action to support the domestic agriculture and fisheries sector. We purchased 100 kg of groupers and

We partnered with Taipei Medical University Hospital to launch the “First Life Insurance Donation Project.” With each policy of “Loan Derivative Insurance Products (Mortgage Life Insurance)” or “Long Term Care Coverage” sold, we donated NT$100 to Any District’s integrated community care center under the Stone Soup Project. Total donations amounted to more than NT$400,000 in 2020.

We responded to the “Buying Power Social Innovative Products and Services Procurement Incentive Mechanism” of the Ministry of Economic Affairs and commissioned the social enterprise “Friendly SEED Co., Ltd.” in helping Wanhua Branch organize environmental education and promotion courses to support the development of social enterprises. Total purchases reached NT$470,000.

Donations to Fight COVID-19

To prevent local people working in agriculture and fisheries from the impact of the COVID-19 pandemic, we took concrete action to support the domestic agriculture and fisheries sector. We purchased 100 kg of groupers and

We partnered with Taipei Medical University Hospital to launch the “First Life Insurance Donation Project.” With each policy of “Loan Derivative Insurance Products (Mortgage Life Insurance)” or “Long Term Care Coverage” sold, we donated NT$100 to Any District’s integrated community care center under the Stone Soup Project. Total donations amounted to more than NT$400,000 in 2020.

We responded to the “Buying Power Social Innovative Products and Services Procurement Incentive Mechanism” of the Ministry of Economic Affairs and commissioned the social enterprise “Friendly SEED Co., Ltd.” in helping Wanhua Branch organize environmental education and promotion courses to support the development of social enterprises. Total purchases reached NT$470,000.

Donations to Fight COVID-19

To prevent local people working in agriculture and fisheries from the impact of the COVID-19 pandemic, we took concrete action to support the domestic agriculture and fisheries sector. We purchased 100 kg of groupers and

We partnered with Taipei Medical University Hospital to launch the “First Life Insurance Donation Project.” With each policy of “Loan Derivative Insurance Products (Mortgage Life Insurance)” or “Long Term Care Coverage” sold, we donated NT$100 to Any District’s integrated community care center under the Stone Soup Project. Total donations amounted to more than NT$400,000 in 2020.

We responded to the “Buying Power Social Innovative Products and Services Procurement Incentive Mechanism” of the Ministry of Economic Affairs and commissioned the social enterprise “Friendly SEED Co., Ltd.” in helping Wanhua Branch organize environmental education and promotion courses to support the development of social enterprises. Total purchases reached NT$470,000.

Donations to Fight COVID-19

To prevent local people working in agriculture and fisheries from the impact of the COVID-19 pandemic, we took concrete action to support the domestic agriculture and fisheries sector. We purchased 100 kg of groupers and

We partnered with Taipei Medical University Hospital to launch the “First Life Insurance Donation Project.” With each policy of “Loan Derivative Insurance Products (Mortgage Life Insurance)” or “Long Term Care Coverage” sold, we donated NT$100 to Any District’s integrated community care center under the Stone Soup Project. Total donations amounted to more than NT$400,000 in 2020.

We responded to the “Buying Power Social Innovative Products and Services Procurement Incentive Mechanism” of the Ministry of Economic Affairs and commissioned the social enterprise “Friendly SEED Co., Ltd.” in helping Wanhua Branch organize environmental education and promotion courses to support the development of social enterprises. Total purchases reached NT$470,000.

Donations to Fight COVID-19

To prevent local people working in agriculture and fisheries from the impact of the COVID-19 pandemic, we took concrete action to support the domestic agriculture and fisheries sector. We purchased 100 kg of groupers and

We partnered with Taipei Medical University Hospital to launch the “First Life Insurance Donation Project.” With each policy of “Loan Derivative Insurance Products (Mortgage Life Insurance)” or “Long Term Care Coverage” sold, we donated NT$100 to Any District’s integrated community care center under the Stone Soup Project. Total donations amounted to more than NT$400,000 in 2020.

We responded to the “Buying Power Social Innovative Products and Services Procurement Incentive Mechanism” of the Ministry of Economic Affairs and commissioned the social enterprise “Friendly SEED Co., Ltd.” in helping Wanhua Branch organize environmental education and promotion courses to support the development of social enterprises. Total purchases reached NT$470,000.
Sports competition

The First Holding Maxxis Tennis

- We have organized nationwide tennis championships for 11 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 1,015 people participated in 2020.

Unified Invoice Cup for Road Running

- The event began in Yilan’s Luodong Sports Park, and we collected 438,568 invoices. The NT$360,000 raised was donated to 5 social welfare foundations in Yilan County, including Sinfra Buddhist Social Welfare and Charity Organization, Lan-Chui Social Welfare Foundation, St. Camillus Center for Intellectual Disability, Tzih Hua Home of Tzih Hua Welfare Foundation, and A-Bao Education Foundation.

Sport support

- We have organized national table tennis tournaments for 12 consecutive years; sponsored Taiwan’s weightlifting team for the Olympics and Football Association, and supported and helped disadvantaged schoolchildren with a specialty in sports. We received the “Sports Activists Awards - Gold Sponsorship and Long-Term Sponsorship Award” from the Ministry of Education for 2 consecutive years.

Table tennis training

- We established the men’s table tennis team in 2011 and 6 table tennis players were selected into the national team in 2020. They won a total of 2 gold, 1 silver, and 3 bronze medals and won NT$0.24 million in prize money in contests in Taiwan and overseas. We also continued to sponsor training fees for 8 schools including Shiu De Elementary School in New Taipei City and benefited 305 players.

Artistic Cultural Creation

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. 43 such concerts have been held since 2006, attracting more than 120,000 visitors.

Care for cultural creative industries

- The total credit balance as of 2020 reached NT$24.6 billion for 3,464 applicants. Among them were 170 companies in the film and television related industries and their credit balance amounted to NT$2.2 billion, accounting for 9% 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.

Supporting local art and cultural traditions

- We sponsored “Taiwan Lantern Festival” organized by the Taichung City Government. The festival attracted around 11.82 million tourists at home and abroad, raised Taiwan’s global profile, and contributed to approximately NT$7 billion in economic output.

Create tourism benefits

- 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 10 years, 56 concerts have been held, involving 63 groups of visually impaired, hearing impaired or physically disabled groups to perform, attracting more than 11,000 people to visit. We invited “Ku & Dancers and” performing groups of people with physical disabilities, “Dream Catchers” and “Feibi Band,” in 2020 to celebrate our 10th Anniversary. The performance touched 300 audiences.

Unified Invoice Cup for Road Running

- The event began in Yilan’s Luodong Sports Park, and we collected 438,568 invoices. The NT$360,000 raised was donated to 5 social welfare foundations in Yilan County, including Sinfra Buddhist Social Welfare and Charity Organization, Lan-Chui Social Welfare Foundation, St. Camillus Center for Intellectual Disability, Tzih Hua Home of Tzih Hua Welfare Foundation, and A-Bao Education Foundation.

