2020

Sustainability Report

First Financial Holding

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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

Reporting principles

The Global Reporting Initiative, GRI	GRI standards: Core option
	GRI guidelines and financial services sector disclosure standards
Taiwan Stock Exchange Corporation	CSR Code of Conduct for TWSE/GTSM Listed Companies.
	The Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies
Sustainability Accounting Standards Board (SASB)	Commercial Banks Sustainability Accounting Standard
Task Force on Climate-Related Financial Disclosures (TCFD)	TCFD Recommendations
International Advocacy	ISO 26000 Social Responsibilities Guidance
	Equator Principles,EPs
	United Nations Global Compact
	Sustainable Development Goals, SDGs
	Principles for Responsible Banking, PRB
	Principles for Responsible Investment, PRI
	Principles for Sustainable Insurance, PSI

External assurance of report

Standard	Certification Bodies
Environmental Education Site	Environmental Protection Administration, Executive Yuan
Product carbon footprint label	
Product Carbon Footprint Reduction Label	
AA 1000 Assurance Standard application type 2 moderate level of assurance.	British Standards Institution, BSI
ISO 45001 Safety and Health Management System.	
ISO 20000 IT Service Management System	
ISO 27001 Information Security Management System	British Standards Institution, BSI/ SGS Taiwan
SAES No. 1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (SASB-Commercial Bank)	PricewaterhouseCoopers (PwC) Taiwan
ISO 14064-1 Greenhouse Gas Inventory	SGS Taiwan
ISO 50001 Energy Management System	
ISO 14001 Environmental Management System	
ISO 14046 Water Footprint	
ISO 14064-1 Other Indirect Emissions Inventory (Indirect greenhouse gas emissions in transportation -Business travel) Verification	
ISO 14064-1 Other Indirect Emissions Inventory (Waste disposal in operations) Verification	
BS 10012 Personal Data Management System	
Carbon Footprint Verification Statement	

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Chairman's Message

The outbreak of the COVID-19 pandemic and climate change have caused significant damage to global economic activities and accelerated the risks and opportunities created in cross-industry FinTech integration in 2020. FFHC actively seeks new sources for powering growth by focusing internally on FinTech innovation as well as talent cultivation and transformation. Externally, we support government policies to provide customers with short-term relief for their operations as well as medium to long-term industry revitalization, innovation, and transformation. We provide preferential financing programs to help them to weather the impact of structural economic changes. Despite the epidemic and the impact of interest rate cuts in Taiwan and foreign countries which caused the Group's overall profitability to fall from the previous year, First Securities and First Life Insurance performed relatively well and their share of contributions to total profits exceeded 8%, thus reducing the impact of the epidemic on the Group's profitability. In 2020, the Group's consolidated assets of reached NT$3.55 trillion and the consolidated income was NT$59.568 billion. The net earnings after tax totaled NT$16.807 billion and the earnings per share after tax was NT$1.31.

The use of the power of financial markets to promote sustainable finance has become a core value in international financial development policies. The Group established the CSR Committee in 2011 to incorporate ESG into its corporate culture with the management philosophy of "Building Ethical Governance for a Sustainable Future". In 2021, the Board of Directors approved the amendment of the Corporate Social Responsibility Policy and CSR Committee into the Corporate Sustainable Development policy and Corporate Sustainable Development committee with working groups on "Corporate Governance", "Responsible Finance", "Sustainable Financial Products and Services", "Employee Care", "Environmental Sustainability", and "Community Engagement". The Group also planned to incorporate ESG performance indicators into the performance evaluation of subsidiaries to accelerate sustainable development.

FFHC became a member of the Asian Corporate Governance Association (ACGA) in 2018 to continue to improve sustainable governance. We regularly report the corporate governance report regarding major capital markets in Asia and material sustainability issues of concern to stakeholders to the Board of Directors, and follow the short, medium, and long-term objectives in the instructions of the Board of Directors to reduce the proportion of investment and financing for high pollutant/high energy consumption industries and promote the low-carbon transformation of industries. The 2020 Sustainability Report is prepared in accordance with the SASB Standards for Commercial Banks for the disclosure of ESG information of financial importance to the Company and of use to investors' investment decisions to increase the quality of ESG information disclosure.

To fulfill the responsibilities of the finance industry for the environment, economy, and society in the financial supply chain, FFHC has signed and introduced TCFD and complied with PRB, PRI, and PSI standards to integrate corporate sustainable development strategies with SDGs. We established sustainable lending, investment, and insurance policies and incorporated ESG due diligence procedures into core businesses such as investment, financing, underwriting, and insurance. First Bank signed the Equator Principles (EPs) in December 2020 and has since undertaken 3 EPs financing projects. We actively engage local communities to implement environmental and social risk management for large-scale financing projects.

Since 2009, First Bank has launched a number of green financing programs to promote sustainable environmental development and support the low-carbon transformation of industries. As of the end of 2020, the cumulative approved domestic and foreign green financing projects has reached NT$133.6 billion. First Bank also launched the "Sustainable Development Loan Connection Project", which offers preferential interest rates to companies with improved environmental performance indicators compared to the previous year to encourage corporate creditors to set long-term business policies for low-carbon transformation. First Bank issued NT$1 billion in green bonds to finance the construction of solar power plants with an installed capacity of approximately 15MW. We also successfully raised and managed a NT$682 million green energy fund and invested in the construction of solar power plants with an installed capacity of approximately 56.5MW, which is equivalent to the annual carbon absorption of 217.4 Da'an Forest Parks. We also promote urban renewal and accelerated reconstruction of dangerous and old buildings by providing the "One-stop Service for Urban Renewal" financial service and preferential loans for "accelerated reconstruction of dangerous and old urban buildings". All buildings are converted to energy-saving and eco-friendly communities after the update. As of the end of 2020, we have accumulated 81 such cases and approved a total of NT$57.57 billion in loans. 58 cases have obtained the Silver-Level Green Building Label or above.

We started with our assets as we support the creation of a low-carbon city and created the "Green Building Certification Program" team in 2010. We have refurbished 27 existing commercial buildings which obtained the "Diamond-class" Green Building Mark from the Ministry of the Interior. Two new buildings have obtained the "Gold-class" Green Building Mark from the Ministry of the Interior and the annual carbon reduction volume reached 2,756 tons CO_2e, equivalent to the annual carbon absorption of 7 Da'an Forest Parks. In addition, we have constructed 16 solar-powered branches with an annual carbon reduction of 80.6 tons Co_2e. We purchased green energy and carbon credits from 2015 to 2020 to reduce a total of 1,184.45 tons of carbon emissions. We also set up the "ecological hydroponic green rooftop from solar power generation and rainwater harvesting systems" at Wanhua and Huashan Branches which combined the solar power generation, rainwater harvesting, and aquaponic systems to create a zero-carbon farm. Wanhua Branch obtained the Environmental Protection Administration's certification for "environmental education facilities" and launched four courses on core competencies 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. We hosted 18 sessions of courses targeting enterprises, government agencies, and schools for a total of 486 participants.

We responded to the United Nations' Sustainable Development Goal for providing financial services to disadvantaged groups and remote areas. We actively promote inclusive finance and expand financing services for domestic small and medium enterprises. As of the end of 2020, the outstanding loans to SMEs amounted to NT$791 billion and our market share has topped all domestic banks for 11 consecutive years. We continue to support small and micro enterprises with a total of 488 beneficiaries of the "Loans for Young Entrepreneurs and Start-ups" and "Micro Loans for Female Entrepreneurs" and NT$522 million in loans. We also launched the "Micro Enterprise e-Services" for small and micro enterprises to quickly obtain start-up loans and operating capital. 8,693 applications were filed in 2020. We created the "Epidemic Relief Loan Platform" to provide 24-hour online application services and help people affected by the COVID-19 epidemic obtain the necessary relief funds within the shortest time possible. As of the end of 2020, we have approved 93,968 relief loan applications and approved loans totaling NT$107.37 billion to promote inclusive recovery. We launched the "LOHAS retirement section" in response to the aging population to provide the "e-First Smart Wealth Management" retirement wealth management service, which has accumulated NT$9.858 billion in trust assets of the elderly and persons with disabilities, and accumulated 124 "Comfort Loan" reverse mortgage loans in 2020 with an approved amount of approximately NT$930 million.

In response to the rapid development of FinTech and changes in economic activities caused by the epidemic, First Bank continues to increase the penetration rate of young customers and officially allowed minors above the age of 7 with ID cards to apply for account opening online with the "iLEO Digital Account" starting from 2020. We launched the "iLEO Sole Proprietorship Digital Account" to provide sole proprietors with a more convenient way to open accounts. First Bank became the first financial institution to offer a full range of online account opening services for adults, minors and sole proprietors. More than 570,000 iLEO Digital Accounts have been opened since its launch and First Bank ranked fourth among domestic banks in 2021 Q1 in terms of the number of new digital accounts. We also created the "JOiNVEST Bond Group Purchase Platform" experiment with a startup company for customers with limited financial resources to form groups to invest in domestic and foreign bonds. Groups have been formed for four bonds. To expand consumer mobile payment applications, we continue to work with eight major electronic payment companies including "JKOS (JKOPAY)", "iPass (LINE Pay Money)", "EasyCard (Easy Wallet)" to set up the "Payment Facilitated by Pre-arranged Deposit Account Link". First Bank ranked first among their partner banks and we have intensified the open API links with businesses of the Group and inter-industry partners to create a diverse financial ecosystem to provide financial services for daily necessities and social life.

FFHC uses group resources and employees to actively support social and charitable activities. We use the four major charitable strategies including "social care", "artistic cultural creation", "sports and contests", and "green care" to help resolve social and environmental issues by providing subsidies for breakfast for elementary schools in remote areas, financial support for disadvantaged schoolchildren, cultivation of sports talents, provision of free exhibition and performance platforms to disadvantaged groups and artists, and sponsoring freezers for food materials for food banks. We organized 134 charitable activities in 2020 and invested NT$79.85 million. We also issued the World Card, Leezen Card, Living Green Card, Yilan Card, Taoyuan Card, and other green credit cards and donate a certain amount of the spending to environmental conservation and social welfare initiatives. We encourage cardholders to engage in sustainable consumption and the cumulative donations from the credit cards amounted to NT$120 million as we work with employees, suppliers, and customers in charitable activities.

To create a friendly and safe workplace, the Group has established a comprehensive human resources training system to support employees' growth and development. We continue to open overseas offices and accelerate the establishment of bilingual branches in Taiwan. We launched online English learning courses and provide subsidies for employees to take foreign language training and tests. As of the end of 2020, 2,744 employees have passed the English, Japanese, Spanish, German, and Korean language tests. We have also established a gender-friendly work system and workplace environment and we have a higher percentage of female executives and employees than males. The female executives also have higher average salaries and remuneration than males. FFHC introduced the "ISO 45001 Safety and Health Management System" in 2018 and obtained the certification from the British Standards Institution (BSI). We evaluate employee health risks and screen employees' health issues based on important indicators such as the job type, work environment, and age each year. We established risk prevention plans and mitigation measures based on the results to protect employees' safety and health. To resolve social issues created by the low birthrate, we significantly increased employees' childbirth subsidies starting from 2017, increased the marriage subsidies to NT$30,000, and increased childbirth subsidies to NT$100,000 per infant starting from 2021. As of the end of 2020, employees have given birth to 1,010 infants.

FFHC's ESG performance has won the approval of domestic and foreign rating institutions. FFHC was selected as a constituent stock in DJSI "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 List" Leadership Level in the CDP 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 Leadership Level for three consecutive years and was rated 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 use of our influence in the financial industry to encourage corporate borrowers and investees to join the ranks for ESG development, improve corporate sustainable value, and live up to the business motto of "No. 1 Brand in Sustainable Finance".

First Financial Holding Chairman

Yechin Chion

AWARDS 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".

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

CDP DISCLOSURE INSIGHT ACTION

Overall ESG Performance

- FFHC was rated as a top 5% listed company in the TWSE Corporate Governance Evaluation for the 6th time, and also ranked in the top 10% (top four)of the "Finance and Insurance" category of the listed companies 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

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 2nd 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-Sum 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
- Recognized for excellent performance in the "National Insurance Coverage Improvement Plan" for the 25th consecutive time
- Gold Sponsorship and Long-Term Sponsorship Award in the "Sports Activists Awards" from the Sports Administration of the Ministry of Education for 2 consecutive years
- Special Award in the "Buying Power Social Innovative Products and Services Procurement Incentive Mechanism" organized by the Small and Medium Enterprise Administration of the Ministry of Economic Affairs

Products and Services

- Receives awards including 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 14th 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 of 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 20% 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 10th "Taiwan Banking and Finance Best Practice Awards" of 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 Branches" 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.
- "eFCS Payment Platform Interface Reward Campaign - Payment Deduction Bank" award and top three in the "Automated Clearing House (ACH) - Total Number of New Successful Written Authorization Printed" from Taiwan Clearing House
- Best Digital Account Bank Excellence Award in the "Consumer Financial Brand Award Category" of the Wealth Magazine's Taiwan Financial Award
- Outstanding Large Enterprise Award in the "20th Gold Summit Award" from the Outstanding Enterprise Manager Association
- iLEO Credit Card received the "Best Digital Innovation Product of the Year" from MasterCard International

PERFORMANCE HIGHLIGHTS IN 2020

GOVERNANCE

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 10% (top four)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 **4th** among domestic banks

ENVIRONMENT

Won international recognition with the **"A List"** twice in the CDP 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 CO_2e, equivalent to the annual amount of carbon absorption by **49** Daan Parks.

SOCIETY

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 Presidents 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 Roadmap and set up trans-company working groups on "Corporate Governance", "Responsible Finance", "Sustainable Financial Products and Services", Employee Care", "Environmental Sustainability", and "Community Engagement". A dedicated ESG unit is also assigned by the President each subsidiary for ESG communications, liaison and the provision of related information. The core team consists of 92 people (1 chairman, 8 committee members, 2 conveners, 6 executive directors, and approximately 75 employees split among the various working groups). The Corporate Sustainable Development committee is administered by the Corporate Governance Section of the Administration Department, and 6 designated employees are 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 investees fulfill their obligations for environmental protection and social sustainability.

● FFHC Sustainable Governance Organizational Structure

Chairman
(Chairman of FFHC)

Committee Members
(Presidents of FFHC and subsidiaries)

Corporate Governance WG
- Ethical corporate management
- Organizational strategy
- Risk management
- Regulatory compliance
- Protection of shareholder rights
- ESG information disclosure
- Internal audit
- Stakeholder communication

Responsible Finance WG
- TCFD management
- Responsible investment
- Due diligence and credit
- ESG product review

Sustainable Financial Products and Services WG
- Development of sustainable financial products
- Information security protection
- Financial consumer protection
- Customer relations management
- Digital innovations in financial services
- Financial inclusion

Employee Care WG
- Employee remuneration and benefits
- Competency development and training
- Employer/employee relations
- Human rights protection
- Occupational safety and health

Environmental Sustainability WG
- Environmental sustainabilit policy
- Operation carbon emission management
- Sustainable procurement
- Environmental Education
- Supply chain management

Community Engagement WG
- Social care
- Community participation
- Charitable strategy planning and execution
- Corporate image

II. Operation of the ESG team

Every year, each working group of the Corporate Sustainable Development committee compiles the E.S.G. Issues of Concern to FFHC stakeholders, then draws 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 WG 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 WG 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.

01 Corporate Sustainable Development committee Working Groups
Compile issues, draw up short-term, mid-term, and long-term targets and draft action plans

02 Corporate Sustainable Development committee administration unit
Compile the information submitted by each working group

03 Corporate Sustainable Development committee Working Group Meetings
Discuss and revise short-term, mid-term, and long-term targets and draft action plans

04 Corporate Sustainable Development committee
Evaluate short-term, mid-term, and long-term targets and announce the implementation of action plans

05 Convene Corporate Sustainable Development committee Working Group Meetings
Track and review short-term target completion on a quarterly basis

06 Corporate Sustainable Development committee
Review execution and evaluate improvement plan for unfulfilled short-term targets

07 Board of Directors
Report ESG implementation results for the previous year

First Financial Holding CSR Milestones

2011
- Establish CSR Committee
- Defined FFHC CSR Code of Conduct, Policy and CSR Committee Organic Regulations

2012
- Published first Sustainability Report (2011)
- Revised FFHC CSR Code of Conduct
- Set "No. 1 Brand in Green Finance" as the sustainable development target
- Presented with "Newcomer Award" in the Taiwan Corporate Sustainability Report Awards
- Received Commonwealth CSR Corporate Citizenship Award

2013
- 2012 Sustainability Report certified by an independent certification body for the first time
- Received "Financial Excellence Award" from the Taiwan Corporate Sustainability Report Awards and the "Creative Communications Role-Model Award"

2014
- Revised FFHC CSR Code of Conduct, Policy and Committee Organic Regulations
- Received "Gold Award" and "Climate Leadership Award" from the Taiwan Corporate Sustainability Report Awards
- 14th Place in the Large Enterprises category of the Commonwealth Magazine CSR Corporate Citizenship Awards

2015
- Published first English version of Sustainability Report (2014)
- Revised FFHC CSR Committee Organic Regulations
- Received "Gold Award", "Transparency and Integrity Award" and "Climate Leadership Award" from the Taiwan Corporate Sustainability Report Awards
- 9th Place in the large enterprises category of the Commonwealth Magazine Corporate Citizenship Awards
- Received Excellence Award in the Environmental Friendliness Category of the "Global Views Corporate Social Responsibility Awards

2016
- Revised FFHC CSR Code of Conduct, Policy and Committee Organic Regulations
- Named a constituent stock in the "Emerging Market Index"of the Dow Jones Sustainability Indices (DJSI) upon participating for the first time
- Received "Taiwan Top 50 Corporate Sustainability Report Awards - Finance and Insurance Industry Gold Award" and "Talent Development Award"
- Received the "Best CSR Award" in the Banking and Finance Best Practice Awards from the Taiwan Academy of Banking and Finance
- Received the "Financial Industry Model" and "Happy Enterprise Role-Model" awards at the Global Views CSR Awards

2017
- Revised FFHC CSR Committee Organic Regulations
- Selected for inclusion as a constituent in the Dow Jones Sustainability™ Emerging Markets Index for two years in a row
- Received "Taiwan Top 50 Corporate Sustainability Report Awards - Finance and Insurance Industry Gold Award" and "Talent Development Award"
- 3rd Place in the large enterprises category of the Commonwealth Magazine Corporate Citizenship Awards
- Received the "Financial Industry Model" award at the Global Views CSR Awards
- Included as constituent stock in the FTSE4Good Emerging Index

2018
- We were included in the DJSI Emerging Markets Index for three consecutive years; we were included as a constituent for the first time in the "World Index" and received a silver medal in the RobecoSAM Sustainability Yearbook. FFHC is the only bank in Taiwan on the list of top five banks in the world.
- We were the first financial institution in Taiwan to be recognized on the CDP's Climate Change A List in 2018.
- Received "Taiwan Top 50 Corporate Sustainability Report Awards - Finance and Insurance Industry Platinum Award"
- Included as constituent stock in the FTSE4Good Emerging Index for two consecutive years

2019
- Amendment of the First Financial Holding CSR Policy
- FFHC was selected as a constituent stock in DJSI "Emerging Markets" for the fourth consecutive year and was selected again as a constituent stock of the "World Index". Once again, it ranked fifth among all banking enterprises across the world.
- FFHC attained "A-" Leadership Level in the CDP climate change questionnaire which was the best performance in Taiwan's financial industry
- According to the results of the 5th Corporate Governance Evaluation (2018), FFHC was rated as a top 5% listed company and top 10% (top 4) in the finance and insurance category
- Selected as a constituent stock with AA ESG Rating for banking enterprises in the MSCI Global Sustainability Index
- Included as constituent stock in the "FTSE4Good Emerging Index" for three consecutive years

2020
- Revised FFHC CSR Code of Conduct
- Selected as a constituent stock in DJSI World Index for the 3rd consecutive year and DJSI Emerging Markets for 5 consecutive years
- The only financial institution in Taiwan to attain CDP Leadership A List recognition twice and received Leadership ranking for financial institutions for three consecutive years
- Rated as a top 5% listed company in the for the fifth year in the Corporate Governance Evaluation
- Twice selected as a constituent stock with AA ESG Ratings for banking enterprises in the MSCI Global Sustainability Index
- Included as constituent stock in the "FTSE4Good Emerging Index" on the London Stock Exchange for the fourth consecutive year
- First Bank and First Life Insurance were rated among the "Top 20% of the Fair Customer Treatment Principles Evaluation Rankings"

2021
- Revised FFHC CSR Code of Conduct
- Revised the First Financial Holding CSR Policy to "Corporate Sustainable Development policy"
- Changed the name of the FFHC CSR Committee to "Corporate Sustainable Development committee" and adjusted the five Working Groups to six Working Groups
- According to the results of the 6th Corporate Governance Evaluation, FFHC was rated as a top 5% listed company and rated top 10% (top 4) in the finance and insurance category for the second time

STAKEHOLDER COMMUNICATION AND MATERIALITY ANALYSIS

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 sustainability standards and regulations such as the GRI Standards, ISO 26000, SDGs (Note 1), TCFD (Note 2),and the Equator Principle(Note 3). Sustainability evaluations such as the CDP (Note 4), DJSI (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 communications 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 STEP Identify

01. Stakeholder identification

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

- Employees/Union/Retired employees
- Shareholders/Investors/Analysts
- Customers
- Suppliers
- Community/Non-profit organizations/Non-government organizations/Academics and experts
- Government and competent authorities
- Media/financial institutions

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 and trends, international initiatives, sustainability disclosure regulations, and the Group's sustainable development strategies.