Table tennis training

- We established the men’s table tennis team in 2011 and 6 table tennis players were selected into the national team in 2020. They won a total of 2 gold, 1 silver, and 3 bronze medals and won NT$0.24 million in prize money in contests in Taiwan and overseas. We also continued to sponsor training fees for 8 schools including Shiu De Elementary School in New Taipei City and benefited 305 players.

We sponsored “Taiwan Lantern Festival” organized by the Taichung City Government. The festival attracted around 11.82 million tourists at home and abroad, raised Taiwan’s global profile, and contributed to approximately NT$7 billion in economic output.

Light up Life on the First Dream Stage

- 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 114 art and cultural exhibitions have been held as of the end of 2020 and attracted over 114,000 visitors. The sales of art works in 9 art exhibitions in 2020 totaled approximately NT$1.235 million. Due to the impact of the COVID-19 pandemic, we organized 2 sessions of “The Artistic World – Online Art and Cultural Event” where we interviewed artists to share their creation process. The event allowed audiences to appreciate and walk into arts online.

Supporting local art and cultural traditions

- We invited young people to have their creative ideas run wild and show themselves and their confidence by hosting the “First Bank Cosplay Battle” at Syntrend Creative Park. We incorporated the green and sustainable concept into the event and donated waste batteries and compact discs. The event attracted a total of 600 young people.

Create tourism benefits

- We sponsored “Taiwan Lantern Festival” organized by the Taichung City Government. The festival attracted around 11.82 million tourists at home and abroad, raised Taiwan’s global profile, and contributed to approximately NT$7 billion in economic output.

Creating a brand appealing for young people

- We invited young people to have their creative ideas run wild and show themselves and their confidence by hosting the “First Bank Cosplay Battle” at Syntrend Creative Park. We incorporated the green and sustainable concept into the event and donated waste batteries and compact discs. The event attracted a total of 600 young people.
11,472 people have opened accounts as of the end of 2020. The service has helped customers experience new digital financial services with ease and efficiency. The application and procedures from account opening to over-the-counter procedures, no closing time, no bank visit, and zero account opening documents to fill out. First Securities “e-account opening” upheld its “three noes and one zero” features which require “no over-the-counter procedures” at all. Over 234,000 times in 2020 which was a 117% increase of new digital accounts. The iLEO app was downloaded among domestic banks in 2021 Q1 in terms of the number of downloads. More than 570,000 iLEO Digital Accounts have been opened since its launch and First Bank ranked fourth in the full range of online account opening services for adults, minors and sole proprietors. First Bank independently developed the “iLEO Digital Account” which upholds the core values of “simplicity, innovation, and thoughtfulness.” The account target digital natives.

To increase the penetration rate of young customers, the Bank officially allowed minors above the age of 7 with ID cards to apply for account opening online starting from 2020. Applications are not confined by time or space and parents are only required to help their minor children enter the application information online. The account opening can be completed after the legal representative completes identity verification. To expand the use of iLEO digital accounts, First Bank launched the “iLEO Sole Proprietorship Digital Account” to provide busy sole proprietors with a more convenient way to open accounts and support the development of micro and small businesses. First Bank became the first bank to offer a full range of online account opening services for adults, minors and sole proprietors. First Securities “e-account opening” upheld its “three noes and one zero” features which require “no over-the-counter procedures” at all. Over 234,000 times in 2020 which was a 117% increase of new digital accounts. The iLEO app was downloaded among domestic banks in 2021 Q1 in terms of the number of downloads. More than 570,000 iLEO Digital Accounts have been opened since its launch and First Bank ranked fourth in the full range of online account opening services for adults, minors and sole proprietors. First Bank independently developed the “iLEO Digital Account” which upholds the core values of “simplicity, innovation, and thoughtfulness.” The account target digital natives.

6-1 Optimize service procedures on digital channels
First Bank leads digital trends and attracts new customers. In terms of customer base composition, office workers between the ages of 20 and 44 account for the largest share. The average age of current users is 36, with women accounting for 57% of the total. Customers are only required to complete the online account opening application and download the exclusive “iLEO app” to gain access to a comprehensive digital financial account with multiple functions such as NT$ and foreign currency deposits, funds and wealth management, and credit card services.

6-2 Smart Applications
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 customers’ 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 beginning of 2020, users have used the “smart customer services” 278,501 times and the accuracy rate of responses was 94.5%.

Smart Customer Services
In response to the high demand for retirement planning in Taiwan’s aging society, First Bank launched the “e-First smart wealth management” service in October 2020. It is the first such service that makes use of algorithms of the international investment research institute Morning Star. With the knowledge of more than 300 experts, the service offers a “human-machine collaboration” model to assist investors in allocating assets and selecting suitable investment targets. The service is distinct from other robo wealth management advisory services on the market because it caters to the investment requirements of customers with limited capital, office workers, and the general public. It also features the unique “elderly monthly pension plan” to provide customers with fixed monthly cash income upon retirement to make up for the deficiencies in personal savings and investments in the three major pillars of pension (social security, occupational pension, and personal savings and investments), and increase the income replacement ratio. We have accumulated nearly 20,000 investors by the end of 2020. Since its launch, the performance of all investment portfolios has been positive with up to 10% in cumulative return on investment. The performance has been relatively impressive in the current volatile investment market.
6-3 Building an Environment for Digital and Innovative Finance

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.

Online card application
Users can easily complete credit card application by completing the 3-step online application process of “verification, fill out card, and upload” through digital channels. No signatures and no mailing of documents are required. The number of cards issued via online card applications accounted for 37.69% of all cards issued in 2020.

Artificial intelligence applications
• First Bank promoted the “s-i-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 50,368 online mortgage and mortgage limit calculations was conducted and 17,070 loan applications were filed in 2020.
• 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 8,693 loan applications on “Micro Enterprise e-Services” in 2020.

6-4 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.

The Least Developed Countries:
In order to assist the least developed countries such as Cambodia in launching hightech 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, 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. In response to digital finance trends, First Bank took advantage of the wide adoption of smart phones by customers in Cambodia and launched the First Bank overseas mobile app at Phnom Penh Branch in October 2020. The app offers interfaces in Chinese, English, and Cambodian and provides designated account transfers, domestic remittances, and notification functions. The app is expected to enhance the Bank’s digitalization image and reduce customers’ waiting time over the counter.

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/ tax payment, fund transfer, and withdrawal through scanning QR codes and combine cloud invoices, thereby infinitely extending the convenience of smart life.

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 2020, 462,797 First Bank credit cards have been issued via online card applications accounted for 37.69% of all cards issued in 2020.