02 STEP Analyze

03. Survey the level of concern

FFHC used an online and paper-based survey to collect information on the level of interest of the seven types of stakeholders in sustainability issues and recovered a total of 865 valid questionnaires including 212 from customers, 47 from suppliers, 29 from investors, 478 from employees, 54 from the media/other financial institutions, 4 from the government, and 41from communities/NPOs/academics and experts.

04. Analyze 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 the sustainability issues on the operations of the Group.

05. Compile materiality analysis matrix to confirm material issues

There were 865 stakeholders and 16 top executives reviewing the level of influence and impact 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 theCorporate 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 plans 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.

03 STEP Action

06. Reviewing the Sustainability report to ensure that it covers all material aspects

The Sustainability Report is authored by each Corporate Sustainable Development committee WG based on the disclosure indicators and material topics approved by the Corporate Sustainable Development committee then collated by the administrative unit before being submitted to the Chairman for review.

Note 1: Sustainable Development Goals, SDGs
Note 2: Task Force on Climate-Related Financial Disclosures, TCFD
Note 3: Equator Principles, EPs
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

II. Sustainable analysis matrix for issues of concern

To obtain representative samples in the survey on the "level of concern to stakeholders", the number of questionnaires was determined based on the interaction, importance, and impact principles. In terms of the "level of impact on Group operations", the senior executives jointly determined the importance and disclosure sequence of each sustainability issue based on the level of impact of each issue on revenue growth, brand image, customer satisfaction, and employee cohesion, and produced the following materiality analysis matrix.

Explanation of Differences and Adjustments in Material Topics Compared to 2019

2020 Material Topics	Reason for Adjustment
GRI 306 : Waste Guidelines	The Group shall disclose its management strategies for dealing with the significant impact of waste. In view of the sufficiently low probability of impact brought by waste on the operations of the financial industry, the disclosure of information on the material topic of "GRI 306: Waste" is excluded. However, the Group shall continue to disclose its recycled waste volume and measures related to domestic waste reduction.

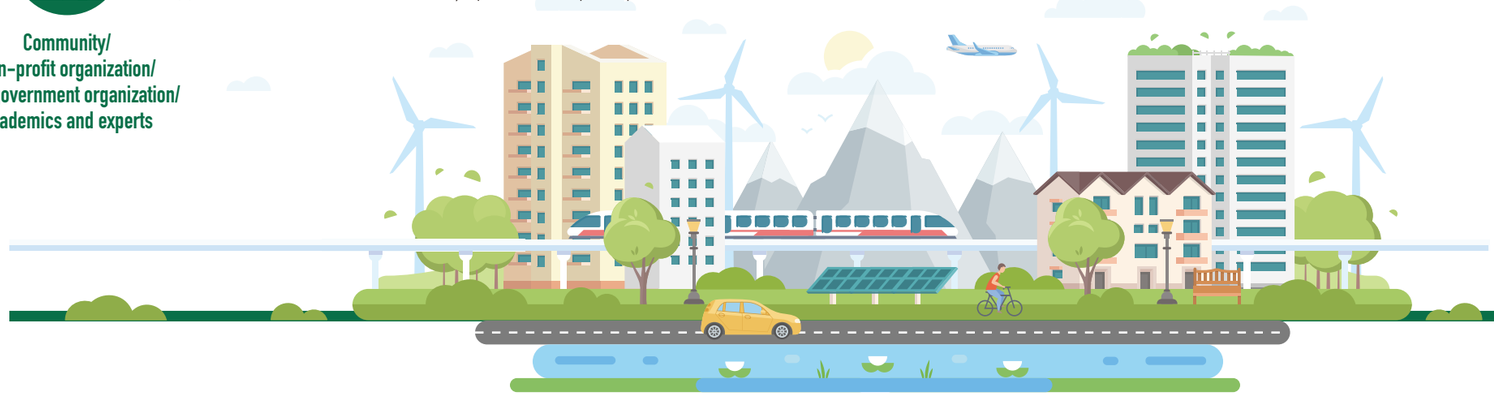
Explanation of Differences and Adjustments in Material Issues Compared to 2019

Material Issue	Differences	Reason for Adjustment
Talent recruitment and skills development	Name change	"Talent Cultivation" was renamed as "Talent Recruitment and Skills Development" due to the disclosure of the Company's complete talent and cultivation system for recruitment, training, and employment.
Talent retention and diverse welfare	Inclusion into the measures for "Diversity and Inclusiveness"	"Diversity and Inclusiveness" was renamed as "Talent Retention and Diverse Welfare" due to its inclusion into the issue of "Talent Recruitment and Retention" this year.
Finance innovation and inclusiveness	Name change	Changed " Digital finance innovation " to "Finance innovation and inclusiveness "
Customer service and privacy protection		Changed "Customer service and privacy" to "Customer service and privacy protection"
Climate change strategy and management		Changed " Climate change " to "Climate change strategy and management "

III. Stakeholder Communication Channels and Results

Stakeholder	Materiality	Communication channel and frequency	Material Issue	Communication highlights and accomplishments
Employees	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	**Monthly**：Employer/ employee meeting **Quarterly**：Employee Welfare Committee, Labor Safety and Health Committee, Labor Pension Oversight Committee **Annually**：Employee Commitment Survey **At least once a Year**：Employee Savings and Stock Ownership Committee **Every 3 years**：Committee Revision of collective bargaining agreement **Permanent**：Employee and sexual harassment complaint hotline, fax, e-mail,Employee forum on internal website, "Whistleblower section," " President's mailbox" and "Ideas mailbox" **Ad hoc**：First e-Academy digital learning system, Morning/evening business unit meetings	• Talent recruitment and skills development • Occupational Safety and Health • Talent retention and diverse welfare • Ethical corporate management • Business performance • Human rights	• In 2020, 2,458 employees passed English proficiency certification tests such as the LTTC, IELTS, TOEFL, TOEIC, BULATS, and GEPT while 286 employees passed the JLPT and the LTTC's Japanese, Spanish, Korean, and German language certifications • An Employee Commitment Survey was held in 2020, with a result of 92.38% • Chosen for inclusion in the "Taiwan Employment Creation Index 99 " for the 11th consecutive year • Included in the"Taiwan High Compensation 100 Index" for 7 consecutive years • 1,507 Employees have obtained the Certified Anti-Money Laundering Specialist (CAMS) certification.
Shareholders / Investors	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	**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 DJSI comparison, climate change questionnaire, water questionnaire, and other international ESG ratings **Permanent**：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) **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 website, Attend investor seminars at the invitation of securities brokers to communicate with investors, Participation in domestic and international corporate governance-related organizations	• Business performance • Corporate governance • Risk management • Ethical corporate management • Sustainable finance • Climate change strategy and management • Human rights • Prevention of money laundering, financial fraud and terrorism financing • Information security	• Annually implement internal/triennially 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 • 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 • Selected as a constituent stock with AA ESG Rating for banking enterprises in the MSCI Global Sustainability Index twice (MSCI ACWI Index) • Won the "A List " in the CDP twice and has been ranked "Leadership Level" for three consecutive years • According to the credit rating reports issued by credit rating agencies such as Taiwan Ratings, S&P, and Moody's, the Group demonstrated stable and strong corporate values in the financial market, distributed client bases, and achieved sound financial structures, good risk management, and premium asset quality • As a Premium member of the ACGA, the Company analyzed the latest corporate governance information and reports, participated in annual forums and seminars, and accord with the latest development trends in corporate governance • Institutional investors' opinions and issues of concern are reported to the Board regularly to assist all directors, executives and independent directors with understanding the opinions of shareholders
Customers	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.	**Permanent**：All of our Group subsidiaries have customer complaint channels, including business units, customer service hotlines, and e-mail; The companies' contacts are established on the Group's official website; we publish the telephone number, address, and email of the contact person **Regularly**：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	• Customer service and privacy protection • Information security • Sustainable finance • Ethical corporate management • Risk management • Climate change strategy and management • Finance innovation and inclusiveness • Business performance	• First Bank and First Life Insurance received the recognition of the FSC for "Top 20% of the Fair Customer Treatment Principles Evaluation Rankings". • The number one bank in Taiwan in terms of SME lending market share for 11 years in a row • Receive the "SMEG Gold Award - Outstanding Head Office", "SMEG Gold Award - Superior Performance Award for Managers", "Policy Promotion Award", "Business Startup Support Award", "Regional Development Assistance Award", and "Microbusiness Support Award" ,"Grade A Bank in the 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 of Domestic Banks," Small and Medium Enterprises Lending Award" and "Class A Bank in the Innovative Key Industry Loan Program" from the Ministry of Economic Affairs and the FSC • Received both the "Golden Security Award" and "Golden Excellence Award" from the Joint Credit Information Center for the 2nd consecutive year. • Received the Best Wealth Management Award of Excellence in the 10th "Taiwan Banking and Finance Best Practice Awards". • Rreceived the "Excellence Award for Financing Amount Growth in New Southbound Countries" and the "Excellence Award for the Number of Credit Guarantee Applications from Overseas Branches" from the Overseas Credit Guarantee Fund. • iLEO Credit Card received the "Best Digital Innovation Product " from MasterCard International. • Rated as Grade 1 (outstanding) in the results of the Risk Management Evaluation by Taipei Exchange. • First Life Insurance received the Financial Investment Category Award in the FSC's insurance contest "Investment in Innovative Public Long-Term Care Project Evaluation" and was awarded the "Outstanding Performance Award for Small-Sum Elderly Care Insurance" for the fourth time, and was recognized for excellent performance in the "Increasing National Insurance Coverage Program" of the Financial Supervisory Commission for the 25th consecutive time

Stakeholder	Materiality	Communication channel and frequency	Material Issue	Communication highlights and accomplishments
Suppliers	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	**Permanent**：Whistleblower section **Regularly**：If suppliers involve in environmental pollution, violation of labor laws and regulations, or threat to public interests, they will be required to give an explanation or be excluded as potential partners **Before listing**： 1.Require companies that sell fund and insurance products through the bank to have compiled Sustainability reports or issued a CSR commitment 2. Review the ESG evaluation criteria of wealth management products through the ESG product review mechanism. The level of risk shall be classified based on the nature of these products before putting them on the market **Ad hoc**：Organize supplier meetings, Transparency of tender information and publication on corporate website	• Sustainable finance • Climate change strategy and management • Community engagement • Ethical corporate management	• Introduced 7 core topics of the ISO 20400 Sustainable Procurement Guidelines to procurement practices. The performance evaluation for the certification of the ISO 20400 Sustainable Procurement Guidelines is expected to be completed in June 2021 • Organized the "First Financial Group Supplier Meeting" covering the explanation of the ISO 20400 Sustainable Procurement Guidelines and the promotion of gender equality and occupational safety and health • Established data on 29 categories of suppliers and completed 2,033 supplier surveys • Recognition as Benchmark Private Businesses and Groups in Green Purchasing by the Taipei City Government for the 6th consecutive year, while green purchasing amounted to NT$274.99 million • 32 fund companies signed the "Stewardship Principles" • 25 offshore fund companies signed the Principles for Responsible Investment (PRI) • 32 marketed fund products passed the review
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	**Permanent**：Establish an effective corporate governance structure and improve internal control system **Ad hoc**：Participate in seminars, symposiums, public hearings, competitions and evaluations hosted by the competent authorities ;Compliance with the relevant laws and policies of the competent authorities and cooperate with their monitoring and inspections ;Disclose business-related information on the Market Observation Post System and corporate website	• Ethical corporate management • Corporate governance • Prevention of money laundering, financial fraud and terrorism financing • Risk management • Climate change strategy and management • Customer service and privacy protection • Sustainable finance • Climate change strategy and management • Information security • Occupational Safety and Health • Community engagement	• According to the results of the TWSE Corporate Governance Evaluation, FFHC was rated as a top 5% listed company for the 6th consecutive year and top 10% (top 4) in the finance and insurance category for the 2nd consecutive year. Selected as a constituent stock in the "Taiwan High Compensation 100 Index" for the 6th consecutive year; Included as a constituent of the "FTSE4Good TIP Taiwan ESG Index" for the 4rd consecutive year • Received the "Master Award" and "Green Action Award" in the "Second National Enterprise Environmental Protection Awards" from the Environmental Protection Administration. • The "Green Finance Education Hall" at Wanhua Branch became the first in the finance industry to receive the "Environmental Education Site" certification from the Environmental Protection Administration of Executive Yuan • Awarded the "Pastoral City Construction Achievement Competition - Enterprise Award" of the Taipei City Government • First Bank donated 1‰ of payments made with the World Card totaling NT$964,000 to the "School Education Savings Account" platform of the Ministry of Education, which in turn helped 290 economically disadvantaged schoolchildren • First Bank donated 3‰ of payments made with the Yilan Card totaling NT$2,508,000 to the Yilan County Government for use in social welfare, tree planting, and tree protection activities • Reported business overview to the competent authorities every quarter to help the government keep track of the overall financial environment
Media/ Financial institutions	Media is one of the key channels for communication between FFHC and the other types of stakeholders. We disclose E.S.G-related information through the media at different times	**Permanent**：Establish a spokesperson and PR department for liaising purposes **Ad hoc**：Participation in assessments, seminars and conferences; Hosting of press conferences and issuing of press releases	• Business performance • Ethical corporate management • Information security • Corporate governance • Customer service and privacy protection • Finance innovation and inclusiveness • Talent retention and diverse welfare • Community engagement	• Received the Best Digital Account Bank Excellence Award in the "Consumer Financial Brand Award Category" of the Wealth Magazine's Taiwan Financial Award. • Active interactions with the media to implement ESG performance • The expert team provides daily updates on market conditions and financial products to help the public keep track of the financial market
Community/ Non-profit organization/ Non-government organization/ 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	**Regular**：Hosting of art exhibitions , concerts and cultivating table tennis teams **Ad hoc**：Hosting of blood drives /donation/compassion/green organic/recruitment of caring and green volunteers such as beach and mountain clean-up; organize financial school/ Green finance and environmental education courses /health and financial seminars/remote area free clinics; Sponsorship of tennis, table tennis /weightlifting/golf/ soccer / sepak takraw/archery/road running/baseball, participate in CSR-related organizations, Hosting of energy-conservation symposiums and participation in sustainable finance seminars	• Community engagement • Sustainable finance • Climate change strategy and management • Climate change strategy and management	• Assisted a total of 3,352 disadvantaged schoolchildren in Ankeng, Zhongzheng, and Erchong Elementary Schools for 10 consecutive years • Provided education assistance programs Sponsored the "Financial Service Industry Education Foundation" with NT$2.5 million in five consecutive years and helped 1,330 students from poor and disadvantaged backgrounds complete their studies in 2020 • First Bank donated 6‰ of payments made with the Leezen Card totaling NT$10.90 million to the "Tze-Xin Organic Agriculture Foundation" and the "Bliss and Wisdom Foundation of Culture and Education." The donations help provide guidance on organic certification of agricultural products, promotion of organic vegetarian school meals, clean-up of water sources, and enhancing spiritual education • We have helped 5 elementary schools in rural areas of Yilan and Hualien install 1,216 sets of LED lighting equipment. We estimate that the replacement would reduce about 103,000 kWh of electricity, cut electricity costs by approximately NT$400,000, and reduce 52.27 metric tons of CO_2e each year • Launched 4 environmental education courses, namely, Energy Conservation and Carbon Reduction in Green Buildings, Climate Change Risk Management, Green Loans and Loan Review, and Green Consumer Finance • Hosted 18 sessions of courses on environmental education targeting schools, government agencies, and enterprises, with a total of 486 people participated • Received the Special Award in the "Buying Power Social Innovative Products and Services Procurement Incentive Mechanism", which was organized by the Small and Medium Enterprise Administration under the Ministry of Economic Affairs. • FHC, along with First Bank and First Securities, received six major awards in the 13th "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" • Donated NT$79.85 million to social engagement in 2020 • 2,019 volunteers participated in2020, benefiting 13,591 people and 8,059 hours of service

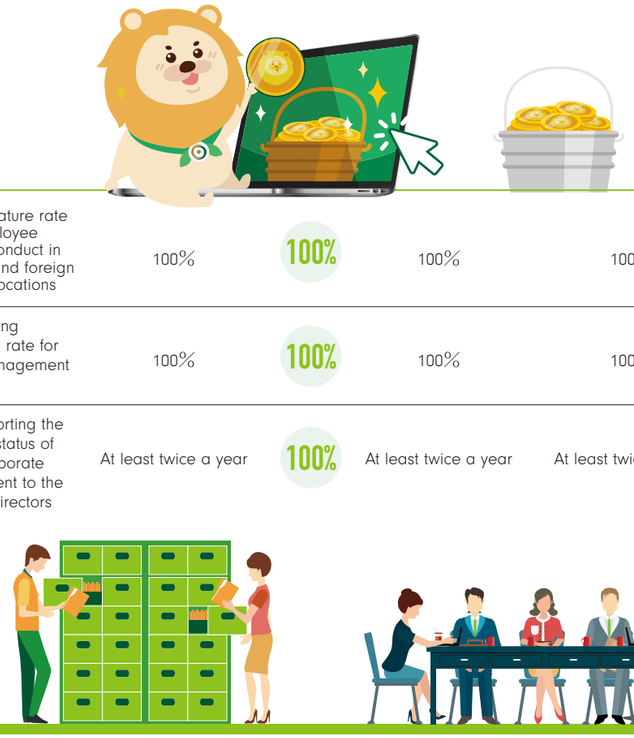


Sustainable Development Goals

Material Issue	Materiality to Operations	Policies	Commitment	Action	Responsible Unit	Risks and Opportunities of Key Impact	KPI	2020 Goals	Completion Rate	2021 Goals	Medium Long-Term Goals (2022-2026)	Value Chain Stage and Relations: Procurement/Suppliers	Front-end Financial Services for Customers (Note 1)	Financial Transactions (Note 2)	Back-end Financial Services for Customers (Note 3)	Old Assets (Note 4)
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 customers' interests and achieve corporate sustainable development is through the constant improvement of information security systems and management strategies.	The "Information Security Management Regulations for FFHC and its Subsidiaries" was established to strengthen information security management by the Company and its subsidiaries, and ensure the security of information systems, equipment, network, and data.	Strengthen information security management, and protect and control data, systems, equipment, and network to ensure the security of information systems, equipment, network, and data.	• Establish standard operating procedures and verification procedures regarding the development and changes of system applications to ensure confidentiality, completeness, and availability before launching the system applications. For material information systems that are open to external parties or customers, evidence of source code testing or vulnerability patching 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 of application systems to ensure information security and vulnerability patching. • Periodically perform email social engineering exercises and raise information security awareness in daily operations by promoting precautions for social engineering prevention through education and training.	Sustainable Financial Products and Services WG	**Risk：** • The implementation of remote or working from home mechanisms due to the impact of the COVID-19 pandemic and considerable use of FinTech applications (online loan platforms, new payment tools, and complex financial transactions) challenge 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 immediacy of transaction information. • Maintain information security and establish plans related to information business continuity operations and emergency response plans for cyber threats to effectively maintain normal operation of the Company's core systems.	KPI 1: Conduct the review of ISO 27001 Information Security Management System	At least twice a year	100%	At least twice a year	At least twice a year	●	●	●	
							KPI 2: Conduct email social engineering exercises	Unit: % Company: Open email / Click on links / Deliver return slip / Open attachments / Phishing successful Bank: <0.5 / <0.5 / <0.5 / <0.1 Securities: <3 / <3 / <3 / <2.5 Securities Investment Trust: <3 / <3 / <3 / <3 Life Insurance: <3 / <3 / <3 / <2	Bank: 75% Securities/Securities Investment Trust/Life Insurance: 100%	Unit: % Company: Open email / Click on links / Deliver return slip / Open attachments / Phishing successful Bank: <0.5 / <0.5 / <0.5 / <0.1 Securities: <2.5 / <2.5 / <2.5 / <2 Securities Investment Trust: <2.5 / <2.5 / <2.5 / <2 Life Insurance: <2.5 / <2.5 / <2.5 / <1.8	By 2026 Unit: % Company: Open email / Click on links / Deliver return slip / Open attachments / Phishing successful Bank: <0.5 / <0.5 / <0.5 / <0.1 Securities: <1.5 / <1.5 / <1.5 / <1 Securities Investment Trust: <1.5 / <1.5 / <1.5 / <1 Life Insurance: <1.5 / <1.5 / <1.5 / <1				
							KPI 3: The time needed for switching from the core information system to the backup center and for resuming operations	Company / Switching Time Bank: 0.5 hours Securities: 1 hours Securities Investment Trust: 2 hours Life Insurance: 2 hours	100%	Company / Switching Time Bank: 0.5 hours Securities: 1 hours Securities Investment Trust: 2 hours Life Insurance: 2 hours	Company / Switching Time Bank: 0.5 hours Securities: 1 hours Securities Investment Trust: 2 hours Life Insurance: 2 hours				
Business performance	Companies should pursue excellent business performance and profits to maintain their operations and development, drive domestic economic growth, and spur job creation.	Seize business opportunities in the post-pandemic era, increase profits of non-bank subsidiaries, and optimize the Group's profit structure.	The COVID-19 pandemic has plunged the global economy into severe stagnation. The Group will plan our overseas presence when necessary, integrate the values of product design and marketing channels of each subsidiary, respond to the trend toward localization and diversion of global supply chains in the post-pandemic era, and seize business opportunities lie in the return of Taiwanese companies, financial management for high-net-worth assets, 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 models of each business unit of the Group to create maximum value for the Group.	Corporate Governance WG	**Risk：** • The spread of the COVID-19 pandemic has led to constraints resulting from epidemic prevention measures and aroused fears among members of the public, suppressing private investment and consumption. Moreover, banks have recorded a decrease in the interest rate spread as the central bank lowered interest rates. • Continuous FinTech innovation and artificial intelligence applications will weaken the role of traditional financial institutions and affect their business performance and profits. **Opportunity：** • Green finance, renovation of unsafe and old buildings, and aging population issues will increase and spur the development of new sales and business models. Moreover, the booming housing market and an increase in relief loans will lead to a surge in lending. • Investment in digital banking and the use of optimal business models will improve business management efficiency.	KPI 1: The ratio of non-banking profits	5%	169%	8%	The ratio of non-banking profits continues to increase	●	●	●	