Payment Facilitated by Pre-arranged Deposit Account Link:
To expand mobile payment applications of deposit accounts, First Bank continues to work with 8 electronic payment operators such as “JKOS (JKOPAY), “iPass (LINE Pay Money), “EasyCard (Easy Wallet), “iCash (iCash Pay), “Gama Pay, “ezPay” , “O’Pay”, and InterPay. First Bank ranked first among partner banks in the “Payment Facilitated by Pre-arranged Deposit Account Link” by satisfying customers’ demands for day-to-day payments. First Bank implemented the “Integrated account binding for digital account opening” in collaboration with PINAS and launched the “UNe Pay Money” direct connection to digital account opening service, becoming the first government-owned bank to launch the service. The system automatically connects the account after it is opened to optimize the mobile payment experience.

6-5 FinTech Innovation
The financial services of the future will occur at any time at any place, and will be an intangible part of our life. FFHC is committed to research, development, and innovation of FinTech to expand the availability financial services to all parts of users’ lives and provide omnipresent financial services. We shall continue to strengthen core technologies and capacity and establish competitive advantages in intangible assets.

Open API Platform
To actively promote the development of Open Banking and cooperate with the authorities for entering the second phase “consumer information inquiry”, First Bank has chosen Taiwan Depository and Clearing Corporation as the first partner in the second phase. First Bank was approved by the FSC as one of the first group of banks on December 31, 2020. The parties established connections in the second phase of the API project so that consumers can check the balance and transaction details of their NTD foreign currency deposits at First Bank through the “TDCC e-Passbook” after they provide authorization for accessing their financial information at First Bank. We thus provide customers with faster, more convenient, and comprehensive financial services.

Autonomous Personalized Data Application Platform - Mydata
The National Development Council announced that people can use MyData to download 105 types of government data and authorize them for use by third-party government institutions or banks in over-the-counter or online applications. The government has allowed people to use bank IC bank cards in lieu of the Citizen Digital Certificate to download information or grant authorization to a third party for use. First Bank conducted a trial operation on the MyData platform for online credit card applications. The platform is used to obtain government data on properties, income, household registration, and labor insurance from data providers to make customers’ credit card application process more convenient and secure.
6-6 Cross-Industry Alliance and Open API Connection

Through the standardized Open API of the Financial Information Service Co. Ltd., First Bank works with third-party service providers (TSPs) to connect the Bank's financial products or service information to create more consumer-friendly applications. We provide the most suitable products and services for different customer groups at different stages of their life. We also address the pain points of consumers and merchants in each ecosystem and to fulfill our vision of “Finance for Life.” In the future, we will develop more value-added services and diverse financial applications, and work with partners in other industries to build an open banking ecosystem.

• To develop customer habits for digital savings, First Bank launched the “dream come true savings plan” with the “Piggy Bank” app created by the MONEY & Cmoney Group. Customers can set the target amount and period for making their dreams directly on the “Piggy Bank” app. By connecting to First Bank’s iLEO app via API, customers can deposit money into their iLEO digital accounts through the deposit mechanism. Since its launch, the app has received wide acclaim from young people and has helped customers accumulate more than $4 billion in funds to help them make their dreams come true.

• First Bank collaborated with the “Cloud Invoice” app through the “First Bank LINE official account” to optimize services for the people. The collaboration created the “simple three-digit proof verification” and “invoice reward notification” functions for customers to quickly review invoices by entering the last three digits. We also used the First Bank LINE official account provide instantaneous “invoice reward notification” to optimize customer experience.

• First Bank has partnered with home furnishing retail leader “Test-Rite Group” to support financing demand in the home furnishing retail industry supply chain to integrate the online supplier platform with loan services and meet the financing demand of small and medium enterprises.

• In response to food safety issues and to increase customers’ willingness to cook at home, First Bank worked with the fresh food e-commerce platform “i3Fresh” to expand online payment channels for Taiwan Pay and provide customers with diverse payment services.

• To satisfy customer demand for one-stop financial information connection, we partnered with EasTone’s “friDay Wallet+” to create API connections for inquiries of the digital account interest rate and digital account opening activities to enhance customers’ willingness to use wealth management services.

• To help customers inquire their credit card reward points with greater ease, First Bank works with the reward point exchange operator “Demall” to provide one-stop credit card reward point inquiry service to save customers’ inquiry time and reduce customer service costs.

• 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, Cosmos, and Smile gas station and will soon be expanded to channels of the Uni-President Group) and value storage.

• First Bank participates in the sandbox experiment authorized by the FSC and works with the startup partner “JOiNVEST” in the bond group purchase platform experiment with blockchain technologies. Group purchases have been created for four bonds so that people with limited financial resources can form groups to invest in domestic and foreign bonds with as low as NT$100, which significantly lowers the investment threshold for bonds.

6-7 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 700,000 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 4.5 million fans and 212,000 customers and bound personalized services. The Facebook fan page has accumulated 355 marketing projects that reached more than 7.04 million people. The official LINE account has issued a total of 198 business promotion posts which were read 112.28 million times. It effectively enhanced the loyalty of customers on social media platforms.

First Securities Investment Trust continues to operate social media such as the LINE official account and Facebook fanpage, and communicated with fans by providing market movements, fund information, new technology, activity information, and good books on wealth management. The contents are interesting and well received. 23,000 users have clicked like on First Securities Investment Trust’s Facebook fanpage and the contents reached more the users more than 3.2 million times in 2020.
INDEPENDENT ASSURANCE OPINION STATEMENT

First Financial Holding 2020 Annual Sustainability 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 assurance 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 sustainability, 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 2020 Annual Sustainability Report.
2. The evaluation of the nature and extent of the FFHC's adherence to AA1000 Accounting Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000 AS v3 sustainability assurance engagement.

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

Opinion Statement

We conclude that the First Financial Holding 2020 Annual Sustainability Report provides a fair view of the FFHC's sustainability, inclusivity, and responsiveness issues as described in this statement.

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures contained in this report, FFHC and BSI have agreed upon to include in the scope. In our view, the data and information contained within the report are complete and accurate.

We confirm that the First Financial Holding 2020 Annual Sustainability Report has been prepared in accordance with the GS1000AAS v3 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 stakeholder to conduct interview
- Interview with 32 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.

Materiality

The FFC does not publish 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 are reliable based on procedures undertaken by means of核查ing, 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 sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AAS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

This assurance 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 AA1000AAS, 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.

Statement No: SRA-TW-2020063
2021-05-11

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

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.
Independent Limited Assurance Report

To First Financial Holding Co., LTD.

We have been engaged by First Financial Holding Co., LTD. (the “Company”) to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2020 Sustainability Report (hereinafter referred to as the “Sustainability Report”), and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria
The sustainability performance information identified by the Company (hereinafter referred to as the “Subject Matter Information”) and the respective applicable criteria are stated in the “Summary of Subject Matters Assured” on page 166–168 of the Sustainability Report. The scope of the aforementioned Subject Matter Information is set out in the “Scope and Boundary” on page 2 of the Sustainability Report.