Material Issue	Materiality to Operations	Policies	Commitment	Action	Responsible Unit	Risks and Opportunities of Key Impact	KPI	2020 Goals	Completion Rate	2021 Goals	Medium Long-Term Goals (2022-2026)	Value Chain Stage and Relations: Procurement/Suppliers	Front-end Financial Services for Customers (Note 1)	Financial Transactions (Note 2)	Back-end Financial Services for Customers (Note 3)	Old Assets (Note 4)
Customer service and privacy protection	• Protect consumer 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 Data Protection Act and the EU's General Data Protection Regulation (GDPR) to protect customer privacy and mitigate the trust crisis.	• Implement the fair customer treatment principle of the finance industry, ensure the transparency and safety of information regarding our products and services, and treat each customer in a fair and reasonable manner. • Establish the "Personal Information Protection Policy of FFHC and Subsidiaries" and relevant operating guidelines to protect the rights of data owners and strictly prevent external disclosure of customer data.	• Comply with applicable laws and regulations, including the Financial Consumer Protection Act and the Principles for the Fair Treatment of Customers and establish and announce relevant policies. Continue to train employees and raise their awareness, set up customer complaint and dispute settlement mechanisms, and properly handle customer complaints and disputes to protect customers' rights and interests. • Consider consumer interest while determining the remuneration system of sales personnel to avoid actions that overemphasize the achievement of business goals and cause damage to customers or consumers.	• Continuously conduct customer satisfaction surveys, provide customers with quality services, and properly handle customer opinions to maintain customer satisfaction. • Periodically organize education and training to step up the promotion of related business-es, strengthen the expertise of salespeople, and protect and manage personal information. • Implement the "Principles for Fair Treatment of Customers in the Financial Services Industry" and value the rights of financial consumers. First Bank, First Securities, First Securities Investment Trust, and First Life Insurance have all formulated and promulgated the "Principles, Policies, and Strategies for the Fair Treatment of Customers" and submitted the implementation status and improvement measures of fair customer treatment to the Board of Directors of each company after the review conducted by the Fair Customer Treatment Committee. • Establish the "FFHC Operating Guidelines for Responding, Processing, Reporting, and Preventing Material Personal Information Incidents" to strengthen the Group's emergency response and preventive mechanisms for material personal information incidents.	Sustainable Financial Products and Services WG	**Risk :** • Failure to implement the Principles for Fair Treatment of Customers in the Financial Services will lead to incidents that infringe customer rights or violation of relevant regulations of the Personal Data Protection Act, ending up with penalties imposed by the competent authority and impact on customers' trust in the Company. **Opportunity :** • Implement the Principles for Fair Treatment of Customers in the Financial Services to understand customer demands and plan corresponding improvement measures to improve customer satisfaction and build service loyalty. • Reinforce personal information protection to reduce the Company's operating losses and protect customers' rights, thereby obtaining customer trust and higher customer satisfaction.	KPI 1: First Bank, First Securities, First Securities Investment Trust, and First Life Insurance conduct customer satisfaction surveys	Bank 86% Securities 85.2% Securities Investment Trust 96% Life Insurance 72%	100%	Bank 86.2% Securities 85.3% Securities Investment Trust 96.2% Life Insurance 72.3%	Bank 87.2% Securities 86% Securities Investment Trust 97% Life Insurance 73.5%	●	●	●	●
							KPI 2: First Bank, First Securities, First Securities Investment Trust, and First Life Insurance conduct customer net promoter score surveys	Bank 45.5points Securities 53.3points Securities Investment Trust 56points Life Insurance -33points	100%	Bank 46points Securities 53.4points Securities Investment Trust 56.2points Life Insurance 2points	Bank 47points Securities 55points Securities Investment Trust 57points Life Insurance 10points					
							KPI 3: Training completion rate of the "Personal Data Protection Act" training program	100%	100%	100%	100%					
							KPI 4: Training completion rate of the "Principles for Fair Treatment of Customers in the Financial Services Industry" of First Bank, First Securities, First Securities Investment Trust, and First Life Insurance	100%	100%	100%	100%					
Corporate Governance	Sound corporate governance system strengthens the stability and transparency of corporate operations and increases companies' long-term value and competitive-ness. It is the basis for companies' sustainable development.	Establish related regulations concerning corporate governance and tax governance policy, build an effective corporate governance framework, and shape the culture of corporate governance to protect shareholder equity, strengthen the functions of the Board of Directors, and improve information 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.	• Revise 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) and obtain third-party confirmation or assurance to increase the quality of information disclosure on ESG.	Corporate Governance WG	**Risk :** • A sound corporate governance is the cornerstone of corporate management. Failure to continuously improve the structure and system of corporate governance will hinder the competitiveness and innovative growth of companies. **Opportunity :** • Continuous strengthening of corporate governance can enhance the functions and responsibilities of the Board of Directors, increase the values of the sustainable development of the Company, and deepen the trust of stakeholders. • The Company will attract more investments by international investors if our ESG management is recognized by international institutions.	KPI 1: Results of the Board's internal performance evaluations	Average score > 4 points	100%	Commission external professional institutions to evaluate the performance of the Board of Directors	Commission external professional institutions to evaluate the performance of the Board of Directors in 2024	●	●	●	●
							KPI 2: Actual attendance rate of all/individual directors	80% / 80%	100%	85% / 80%	85% / 80%					
							KPI 3: Board diversity	The number of female directors reaches at least 1/3 (5 seats)	100%	The number of seats for independent directors of the 7th Board of Directors reaches at least 1/3 (5 seats)	Promote the number of seats for independent directors of the Board of Directors to reach at least 1/2 (8 seats)					
							KPI 4: The quality of information disclosure on ESG	Preparation Standard: GRI Standards Assurance Standard: AA1000TYPE2 Assurance Standard Application Type 2	100%	Preparation Standard: GRI Standards; SASB Commercial Banks Sustainability Accounting Standard Assurance Standard: AA1000TYPE2 Assurance Standard Application Type 2; ISAE 3000	Preparation Standard: GRI Standards; A new guideline included in the SASB; Principles for Responsible Banking (PRB) Assurance Standard: AA1000TYPE2 Assurance Standard Application Type 2; ISAE 3000					

Material Issue	Materiality to Operations	Policies	Commitment	Action	Responsible Unit	Risks and Opportunities of Key Impact	KPI	2020 Goals	Completion Rate	2021 Goals	Medium Long-Term Goals (2022-2026)	Value Chain Stage and Relations: Procurement/Suppliers	Front-end Financial Services for Customers (Note 1)	Financial Transactions (Note 2)	Back-end Financial Services for Customers (Note 3)	Old Assets (Note 4)
Sustainability Finance	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.	• Establish sustainable lending, responsible investment, and sustainable insurance policies to incorporate ESG issues into the development strategies and operating procedures of core businesses such as investment, financing, underwriting, and insurance, thereby guiding customers and investees to value and respond to ESG risks and create business opportunities. • Integrate ESG factors into voting and product review mechanisms to implement requirements in the Stewardship Principles and exercise the due care of a good administrator.	• 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 attain 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 bank member in the world. The participation of the Bank aims to strengthen the resilience against 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, stocks, 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 environmentally and socially friendly industries 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 create a win-win, friendly financial environment for consumers and financial institutions.	Responsible Finance WG, Sustainable Financial Products and Services WG	**Risk：** • Reducing or ceasing investments and financing in highly polluting industries to pursue sustainable development has become an international 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. **Opportunity：** • In response to an aging society and declining birth rates, we will provide seniors with products such as retirement trusts and reverse mortgages "Comfort Loans." These measures will provide retirees with a source of income and expand diverse business opportunities. • The finance industry plays an indispensable role in attaining the government's goal of reaching 20GW in installed capacity of solar power equipment by 2025. We can develop new opportunities for profits in sustainable business opportunities in related industries.	KPI 1: Number of financing projects for urban renewal and the reconstruction of dangerous and old buildings	8	325%	10	Accumulate 50 projects	●	●	●	○
							KPI 2: Loan balance (NT$100 million) of the "Industrial Innovation Plan Loans"	4,200	104%	4,200	By 2025 4,300					
							KPI 3: Number of micro-insurance policies provided for the economically disadvantaged to gain basic coverage	200	155%	300	By 2026 350					
							KPI 4: New volume of "Green Consumption Loans" (NT$100 million)	5	100%	8	Accumulate 47					
							KPI 5: Number of new loan accounts of Comfort Loan	40	310%	80	Accumulate 470					
Ethical corporate management	Corporate management focuses on integrity which is implemented in operations and management and compliance to prevent employee fraud, penalties, and damage to business reputation and customer trust in the brand.	Formulate relevant regulations concerning ethical management, establish solid business operations and ethical corporate culture, and realize sound management and corporate governance by requiring directors, supervisors, managers, and employees to understand and abide by the Group's ethical and moral values.	We are committed to the business philosophy of integrity, transparency, and accountability and establish policies based on integrity. The policies are implemented in internal management and external business activities.	• The Ethical Management Committee is comprised of all 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, managerial officers, and employees of the Group's companies sign the Code of Conduct of Directors, Supervisors, Managerial Officers, and Employees by the end of each year or when they are appointed.	Corporate Governance WG	**Risk：** • If the Company does not have a sound internal control system nor establish evaluation and prevention mechanisms for the risks of unethical conduct, it may be at risk of suffering from 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 other unethical matters, thus preventing financial losses, establishing the Company as an entity that conducts business with integrity, and improving customer trust and loyalty.	KPI 1: Signature rate of the Employee Code of Conduct in domestic and foreign company locations	100%	100%	100%	100%	◎	●	●	●	
							KPI2: Training completion rate for ethical management training	100%	100%	100%	100%					
							KPI 3: Reporting the execution status of ethical corporate management to the Board of Directors	At least twice a year	100%	At least twice a year	At least twice a year					