Management’s Responsibilities
The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the Sustainability Report in accordance with the respective applicable criteria, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities
We conducted our assurance work on the Subject Matter Information disclosed in the Sustainability Report in accordance with the respective applicable criteria, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

We conducted our assurance work in accordance with the aforementioned standards including identifying the areas where there may be risks of material misstatement of the Subject Matter Information, and designing and performing procedures to address the identified areas. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The extent of the assurance work we performed were based on the identified risk areas and determined materiality, and given the circumstances of the engagement, we designed and performed the following procedures:

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes;
- Based on the above understanding and the areas identified, performed selective testing including inquiry, observation, inspection, and reperformance on the Subject Matter Information to obtain evidence for limited assurance.

We do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls. Our assurance does not extend to information in respect of earlier periods or to any other information disclosed in the Sustainability Report for 2019.

Compliance of Independence and Quality Control Requirement
We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Statement of Auditing Standard No. 46, “Quality Control for Public Accounting Firms” in the Republic of China and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent Limitations
Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Limited Assurance Conclusion
Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment that is required of Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria.

Other Matter
The Management of the Company is responsible for maintaining the Company’s website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

PricewaterhouseCoopers, Taiwan

Chang, Jui-Ting
Partner
July 13, 2021

PricewaterhouseCoopers, Taiwan

Chang, Jui-Ting
Partner
July 13, 2021

27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012, Taiwan
T: +886 (2) 2729 6666, F: +886 (2) 2729 6686, www.pwc.tw
Summary of Subject Matters Assured

No.1 Pg.59

Subject Matter Information:
Two cases of data breaches were identified at FFHC in 2020 and 50% (1 case) involved personally identifiable information which affected 519 account holders.

Applicable Criteria:

Number of data breaches:

Refers to the first point in the technical protocol of SASB FN-CHB-230a.1, and based on FFHC’s Information Security Incident Management Regulations, the total number of data breaches is defined as an unauthorized movement or disclosure of sensitive information to parties outside the organization, and that resulted in a deviation from FFHC’s expected outcomes for confidentiality and information security management.

Percentage involving personally identifiable information:

Refers to the second point in the technical protocol of SASB FN-CHB-230a.1, and based on FFHC’s Information Security Incident Management Regulations, the percentage of data breaches involving personally identifiable information in 2020.

Personally identifiable information refers to a natural person's name, date of birth, ID Card number, passport number, social security number, features, fingerprints, marital status, family information, education background, occupation, contact information, financial conditions, data concerning a person's social activities, specific categories of personal information and any other information that may be used to directly or indirectly identify a natural person defined in the Personal Data Protection Act.

Number of account holders affected:

Refers to the third point in the technical protocol of SASB FN-CHB-230a.1, and based on FFHC’s Information Security Incident Management Regulations, the total number of account holders affected by the data breaches involving personally identifiable information that occurred in 2020.

The number of account holders is defined as the total number of unique account holders. If there are multiple accounts for one ID, only one account will be counted.

No.2 Pg.84

Subject Matter Information:
On page 84 Table: Financial inclusion metrics and activity metrics for promoting small business development, number and amount of loans outstanding qualified to programs designed to promote small business made by First Bank as of December 31, 2020.

Note:

• Include customers of overseas branches and subsidiaries.
• If there are multiple loans for one business, multiple loans will be counted.
• Value of loans does not include mortgage loans and revolving loans.
• If a business has multiple loans, multiple loans will be counted.
• Exclude customers of overseas branches and subsidiaries.

Applicable Criteria:
Refers to the first point in the technical protocol of SASB FN-CHB-240a.1, the number and amount of loans outstanding qualified to programs designed to promote small business made by First Bank as of December 31, 2020.

No.3 Pg.55

Subject Matter Information:
In 2020, there weren’t any monetary losses against FFHC as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.

Applicable Criteria:
Refers to the first point in the technical protocol of SASB FN-CHB-510a.1, the total amount of monetary losses incurred in 2020 as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.

No.4 Pg.55

Subject Matter Information:
The whistleblower system and procedures in page 55 Table “Whistleblower System, Process, and Results” in chapter “Ethical corporate management”.

Disclosure Elements Corresponding Report Contents
Policy
“Whistleblower System Implementation Rules” reviewed and passed by the Board of Directors.
Contact
The internal audit unit/self-assessment supervisor of the Company and subsidiaries is responsible for handling whistleblower cases.
Communication channels
The Company set up the “Stakeholder Communications” section on our official website and a whistleblowing section on the internal website, and provides telephone hotline, e-mail, and mail whistleblowing channels.
Scope
Reports may be filed when an employee of the Company or an external individual discovers a crime, fraud, or violation of regulations.
Requirements
Reports filed in writing through e-mail, fax, or mail with the whistleblower’s real name, contact information, and specific matters of the incident. The whistleblower must also provide related evidence. Reports may also be filed through means such as telephone and personal statements. The responsible unit shall formulate records and specify the reported items, real name, and contact information for the whistleblower and sign or affix seal for authentication and further processing. The Company shall accept reports that involve the violation of laws, reports which include actual names, contact information, and concrete evidence. However, where description is provided in detail for anonymous reports, the Company may consider processing the information.

Process

• After a case is accepted, it shall be processed as a confidential case. The information involving related parties in the reported contents and the data or information they provide must be kept strictly confidential and may not be leaked. During the acceptance and investigation process, individuals with conflicts of interest shall be removed.
• 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.
• The investigation unit shall complete the investigation within two months of receiving the report and report investigation results to the Company. Updates on case status shall be provided in writing or other means to the whistleblower as appropriate within ten days after the review and approval of the investigation report. The investigation report shall be delivered to the Auditing Division of the Company for future reference.
• 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 Ethics Management Committee for future reference.
• If the alleged perpetrator is a director, supervisor, or vice president and equivalent, the investigation report shall be reviewed by the Audit Committee or supervisor.
• Major incidents or violations of the law shall be reported to relevant units of the Company and relevant authorities in accordance with the “FFHC Incident Reporting Guidelines” and “First Financial Group Compliance Notification Guidelines”.
• Documentation of case acceptance, investigation processes, and investigation results shall be retained in complete written format or digital files for at least five years. In the event of a suit in respect of the whistleblowing case before the retention period expires, the documentation shall continue to be retained until the conclusion of the litigation.

Incentives
Where a report is verified as true in an investigation, the Company shall grant a reward based on the severity of the reported violation.

Applicable Criteria:
Refers to the first point in the technical protocol of SASB FN-CHB-510a.1, the company’s policies and procedures for disclosing whistleblower systems are based on the “Whistleblower System Implementation Rules” applicable for 2020 of FFHC, including the policy, contact, communication channels, scope, requirements, process, and incentives for whistleblowing.
Various Certifications

Subject Matter Information:
On page 84 Table: Financial inclusion metrics and activity metrics for promoting small business development, number and value of checking and savings accounts of First Bank by person and small business as of December 31, 2020.