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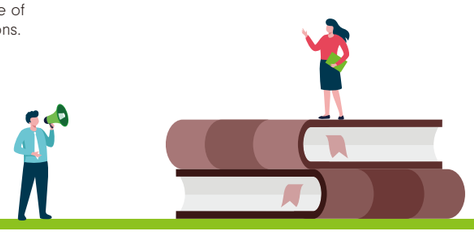
Risk management	Formulate adequate risk management policies to address changes in the financial environment and business models. Establish independent and effective risk management mechanisms to manage all business risks and ensure healthy corporate operations and sustainable development.	• The Board 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.	Plan overall operation strategies, risk management policies and guidelines, and draft operation plans, risk management procedures, and implementation guidelines.	• Evaluate the implementation status for legal compliance of each company and connect the results of evaluations to performance evaluations to increase the effectiveness of the implementation of the compliance system. • Establish horizontal communication mechanisms for the second and third lines of defense to strengthen legal compliance, internal control, and internal audit synergy. • Submit the results of emerging risk evaluation to the Risk Management Committee and the Board of Directors.	Corporate Governance WG	**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 quality 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 value of capital to address the risks 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 operational risks 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.	KPI 1: Double leverage ratio and (DLR) and Group capital adequacy ratio (CAR)	＜120%	100%	＜120%	＜120%	●	●	●	●	
								≧110%	100%	≧110%	≧110%					
							KPI 2: First Bank capital adequacy ratio (CAR) and Tier 1 capital ratio	CAR＞12.75% Tier1＞10.75%	100%	CAR＞13.5% Tier1＞11.75%	First Bank shall continue to abide by the Basel III requirements and establish related management objectives for the capital adequacy ratio in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks" based on related business, investment plans, and changes in the future finance environment.					
							KPI 3: First Bank ordinary share equity ratio and leverage ratio	Ordinary share equity ratio >9.5% Leverage ratio >5%	100%	Ordinary share equity ratio >9.5% Leverage ratio >5%					
							KPI 4: First Life Insurance net worth ratio and risk-based capital (RBC) ratio	Net worth ratio: 5% Risk-based capital ratio: 250%	100%	Net worth ratio: 5% Risk-based capital ratio: 250%	Net worth ratio: 5% Risk-based capital ratio: 250%					
Prevention of money laundering, financial fraud, and terrorism financing	The implementation of relevant regulations concerning Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) can reduce operating risks, avoid material penalties, benefit international business expansion, and increase the scale of operations.	Devise the Group's AML/CFT policies and plans, establish consistent AML/CFT regulations, formulate relevant regulations to protect depositors from fraud, and provide 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 compliance officers of each company of the Group to report their AML/CFT operations. • Conduct Institutional Risk Assessment (IRA) for money laundering and terrorist 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.	Corporate Governance WG	**Risk：** • If the Company fails to comply with operating procedures for the prevention of money laundering, financial fraud, and countering terrorism financing, it will suffer major penalties, which will damage the company's image and business development. **Opportunity：** • Implementing the prevention of money laundering, financial fraud, and terrorism financing facilitates international business expansion and stabilizes the financial system.	KPI 1: Commission external professional institutions to verify the effectiveness of the AML system	First Bank commissions external professional institutions to verify the effectiveness of the AML system	100%	First Bank, First Securities, First Securities Investment Trust, and First Life Insurance commission external consulting firms to verify the effectiveness of the AML/CFT system	First Bank, First Securities, First Securities Investment Trust, and First Life Insurance commission external consulting firms to verify the effectiveness of the AML/CFT system before the end of 2022	◎	●	●	●	
							KPI 2: The AML certificate attainment rate of supervisors and employees from the AML unit	90%	100%	90%	90%					
							KPI 3: Number of financial education and promotion held	40 sessions	145%	52 sessions	Accumulate 300 sessions					



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Climate change strategy and management	Extreme weather events will impact the global economy and even constitute 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 climate-related risks and opportunities in accordance with the framework of the "Recommendations of the Task Force on Climate-Related Financial Disclosures" (TCFD) and establish response mechanisms. • Exert the influence of the finance industry for mitigating climate change and actively communicate and support business units through training and reviewing meetings to help them identify the connections between their businesses and climate change and uncover potential risks and opportunities.	• Conduct climate change and environmental sustainability engagement with stakeholders, identify customer groups sensitive to climate change, and evaluate the climate risks faced by investment/loan portfolios. For industries that are energy-intensive, consume large amounts of energy, and cause environmental pollution, the Company establishes credit caps for highly polluting/high energy consumption industries and monitors these industries on a monthly basis to enhance the Company's capabilities to withstand climate change risks. Moreover, the Company strengthens climate change governance and evaluates its financial correlation to lower risks and seize business opportunities. • Support low-carbon economy transformation: Integrate core competencies to help companies reduce the pollution and waste of resources in production or service process and provide the funding required for pollution prevention, green transportation, green building/green factory, energy and resource conservation, and other measures for improving the environment.	• Became a signatory to the "Recommendations of the Task Force on Climate-Related Financial Disclosures" (TCFD), quantified the financial impact on the Company resulting from climate change risks faced by the industry, and formulated relevant management measures. • Require high carbon emission industries who are domestic borrowers to disclose their greenhouse gas emissions and increase the number of the companies being required to explain their measures to climate change adaptation for two consecutive years. • Continue to fill out the CDP questionnaires for climate change. • First Bank became a signatory to the Equator Principles, established "Equator Principles Guidelines for Loan Application," and introduced forms related to the regulations of Equator Principles.	Responsible Finance WG	**Risk :** • The greatest climate change risk to the Company is the direct impact on the Company's business locations caused by strong wind and heavy rain brought by tropical cyclones and extreme precipitation. Under these circumstances, victims of the weather events are unable to repay loans, and borrowers encounter an interruption of operations or loss of personnel or property, which leads to difficulties in repayment and incurs losses due to bad debts. Moreover, the weather events will also lead to a decrease in the asset value of investment properties held by the Company. **Opportunity :** • 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 a systematic governance structure that helps improve the Company's capabilities to address climate change and reduce the financial impact.	KPI 1: Fill out the CDP questionnaires for climate change	100%	100%	100%	100%					
							KPI 2: Introduce science-based targets (SBT) for carbon reduction	-	-	First Bank assesses the feasibility of adopting SBT methodology	Evaluate whether to sign the SBT and adopt SBT methodology to set short-term, mid-term, and long-term goals		●	●	●	
							KPI 3: First Bank's credit caps for highly polluting/high energy consumption industries	≤15%	100%	≤14.8%	≤ 14.5% by 2026					
							KPI 4: Credit caps for highly polluting/high energy consumption industries	≤15%	100%	≤14%	≤ 10% by 2026					
Occupational safety and health	Employees are companies' most important assets. Companies must establish safe working environments and be committed to attaining work and life balance for employees to improve employee health.	Ensure the safety and health of personnel and create a friendly, safe, disaster-free workplace.	Strive to become an exemplar of eco-business, value employees' safety, hygiene, and health, and provide a safe and healthy working environment.	• Recognize health issues based on the Occupational Safety Management Risk Map and review the various risk prevention plans each year to reduce the occurrence of occupational accidents. • Continue to implement the "Maternal Employee Health Protection Plan," "Human-Factor Hazard Prevention Plan," and "Abnormal Workload-Triggered Diseases Prevention Plan." • Establish absenteeism rate targets, 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.	Employee Care WG	**Risk :** • If the Company has not implemented any epidemic prevention measures while the COVID-19 pandemic runs rampant, the Company may have to cease operations or implement quarantine measures. Such circumstances will hinder the Company's operations and profits. • If the Company does not develop an occupational safety and health system, the probability of accidents or health hazards among employees will increase, causing an increase in the Company's personnel costs. **Opportunity :** • To mitigate the operational risks caused by the COVID-19 pandemic, the Company may establish an epidemic prevention command system and backup mechanisms and adjust the modes of working and the location of work to ensure the continuity of human resources and business services. • Establish the Occupational Safety and Health Committee that manages and supervises plans related to occupational safety. In addition to protecting the safety and health of employees, the Committee can help increase work efficiency and reduce absenteeism rates.	KPI 1: Absenteeism rate	≦1.25%	100%	≦1%	≦0.8%					
							KPI 2: Number of business sites with healthy workplace certification	50	124%	60	2022 All domestic business units		◎	●	●	●
							KPI 3: The number of business sites recognized as safe workplaces equipped with automated external defibrillators (AEDs)	6	933%	Help employees from workplaces equipped with AEDs to complete regulatory training to maintain the safe workplace recognition in 2025					
							KPI 4: The protection rate of the "Maternal Health Protection Plan"	-	-	≧81%	2022 ≧82%					
							KPI 5: The rate of outpatient visits for those with serious health issues shown on medical check-up reports	-	-	≧70%	By 2026 ≧74%					