Note:
- Exclude customers of overseas branches and subsidiaries.
- Number of checking and savings accounts is calculated based on the number of cases (if there are multiple accounts for one business, multiple number of accounts will be counted).
- A small business is defined as a micro or small enterprise, which means that the enterprise meets one of the following criteria: has been established for less than five years, employs fewer than 20 employees, registered capital is less than NT$5 million, or annual revenue is less than NT$10 million.

Applicable Criteria: Refers to SASB’s activity metric FN-CB-000.A, the number and value of checking and savings accounts of First Bank by person and small business as of December 31, 2020.

Various Certifications

Subject Matter Information:
On page 84 Table: Financial inclusion metrics and activity metrics for promoting small business development, number and value of checking and savings accounts of First Bank by person, small business and corporate as of December 31, 2020.

Note:
- Exclude customers of overseas branches and subsidiaries.
- Number of checking and savings accounts is calculated based on the number of cases (if there are multiple cases for one business, multiple cases will be counted).
- A small business is defined as a micro or small enterprise, which means that the enterprise meets one of the following criteria: has been established for less than five years, employs fewer than 20 employees, registered capital is less than NT$5 million, or annual revenue is less than NT$10 million.

Applicable Criteria: Refers to SASB’s activity metric FN-CB-000.A, the number and value of checking and savings accounts of First Bank by person, small business and corporate as of December 31, 2020.

Various Certifications

Various Certifications

Subject Matter Information:
On page 84 Table: Financial inclusion metrics and activity metrics for promoting small business development, number and value of loans of First Bank by person, small business and corporate as of December 31, 2020.

Note:
- Exclude customers of overseas branches and subsidiaries.
- Number of loans accounts is calculated based on the number of cases (if there are multiple cases for one business, multiple cases will be counted).
- Value of loans does not include mortgage loans, revolving loans and overdue personal loans.
- A small business is defined as a micro or small enterprise, which means that the enterprise meets one of the following criteria: has been established for less than five years, employs fewer than 20 employees, registered capital is less than NT$5 million, or annual revenue is less than NT$10 million.

Applicable Criteria: Refers to SASB’s activity metric FN-CB-000.B, the number and value of loans of First Bank by person, small business and corporate as of December 31, 2020.

Various Certifications

Various Certifications

Various Certifications
## Comparison Table of the Indicators in the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) in 2020

<table>
<thead>
<tr>
<th>GRI 102: General Disclosures 2016</th>
<th>Chapter Description</th>
<th>Pg</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 102: General Disclosures 2016</td>
<td>Disclosure Description</td>
<td>Pg</td>
</tr>
<tr>
<td>102-1 Name of the organization</td>
<td>Business performance</td>
<td>P56</td>
</tr>
<tr>
<td>102-2 Activities, brands, products, and services</td>
<td>Business performance</td>
<td>P53</td>
</tr>
<tr>
<td>102-3 Location of headquarters</td>
<td>Business performance</td>
<td>P53</td>
</tr>
<tr>
<td>102-4 Location of operations</td>
<td>Business performance</td>
<td>P53</td>
</tr>
<tr>
<td>102-5 Ownership and legal form</td>
<td>Corporate governance</td>
<td>P43</td>
</tr>
<tr>
<td>102-6 Markets served</td>
<td>Business performance</td>
<td>P53</td>
</tr>
<tr>
<td>102-7 Scale of the organization</td>
<td>Talent recruitment and skills development</td>
<td>P123-124</td>
</tr>
<tr>
<td>102-8 Information on employees and other workers</td>
<td>Talent recruitment and skills development</td>
<td>P123-125</td>
</tr>
<tr>
<td>102-9 Supply chain</td>
<td>Low-carbon operation and circular economy</td>
<td>P111-114</td>
</tr>
<tr>
<td>102-10 Significant changes to the organization and its supply chain</td>
<td>Low-carbon operation and circular economy</td>
<td>P111-114</td>
</tr>
<tr>
<td>102-11 Precautionary principle or approach</td>
<td>Risk management</td>
<td>P46-53</td>
</tr>
<tr>
<td>102-12 External initiatives</td>
<td>Business performance</td>
<td>P39</td>
</tr>
<tr>
<td>102-13 Membership of associations</td>
<td>Business performance</td>
<td>P39</td>
</tr>
<tr>
<td>102-14 Statement from senior decision-maker</td>
<td>Chairmen’s Message</td>
<td>P45</td>
</tr>
<tr>
<td>102-15 Key impacts, risks, and opportunities</td>
<td>Stakeholder Communication and Maturity Analysis</td>
<td>P12-17</td>
</tr>
<tr>
<td>102-16 Values, principles, standards, and norms of behavior</td>
<td>Ethical corporate management</td>
<td>P64-56</td>
</tr>
<tr>
<td>102-17 Mechanisms for advice and concerns about ethics</td>
<td>Ethical corporate management</td>
<td>P64-56</td>
</tr>
<tr>
<td>102-18 Governance structure</td>
<td>Corporate governance</td>
<td>P41-43</td>
</tr>
<tr>
<td>102-19 Delegating authority</td>
<td>Sustainable Governance Operation</td>
<td>P10</td>
</tr>
<tr>
<td>102-20 Executive-level responsibility for economic, environmental, and social topics</td>
<td>Stakeholder Communication and Maturity Analysis</td>
<td>P12-13</td>
</tr>
<tr>
<td>102-21 Consulting stakeholders on economic, environmental, and social topics</td>
<td>Corporate governance</td>
<td>P43</td>
</tr>
<tr>
<td>102-22 Composition of the highest governance body and its committees</td>
<td>Corporate governance</td>
<td>P43</td>
</tr>
<tr>
<td>102-23 Chair of the highest governance body</td>
<td>Our corporate Chairman is Mr. Chin Chiou/President is Ms. Fen-Len Chen</td>
<td>-</td>
</tr>
<tr>
<td>102-24 Nominating and selecting the highest governance body</td>
<td>Corporate governance</td>
<td>P40</td>
</tr>
<tr>
<td>102-25 Conflicts of interest</td>
<td>Corporate governance</td>
<td>P42</td>
</tr>
<tr>
<td>102-26 Role of highest governance body in setting purpose, values, and strategy</td>
<td>Sustainable Governance Operation</td>
<td>P10</td>
</tr>
<tr>
<td>102-27 Collective knowledge of highest governance body</td>
<td>Corporate governance</td>
<td>P43</td>
</tr>
<tr>
<td>102-28 Evaluating the highest governance body’s performance</td>
<td>Corporate governance</td>
<td>P40</td>
</tr>
<tr>
<td>102-29 Identifying and managing economic, environmental, and social impacts</td>
<td>Stakeholder Communication and Maturity Analysis</td>
<td>P12-17</td>
</tr>
<tr>
<td>102-30 Effectiveness of risk management processes</td>
<td>Sustainable Governance Operation Risk management</td>
<td>P10</td>
</tr>
<tr>
<td>102-31 Review of economic, environmental, and social topics</td>
<td>Stakeholder Communication and Maturity Analysis</td>
<td>P12-13</td>
</tr>
<tr>
<td>102-32 Highest governance body’s role in sustainability reporting</td>
<td>Corporate governance</td>
<td>P44</td>
</tr>
<tr>
<td>102-33 Communicating critical concerns</td>
<td>Corporate governance</td>
<td>P44</td>
</tr>
<tr>
<td>102-35 Remuneration Policies</td>
<td>Human rights</td>
<td>P12-17</td>
</tr>
<tr>
<td>102-36 Process for determining remuneration</td>
<td>Corporate governance</td>
<td>P44</td>
</tr>
<tr>
<td>102-40 List of stakeholder groups</td>
<td>Stakeholder Communication and Maturity Analysis</td>
<td>P12-17</td>
</tr>
<tr>
<td>102-41 Collective bargaining agreements</td>
<td>Corporate governance</td>
<td>P44</td>
</tr>
<tr>
<td>102-42 Identifying and selecting stakeholders</td>
<td>Corporate governance</td>
<td>P44</td>
</tr>
<tr>
<td>102-43 Approach to stakeholder engagement</td>
<td>Corporate governance</td>
<td>P44</td>
</tr>
<tr>
<td>102-44 Key topics and concerns raised</td>
<td>Corporate governance</td>
<td>P44</td>
</tr>
<tr>
<td>102-45 Entities included in the consolidated financial statements</td>
<td>Business performance</td>
<td>P38</td>
</tr>
<tr>
<td>102-46 Defining report content and topic boundaries</td>
<td>Corporate governance</td>
<td>P46</td>
</tr>
<tr>
<td>102-47 List of material topics</td>
<td>Corporate governance</td>
<td>P46</td>
</tr>
<tr>
<td>102-48 Rerestatements of Information</td>
<td>Report information</td>
<td>P2</td>
</tr>
<tr>
<td>102-49 Changes in reporting</td>
<td>Corporate governance</td>
<td>P46</td>
</tr>
<tr>
<td>102-50 Reporting period</td>
<td>Report information</td>
<td>P2</td>
</tr>
<tr>
<td>102-51 Date of most recent report</td>
<td>Report information</td>
<td>P2</td>
</tr>
<tr>
<td>102-52 Reporting cycle</td>
<td>Report information</td>
<td>P2</td>
</tr>
<tr>
<td>102-53 Contact point for questions regarding the report</td>
<td>Report information</td>
<td>P2</td>
</tr>
<tr>
<td>102-54 Claims of reporting in accordance with the GRI Standards</td>
<td>Report information</td>
<td>P2</td>
</tr>
<tr>
<td>102-55 GRI content index</td>
<td>Report information</td>
<td>P170-174</td>
</tr>
<tr>
<td>102-56 External assurance</td>
<td>Report information</td>
<td>P3</td>
</tr>
<tr>
<td>GRI 103: Management Approach 2016</td>
<td>Stakeholder Communication and Maturity Analysis</td>
<td>P18-35</td>
</tr>
<tr>
<td>103-1 Explanation of the material topic and its boundary</td>
<td>Stakeholder Communication and Maturity Analysis</td>
<td>P18-35</td>
</tr>
<tr>
<td>103-2 The management approach and its components</td>
<td>Sustainable Development Goals</td>
<td>P18-35</td>
</tr>
<tr>
<td>103-3 Evaluation of the management approach</td>
<td>Stakeholder Communication and Maturity Analysis</td>
<td>P18-35</td>
</tr>
</tbody>
</table>
### GRI 201: Economic Performance

#### GRI 201.1 Direct economic value generated and distributed
- **Description**: Business performance, Corporate governance, Sustainable finance, Community engagement
- **Pg**: P138-59, P145-168

#### GRI 202: Market Presence

- **(a)** Ratios of standard entry level wage by gender compared to local minimum wage
- **Pg**: P120, P131, P131
- **(b)** Proportion of senior management hired from the local community
- **Pg**: P120, P125

#### GRI 203: Indirect Economic Impacts

- **(a)** Infrastructure investments and services supported
- **Pg**: P74-76, P156-160
- **(b)** Significant indirect economic impacts
- **Pg**: P74-76, P76-85, P98, P145-147

#### GRI 204: Procurement Practices

- **(a)** Proportion of spending on local suppliers
- **Pg**: P113
- **(b)** Communication and training about anti-corruption policies and procedures
- **Pg**: P54-56
- **(c)** Confirmed incidents of corruption and actions taken
- **Pg**: P56

#### GRI 205: Anti-Corruption

- **(a)** Approach to tax
- **Pg**: P45
- **(b)** Tax governance, control, and risk management
- **Pg**: P45
- **(c)** Stakeholder engagement and management of concerns related to tax
- **Pg**: P45
- **(d)** Country-by-country reporting
- **Pg**: P46

### GRI 300: Environmental Topics 2016

#### GRI 301.1 Energy

- **(a)** Energy consumption within the organization
- **Pg**: P104
- **(b)** Energy consumption outside of the organization
- **Pg**: P105
- **(c)** Energy intensity
- **Pg**: P104

#### GRI 305: Emissions

- **(a)** Direct (Scope 1) GHG emissions
- **Pg**: P104
- **(b)** Energy indirect (Scope 2) GHG emissions
- **Pg**: P104
- **(c)** Other indirect (Scope 3) GHG emissions
- **Pg**: P104
- **(d)** GHG emissions intensity
- **Pg**: P104
- **(e)** Reduction of GHG emissions
- **Pg**: P104

### GRI 307: Environmental Compliance

- **(a)** Non-compliance with environmental laws and regulations
- **Pg**: P104

### GRI 400: Social Topics

#### GRI 401: Employment

- **(a)** New employees hired and employee turnover
- **Pg**: P125
- **(b)** Benefits provided to full-time employees that are not provided to temporary or part-time employees
- **Pg**: P136-138

#### GRI 402: Labor/Management relations

- **(a)** Minimum notice periods regarding operational changes
- **Pg**: P154

#### GRI 403: Occupational Health and Safety

- **(a)** Occupational health and safety management system
- **Pg**: P143
- **(b)** Health and safety impacts directly linked by business relationships
- **Pg**: P139-144

#### GRI 404: Training and Education

- **(a)** Average hours of training per year per employee
- **Pg**: P130
- **(b)** Programs for upgrading employee skills and transition assistance programs
- **Pg**: P126-130

#### GRI 405: Diversity and Equal Opportunity

- **(a)** Diversity of governance bodies and employees
- **Pg**: P141-142
- **(b)** Ratio of basic salary and remuneration of women to men
- **Pg**: P120

#### GRI 406: Non-Discrimination

- **(a)** Incidents of discrimination and corrective actions taken
- **Pg**: P118-119

#### GRI 407: Freedom of Association and Collective Bargaining

- **(a)** Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
- **Pg**: P111-114

#### GRI 408: Child Labor

- **(a)** Operations and suppliers of significant risk for incidents of child labor
- **Pg**: P117-119