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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 their environmental impact, and seize business opportunities by promoting the circular economy.	• To ensure environmental and ecological sustainability, the Group upholds its responsibility for the sustainable development of the environment and adopts all low-carbon operation initiatives to cut greenhouse gas emissions and reduce waste. The Group also facilitates the transformation toward a low carbon economy. • FFHC established the "Supplier Management Guidelines" as the policy and guiding principles for the management of suppliers of the Group. We require suppliers to abide by the International Bill of Human Rights, laws, internationally recognized labor rights principles, related environmental protection regulations, occupational safety and health, ethical corporate management, corporate social responsibilities, and other international initiatives.	• FFHC is committed to reducing greenhouse gas emissions and emissions intensity. It formulates operation strategies, sets carbon emissions reduction targets, and implements measures to improve energy efficiency to achieve the goal of reducing greenhouse gas emissions. • FFHC introduces high-performance electrical equipment, power generation systems, ISO verification guidelines, and products that adopt the cradle-to-cradle design. In principle, 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 idea of the circular economy. • FFHC chooses to work with high-quality suppliers that comply with environmental regulations, human rights, and labor rights and jointly fulfills corporate social responsibility with them.	• FFHC has adopted different ISO Environmental or Energy Management Systems and obtained certification. We use various action plans to reduce carbon emissions in operations and continue to increase the use of renewable energy in order to effectively implement carbon management. • FFHC manages and controls the volume of recycled resources and domestic waste of overseas units to reduce the Group's waste volume effectively. • Each year, FFHC improves the energy efficiency of buildings owned by the Group and obtains Green Building Marks. The construction of new buildings follows the standards of Green Building Mark. • FFHC actively discloses the service carbon footprint to help customers understand the concept of carbon management and monitor the carbon emissions in the service process to establish effective carbon emissions reduction measures • 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 monitors suppliers that have been penalized for violation of environmental protection regulations and requires them to submit improvement plans or terminate business relations.	Environmental Sustainability WG	**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 carbon right certificates and renewable energy certificates for its carbon reduction outcome, the operating costs of the Company will increase. • 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. • A considerable increase in garbage and wastes will increase the operating cost of the Company. • Employees without proper education on the environment will impede the development of a sustainable environment and hinder the promotion of sustainability policies. • Some suppliers in Taiwan are monopolist or oligopolistic or are only agents and importers. The Company cannot audit whether their production processes are environmentally friendly and low-carbon, and it is also difficult to negotiate with manufacturers. • Products that are purchased in large varieties, large quantities, or small quantities make it difficult to establish a low-carbon supply chain similar to the manufacturing industry, thereby affecting Scope 3 greenhouse gas emissions **Opportunity :** • Participate in environmental protection competitions 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 on environmental protection and learn the main causes and consequences of various damage to the environment, they will dedicate themselves to environmental conservation tasks and realize the energy conservation and carbon emissions reduction goals set by the Company. • The Company and its suppliers discuss issues related to climate change and environmental sustainability and share economic concepts to encourage supplier transformation and develop business opportunities for sustainability.	KPI 1: The Group's Scope 1 and Scope 2 emissions (metric tons/CO_2e)	Reduce 152 metric tons of CO_2e compared to 2019	206%	Reduce 350 metric tons of CO_2e compared to 2020	Cumulatively reduce 5,251 metric tons of CO_2e in 2026 compared to 2021	◎	●	●	●
							KPI 2: Scope 3 carbon emissions from business trips (metric tons/CO_2e)	＜346	100%	＜329	Accumulate less than 1,412 metric tons of CO_2e by 2026					
							KPI 3: Number of existing buildings obtaining Green Building Mark	27	100%	29	39 buildings by 2026					
							KPI 4: Signature rate of the "Declaration on Human Rights and Environmental Sustainability Clauses" of suppliers	100%	100%	100%	100%					
							KPI 5: Total kWh of purchased and used renewable energy	500,000	165%	500,000	Accumulate 2.5 million kWh					
							KPI 6: The Group's total water consumption (million liters)	＜204	100%	＜203.8	Accumulate < 1,012.3					
							KPI 7: The Group's domestic waste volume (metric tons)	＜249.93	100%	＜289.93	Accumulate <1,445.1					

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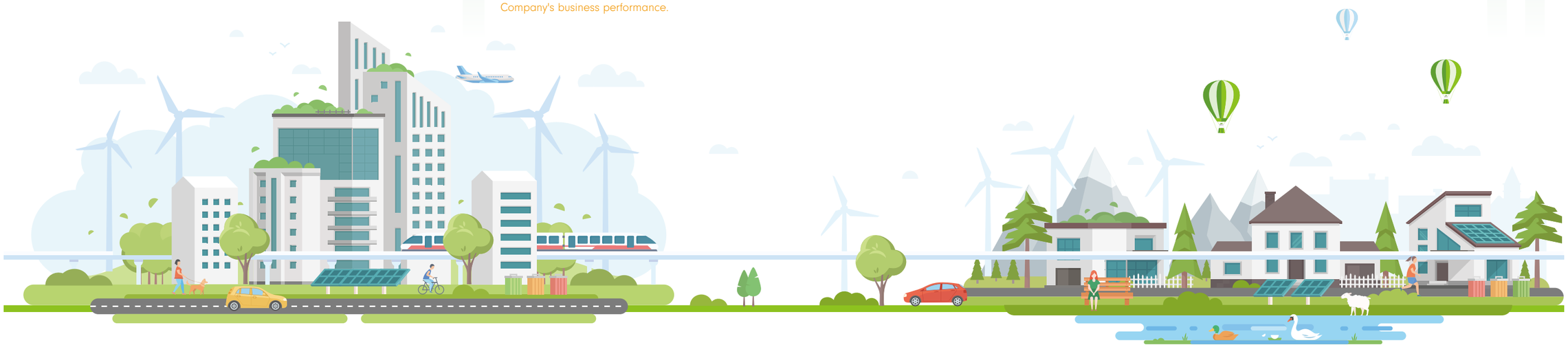
Financial innovation and inclusion	In response to digital finance transformation, FFHC accelerates the diverse development of the digital financial system to make financial products and services available for people living in remote areas and disadvantaged groups and brings financial products and services to consumers' daily lives to build customer and product loyalty.	Responding to global FinTech development trends, FFHC introduces digital technologies into the core information system and strengthens virtual channel applications to provide convenient and efficient financial services, optimize the development of smart technologies, and increase service efficiency.	FFHC continues to promote innovation and transformation, optimizes and improves system functions and items, and integrates smart applications, AI, and data analysis to create customized smart services. We also continue to develop FinTech patents, strengthen virtual channel applications, and improve mobility and the convenience of mobile and online financial services to address consumer demand.	• Develop emerging payment services and expand diverse payment application scenarios to increase digital market share. • Leverage existing customer base to increase digital penetration rate and the contribution of digital products. • Continue to adopt IT to optimize operating procedures and reduce operating costs.	Sustainable Financial Products and Services WG	**Risk :** • Considerable use of FinTech applications (online loan platforms and new payment tools) challenges the Company's capabilities to connect and handle information. Branches, ATMs, and other traditional channels are no longer the primary choices for customers' transactions with banks. We must adjust existing channels to respond to changes in customers' payment models and compete against non-bank competitors. • In recent years, the financial industry has been promoting cloud applications and developing new methods to transfer, use, and manage data, generating huge amounts of digital footprints. Improper management of digital footprints may cause disputes over financial services and the rights of data usage. **Opportunity :** • Support government policies for promoting Open Banking and seek more opportunities to work with third-party service providers (TSPs). • Practicing social distancing to prevent the COVID-19 pandemic has changed business models and consumption patterns and leads to the rapid development of the contactless economy such as remote working, e-commerce, online learning, and mobile payments. Therefore, we shall integrate FinTech and seize business opportunities. • By using social media platforms to promote our innovative financial products and services, we can reach broader online communities and provide financial services that are different from physical services with geographical constraints. • Using big data can help us optimize and improve loan models, reduce manual reviews, increase and facilitate loan applications, satisfy customer demand, gain more younger customers, and create business opportunities for members of the digital community.	KPI 1: : Cumulative number of cards bound to mobile payment	300,000	154%	500,000	By 2022 600,000	●	●	●	○
							KPI 2: Utilization rate of electronic channels	81%	104%	84%	By 2026 88%					
							KPI 3 Cumulative number of FinTech patents obtained	85	122%	108	By 2022 120					
							KPI 4: The number of people who use the smart customer service system	150,000	186%	180,000	By 2022 220,000					
							KPI 5: The percentage of electronic transactions of First Securities	67.5%	107%	72.5%	By 2026 75%					
							KPI 6: The growth rate of electronic transactions of First Securities Investment Trust compared to the previous year	-	-	2%	The expected growth rate compared to the previous year 2%					
Talent recruitment and skills development	The cornerstone to maintaining cooperate competitiveness is to address changes in global business models, implement ESG management for sustainable corporate development, recruit talent from diverse backgrounds, and upskill and retrain employees.	We recruit talent from diverse backgrounds based on the Company's business development goals and provide them with comprehensive training and education. We cultivate our employees at all levels in making full use of their talents and accepting regular performance and career development reviews to effectively improve their skills and productivity.	Talent is the most important asset of the Company. In addition to recruiting like-minded partners, we continue to provide employees with skill training to improve their competitiveness in the workplace.	• Participate in Campus Recruitment Events to attract outstanding talent. • Regularly examine changes in the financial market and amendments to labor laws and adjust our recruitment process. • Arrange training for employees to cultivate their professional skills, provide employees with digital courses related to their job responsibilities to enhance their self-learning ability and professional competencies, and continue to encourage employees to engage in self-learning and lifelong learning.	Employee Care WG	**Risk :** • The digital transformation in the Company requires cross-sector, professional talent. If the Company does not cultivate professional talent and transform its business models in time, its business development and profits will be affected. • Growing international business activities leads to stringent laws and regulations and rising regulatory risks. • The poaching of professional talent in overseas branches by competitors has resulted in the loss of middle-level executives, causing a talent management crisis in the company. • 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. **Opportunity :** • Attracting professional employees from diverse backgrounds helps develop and innovate digital business models to realize sustainable development. • Strengthening digital learning platforms can facilitate digitalization and workforce transformation, bolster productivity, reduce costs, and increase revenues.	KPI 1: The ratio after including ESG implementation results in employees' performance evaluation	-	-	5%	5%					
							KPI 2: Cultivate overseas trainees	20 trainees	225%	20 trainees and above	Depending on the demand for development among overseas employees					
							KPI 3: Satisfaction (points) with training courses conducted for business units	80	111%	81	By 2025 85					
							KPI 4: Training hours per employee	50	114%	51	By 2026 55					
							KPI 5: The percentage of taking English proficiency tests	30%	103%	33%	By 2025 40%					
							KPI 6: Average test score (points) of each training course	75	118%	75	77					
							KPI 7: Number of people who obtain "FinTech Knowledge" certificate	2,200	116%	2,400	3,000					
							KPI 8: Share of women in STEM-related positions (as % of total STEM positions)	38.4%	101%	38.5%	39%					