#### GRI 410: Security Practices

- **(a)** Security personnel trained in human rights policies or procedures
- **Pg**: P117-119

### GRI 500: Topic-Specific Disclosure

- **(a)** New suppliers that were screened using environmental criteria
- **Pg**: P111-114

- **(b)** Negative environmental impacts in the supply chain and actions taken
- **Pg**: P111-114

- **(c)** Talent recruitment and skills development
- **Pg**: P125

- **(d)** Talent retention and diverse workforce
- **Pg**: P136-138
## GRI Financial Services Sector Supplement

<table>
<thead>
<tr>
<th>Index</th>
<th>Description</th>
<th>Chapter/Description</th>
<th>Pg</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aspect: Product Portfolio</strong></td>
<td>Policies with specific environmental and social components applied to business lines</td>
<td>Corporate governance, Risk management, Customer service and privacy protection, Sustainable finance, Climate change strategy and management</td>
<td>P45, P48-49, P57, P66, P94</td>
</tr>
<tr>
<td>FS1/DMA</td>
<td>Procedures for assessing and screening environmental and social risks in business lines</td>
<td>Sustainable finance, Climate change strategy and management</td>
<td>P67-73, P111-114</td>
</tr>
<tr>
<td>FS2/DMA</td>
<td>Processes for monitoring clients’ implementation of and compliance with environmental and social requirements included in agreements or transactions</td>
<td>Sustainable finance</td>
<td>P67-73</td>
</tr>
<tr>
<td>FS3/DMA</td>
<td>Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines</td>
<td>Sustainable finance, Low-carbon operation and circular economy</td>
<td>P67-73, P111</td>
</tr>
<tr>
<td>FS4/DMA</td>
<td>Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose</td>
<td>Sustainable finance, Community engagement</td>
<td>P74-76, P150-152, P101-111, P116-119</td>
</tr>
<tr>
<td>FS5</td>
<td>Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose</td>
<td>Sustainable finance, Community engagement</td>
<td>P74-76, P150-152, P101-111, P116-119</td>
</tr>
<tr>
<td><strong>Aspect: Active ownership</strong></td>
<td>Percentage of assets subject to positive and negative environmental or social screening</td>
<td>Sustainable finance</td>
<td>P74-78</td>
</tr>
<tr>
<td>FS11</td>
<td>Percentage of assets subject to positive and negative environmental or social screening</td>
<td>Sustainable finance</td>
<td>P74-78</td>
</tr>
<tr>
<td><strong>Aspect: Local communities</strong></td>
<td>Initiatives to improve access to financial services for disadvantaged people</td>
<td>Sustainable finance, Community engagement, Finance innovation and inclusiveness</td>
<td>P84-85, P150-152, P156-160</td>
</tr>
<tr>
<td>FS14/DMA</td>
<td>Policies for tax design and sale of financial products and services</td>
<td>Customer service and privacy protection</td>
<td>P57-58</td>
</tr>
<tr>
<td>FS15/DMA</td>
<td>Initiatives to enhance financial literacy by type of beneficiary</td>
<td>Customer service and privacy protection, Community engagement</td>
<td>P61, P150-151</td>
</tr>
</tbody>
</table>

## United Nations Global Compact Principles

<table>
<thead>
<tr>
<th>Classification</th>
<th>Content</th>
<th>Disclosure</th>
<th>Chapter</th>
<th>Pg.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human rights</strong></td>
<td>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights</td>
<td>Human rights</td>
<td>P116-117</td>
<td></td>
</tr>
<tr>
<td><strong>Labor</strong></td>
<td>Principle 4: The elimination of all forms of forced and compulsory labor</td>
<td>Human rights</td>
<td>P117-119</td>
<td></td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td>Principle 7: Businesses should support a precautionary approach to environmental challenges</td>
<td>Climate change strategy and management</td>
<td>P92-100, P101-111</td>
<td></td>
</tr>
<tr>
<td><strong>Anti-Corruption</strong></td>
<td>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery</td>
<td>Ethical corporate management</td>
<td>P54-55</td>
<td></td>
</tr>
</tbody>
</table>

## ISO 26000 Index Content Index

<table>
<thead>
<tr>
<th>Major Issues</th>
<th>Disclosure</th>
<th>Chapter</th>
<th>Pg.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational governance</strong></td>
<td>Due diligence</td>
<td>Sustainable Governance</td>
<td>P10</td>
</tr>
<tr>
<td>Human rights risks situations</td>
<td>Human rights</td>
<td>P117-119</td>
<td></td>
</tr>
<tr>
<td>Assistance of complicity</td>
<td>Ethical corporate management</td>
<td>P54-56</td>
<td></td>
</tr>
<tr>
<td>Resolving grievances</td>
<td>Talent retention and diversity</td>
<td>Human rights</td>
<td>P134-135</td>
</tr>
<tr>
<td>Discrimination and vulnerable groups</td>
<td>Human rights</td>
<td>P117-119</td>
<td></td>
</tr>
<tr>
<td>Civil and political rights</td>
<td>Human rights</td>
<td>P117-119, P121</td>
<td></td>
</tr>
<tr>
<td>Economic, social and cultural rights</td>
<td>Talent retention and diversity</td>
<td>Community engagement</td>
<td>P136-138, P140-155</td>
</tr>
<tr>
<td>Fundamental principles and rights at work</td>
<td>Human rights</td>
<td>P117-120</td>
<td></td>
</tr>
<tr>
<td>Employment and employment relationships</td>
<td>Talent recruitment and skills development</td>
<td>P122-123</td>
<td></td>
</tr>
<tr>
<td>Conditions of work and social protection</td>
<td>Human rights</td>
<td>P117-122, P134-135</td>
<td></td>
</tr>
<tr>
<td>Social dialogue</td>
<td>Community engagement</td>
<td>P148-155</td>
<td></td>
</tr>
<tr>
<td>Health and safety at work</td>
<td>Occupational Safety and Health</td>
<td>P142-144</td>
<td></td>
</tr>
<tr>
<td>Human development and training in the workplace</td>
<td>Talent recruitment and skills development</td>
<td>P126-131</td>
<td></td>
</tr>
<tr>
<td>Major Issues</td>
<td>Disclosure</td>
<td>Chapter</td>
<td>Pg</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Prevention of pollution</td>
<td>Low-carbon operation and circular economy</td>
<td>P101-111</td>
<td></td>
</tr>
<tr>
<td>Sustainable resource use</td>
<td></td>
<td>P105-108</td>
<td></td>
</tr>
<tr>
<td>Climate change mitigation and adaptation</td>
<td></td>
<td>P96-97</td>
<td></td>
</tr>
<tr>
<td>Protection of the environment, biodiversity and restoration of natural habitats</td>
<td>Community engagement</td>
<td>P149 - P155</td>
<td></td>
</tr>
<tr>
<td>Anti-corruption</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsible political involvement</td>
<td>Ethical corporate management</td>
<td>P54-56</td>
<td></td>
</tr>
<tr>
<td>Fair competition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promoting social responsibility in the value chain</td>
<td>Stakeholder Communication and Materiality Analysis</td>
<td>P12-35</td>
<td></td>
</tr>
<tr>
<td>Respect for property rights</td>
<td>Ethical corporate management</td>
<td>P54</td>
<td></td>
</tr>
<tr>
<td>Fair marketing, factual and unbiased information and fair contractual practices</td>
<td>Customer service and privacy protection</td>
<td>P57-59</td>
<td></td>
</tr>
<tr>
<td>Protecting consumers' health and safety</td>
<td>Community engagement</td>
<td>P152</td>
<td></td>
</tr>
<tr>
<td>Sustainable consumption</td>
<td>Sustainable finance</td>
<td>P78-81</td>
<td></td>
</tr>
<tr>
<td>Consumer service, support, and complaint and dispute resolution</td>
<td>Customer service and privacy protection</td>
<td>P40-61</td>
<td></td>
</tr>
<tr>
<td>Consumer data protection and privacy</td>
<td></td>
<td></td>
<td>P59</td>
</tr>
<tr>
<td>Access to essential services</td>
<td>Customer service and privacy protection, Sustainable finance, Prevention of money laundering, financial fraud and terrorism financing, Finance innovation and inclusiveness</td>
<td>P74-75 - P78-84, P86-90, P156-160</td>
<td></td>
</tr>
<tr>
<td>Education and awareness</td>
<td>Customer service and privacy protection, Sustainable finance, Finance innovation and inclusiveness</td>
<td>P61, P78-81, P85, P146-155</td>
<td></td>
</tr>
<tr>
<td>Community participation</td>
<td>Customer service and privacy protection, Sustainable finance, Finance innovation and inclusiveness</td>
<td>P61, P146-155</td>
<td></td>
</tr>
<tr>
<td>Education and culture</td>
<td></td>
<td></td>
<td>P85</td>
</tr>
<tr>
<td>Employment creation and skills development</td>
<td>Talent retention and skills development, Community engagement, Finance innovation and inclusiveness</td>
<td>P120 - P127-130, P146-155, P156-160</td>
<td></td>
</tr>
<tr>
<td>Technology development</td>
<td>Finance innovation and inclusiveness, Customer service and privacy protection</td>
<td>P156-160</td>
<td></td>
</tr>
<tr>
<td>Wealth and income creation</td>
<td>Customer service and privacy protection, Sustainable finance, Finance innovation and inclusiveness</td>
<td>P61, P83</td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>Talent retention and diverse welfare, Occupational Safety and Health, Community engagement</td>
<td>P156-157, P140-141, P150-151 - P155</td>
<td></td>
</tr>
<tr>
<td>Social investment</td>
<td>Community engagement</td>
<td>P145-155</td>
<td></td>
</tr>
</tbody>
</table>

### Comparison table of the six principles of the UN Principles for Responsible Banking (PRB)

<table>
<thead>
<tr>
<th>Item</th>
<th>Chapter/Description</th>
<th>Pg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principle 1: Alignment</td>
<td>Stakeholder Communication and Materiality Analysis, Sustainable finance</td>
<td>P12-35</td>
</tr>
<tr>
<td>Principle 2: Impact &amp; Target Setting</td>
<td>Sustainable Development Goals</td>
<td>P18-35</td>
</tr>
<tr>
<td>Principle 3: Clients &amp; Customers</td>
<td>Sustainable finance, Community engagement</td>
<td>P66-95</td>
</tr>
<tr>
<td>Principle 4: Stakeholders</td>
<td>Stakeholder Communication and Materiality Analysis, Sustainable finance, Low-carbon operation and circular economy, Community engagement</td>
<td>P12-17</td>
</tr>
<tr>
<td>Principle 5: Governance &amp; Culture</td>
<td>Sustainable Governance Operation, Sustainable Development Goals</td>
<td>P10</td>
</tr>
</tbody>
</table>
## SASB Sustainability Disclosure Topics & Accounting Metrics Content Index

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>CODE</th>
<th>ACCOUNTING METRIC</th>
<th>Chapter/Description</th>
<th>Pg.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Data Security</strong></td>
<td>FN-230A.1</td>
<td>Number of data breaches</td>
<td>Customer service and privacy protection</td>
<td>P59</td>
</tr>
<tr>
<td></td>
<td>FN-230A.2</td>
<td>Percentage involving personally identifiable information (PII)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FN-230A.3</td>
<td>Number of account holders affected</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FN-240A.1</td>
<td>Description of approach to identifying and addressing data security risks</td>
<td>Customer service and privacy protection</td>
<td>P59</td>
</tr>
<tr>
<td></td>
<td>FN-240A.2</td>
<td>[1] Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development</td>
<td>Sustainable finance</td>
<td>P84</td>
</tr>
<tr>
<td></td>
<td>FN-240A.3</td>
<td>[1] Number and (2) amount of past due and nonaccrued loans qualified to programs designed to promote small business and community development</td>
<td>Relevant information will be further disclosed in the future</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>FN-240A.4</td>
<td>Number of retail checking accounts provided to previously unbanked or underbanked customers</td>
<td>Relevant information cannot be collected yet</td>
<td>-</td>
</tr>
<tr>
<td><strong>Financial Inclusion &amp; Capacity Building</strong></td>
<td>FN-410A.1</td>
<td>Commercial and industrial credit exposure, by industry</td>
<td>Relevant information will be further disclosed in the future</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>FN-410A.2</td>
<td>Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis</td>
<td>Sustainable finance</td>
<td>P67-71</td>
</tr>
<tr>
<td></td>
<td>FN-500A.1</td>
<td>Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations</td>
<td>Ethical corporate management</td>
<td>P55</td>
</tr>
<tr>
<td><strong>Business Ethics</strong></td>
<td>FN-510A.1</td>
<td>Number of data breaches</td>
<td>Customer service and privacy protection</td>
<td>P59</td>
</tr>
<tr>
<td></td>
<td>FN-510A.2</td>
<td>Percentage involving personally identifiable information (PII)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Systemic Risk Management</strong></td>
<td>FN-550A.1</td>
<td>Global Systemically Important Bank (GSIB) score, by category</td>
<td>First Bank is not GSIB, so this metric is not applicable</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>FN-550A.2</td>
<td>Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy and other business activities</td>
<td>Relevant capital adequacy management is disclosed on page 145 of the 2020 financial statements</td>
<td>-</td>
</tr>
<tr>
<td><strong>Activity Metrics</strong></td>
<td>FN-600A</td>
<td>Number and value of checking and savings accounts by segment: personal and small business</td>
<td>Sustainable finance</td>
<td>P84</td>
</tr>
<tr>
<td></td>
<td>FN-600B</td>
<td>Number and value of loans by segment: personal, small business, and corporate</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>