Material Issue	Materiality to Operations	Policies	Commitment	Action	Responsible Unit	Risks and Opportunities of Key Impact	KPI	2020 Goals	Completion Rate	2021 Goals	Medium Long-Term Goals (2022-2026)	Value Chain Stage and Relations: Procurement/Suppliers	Front-end Financial Services for Customers (Note 1)	Financial Transactions (Note 2)	Back-end Financial Services for Customers (Note 3)	Old Assets (Note 4)
Talent retention and diverse welfare	Employees are the core of the financial service industry. Establishing comprehensive welfare measures and a fair and tolerant working environment can attract outstanding talent and reduce talent loss.	Provide a fair, reasonable, and competitive compensation system and build a conducive and fair working environment.	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 shareholding trust to foster loyalty. • Improve vacation subsidy program and encourage employees to take leave for balancing body and mind. • Provide subsidies or allowance for parenting, marriage, funerals, and birthdays. • Support volunteering activities, and review and establish volunteer leave to encourage employees to participate in volunteer activities.	Employee Care WG	**Risk :** • The retirement wave leads to higher turnover among employees. If the Company cannot retain talent, it will encounter a gap in manpower. • The rise of competitors and FinTech has accelerated the mobility of FinTech talent and increased hiring costs. • If there is no fair, transparent, reasonable, and competitive compensation and benefit system, the Company may encounter talent loss. **Opportunity :** • Establish comprehensive welfare measures and a competitive compensation system to retain key talent, reduce the gap in manpower caused by retirement waves, and build a solid foundation for sustainable development of the Company. • Employee commitment surveys can comprehensively unveil the situation of work-life imbalance or critical issues that employees care about, helping the Company take preemptive response measures.	KPI 1: Employee retention rate	80%	100%	81%	By 2025 85%	●	●	●	●
							KPI 2: Employee commitment survey	Commitment survey participation rate: 92% Commitment satisfaction rate: 81%	100%	Commitment survey participation rate: 92% Commitment satisfaction rate: 81%	Commitment survey participation rate: 92% Commitment satisfaction rate: 81%					
							KPI 3: Provide childbirth subsidies to encourage employees to have children	NT$50,000 for the first child, NT$80,000 for the second child, and NT$100,000 for the third child and every child thereafter	100%	NT$100,000 for every child	NT$100,000 for every child					
							KPI 4: Reinstatement rate after parental leave	≧80%	119%	≧80%	≧80%					
							KPI 5: Percentage of employees participating in the shareholding trust	≧88%	107%	≧94%	By 2023 ≧95%					
Human rights	Promoting gender equality, prohibiting discrimination, and ensuring the right to work are not only companies' responsibilities to safeguard human rights but also an international trend.	Safeguarding fundamental labor rights and non-discriminatory 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 sites follow local laws and regulations on human rights. The workplace and remuneration policies shall be legal, just, fair, and reasonable. There is no discrimination on the rights enjoyed by employees on the basis of race, gender, or other situations. All 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 ethical negotiation in collective bargaining agreements.	Establish human rights due diligence and risk mitigation mechanisms and provide an effective and proper complaint mechanism to prevent matters endangering the rights of employees.	Employee Care WG	**Risk :** • Failure to protect labor rights and promote gender equality will affect talent recruitment and retention. It may even impact the Company's business 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. • Incorporating human rights protection into the Company's policies and implementing these policies will not only help improve the Company's image and retention rate but also lower the turnover rate of new employees and talent training costs.	KPI 1: Labor-management dispute involvement rate (number of employees participating in labor-management disputes/total number of employees*1,000) is lower than the national standard value (‰) provided by the Directorate General of Budget, Accounting and Statistics for the previous year	＜0.433	100%	< National standard value of labor-management dispute involvement rate provided by the Directorate General of Budget, Accounting and Statistics for 2020	< National standard value of labor-management dispute involvement rate provided by the Directorate General of Budget, Accounting and Statistics for the previous year	◎	●	●	●
							KPI 2: Number of cases of "Prevention of Illegal Infringement at Work Plan"	0	100%	0	0					
							KPI 3: Establish sexual harassment complaint hotline and email to properly handle reported cases	100%	100%	100%	100%					
							KPI 4: Ratio of base salary between female and male employees	1：1	100%	1：1	1：1					
							KPI 5: Training completion rate for human rights protection	100%	100%	100%	100%					
							KPI 6: Training hours per person for sexual harassment prevention and gender equality	1	100%	1	1					

Material Issue	Materiality to Operations	Policies	Commitment	Action	Responsible Unit	Risks and Opportunities of Key Impact	KPI	2020 Goals	Completion Rate	2021 Goals	Medium Long-Term Goals (2022-2026)	Value Chain Stage and Relations: Procurement/Suppliers	Front-end Financial Services for Customers (Note 1)	Financial Transactions (Note 2)	Back-end Financial Services for Customers (Note 3)	Old Assets (Note 4)
Community engagement	Combine core competencies to integrate manpower and resources of employees, customers, and suppliers, help resolve social and environmental issues, and increase the long-term value of the Company.	Strive for the Company's business development while fulfilling social and environmental responsibilities. Continue to promote four major charitable strategies: "Social Care," "Green Care," "Sports Competition," and "Artistic Cultural Creation."	Uphold the spirit of "Local Cares for Local Businesses" to address environmental and social issues.	• 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.	Community Engagement WG	**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.	KPI 1: Number of elementary schools in remote areas and underprivileged groups provided with LED light bulbs through the Green Light Sustainability Program	2 schools/groups	250%	4 schools/groups	Accumulate 20 schools/groups	○	○	○	○	○
							KPI 2: Number of Green Care activities held	32	138%	44	Accumulate 200					
							KPI 3: Number of Social Care activities held	94	143%	117	Accumulate 550					
							KPI 4: Number of Sports Competitions held	2	250%	5	Accumulate 25					
							KPI 5: Number of Artistic Cultural Creation activities held	14	129%	27	Accumulate 103					
							KPI 6: Volunteer participation rate	-	-	Increase by 3% compared to the previous year	Increase by 3% each year					



● : Direct impact ○ : Leading to impact (indirect impact) ◎ : Impact on business relations

Remarks: Note 1: Product marketing and sales Note 2: Loans and investments Note 3: Digital financial services and backstage operations
Note 4: Replaced old machinery and equipment, waste disposal, and resource recycling

Business performance

Material Topic :

GRI 201: Economic performance

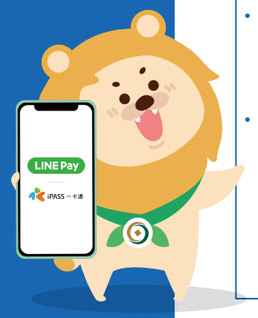
First Financial Holding Co., Ltd. (FFHC) was officially established with First Bank as the main entity in 2003. Group members include securities, SITC, life insurance, financial asset management, venture capital and consulting, and leasing.

Baseline date: : 2020.12.31

First Financial Holding Co., Ltd. Basic Information	
Head office address	No. 30, Sec. 1, Chongqing S. Rd., Taipei City
Paid-in capital	NT$128.358 billion
Assets	NT$3.55 trillion
Number of employees	9,849
Business category	Financial services
Stock code	2892

The global economy was devastated by the COVID-19 epidemic in 2020 and the Group actively helped customers overcome the negative impact of the pandemic. First Bank ranked first among government-owned banks in the Worker Relief Loans it provided and its small and medium enterprise loans ranked first among domestic banks for the 11th consecutive year. In response to the rise of digital applications and innovations, First Bank launched the "e-First Smart Wealth Management" system and became one of the first banks to provide fund transfer by mobile phone number. We continue to improve related products of the digital brand iLEO and the iLEO swipe transfer and Facebook fund transfer functions received utility model patents. The Bank has won opportunities for multiple channels and services in the new digital era. First Bank also worked with partners in other industries on the creation of an open banking ecosystem, and worked with Joinvest Co., Ltd. to launch the first "bond group purchase platform" in the financial industry for people to team up and purchase domestic and foreign bonds. First Bank also used the cash flow functions of the financial industry and launched the "Sustainable Development Loan Connection Project" to include indicators such as corporate customers' performance in controlling greenhouse gas emissions, electricity management, energy consumption, and reduction of waste as key points for assessing preferential loans in order to take care of the environment and society.

Features	Digital Transformation	New Products	Sustainable Governance
• Our 44 overseas offices now encompass Europe, Asia, North America, and Australia • First Bank has remained the number one bank in Taiwan in SME lending for 10 years in a row • First Bank ranked 2nd among banks for the Worker Relief Loan and ranked first among government-owned banks	• First Bank became one of the first banks to provide "fund transfer by mobile phone number • First Securities promoted the online account opening app to increase the success rate for online account opening by existing customers of the Bank • First Bank introduced asynchronous AI video interviews for recruiting professionals	• First Bank launched the "e-First Smart Wealth Management" system • First Bank launched iLEO swipe transfer and Facebook fund transfer functions • First Bank created a "bond group purchase platform" with a startup company • First Bank launched the "Sustainable Development Loan Connection Project" • FSITC raised the "FSITC Youth New Life Umbrella Securities Investment Trust Fund"	• FFHC was selected as a constituent stock in DJSI "World Index" for the 3rd consecutive year. • Won the "A List " in the CDP twice and has been ranked "Leadership Level" for three consecutive years • The Group won six major awards in the Taiwan Corporate Sustainability Awards • First Bank and First Life Insurance received the recognition of the FSC for "Top 20% of the Fair Customer Treatment Principles Evaluation Rankings".



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 Mateo 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%.

● Our Group's overseas presence

Region		Current sites
America		Bank: Los Angeles branch, New York branch, Vancouver branch, and Toronto Branch; First Commercial Bank (U.S.A.) branch and its 8 sub-branches including the Alhambra Branch, City of Industry Branch, Silicon Valley Branch, Irvine Branch, Arcadia Branch, Fremont Branch , Chino Hills Branch and Houston Branch (opened in 26 February 2021). 12
Asia	China/Hong Kong/Macao	Bank: Hong Kong Branch, Macao Branch, Shanghai Branch, Shanghai Pilot FTZ Sub-branch, Chengdu Branch, Xiamen Branch 6 Securities: First Worldsec (Hong Kong) 1 Leasing: FCB Lease (Chengdu), FCB International Leasing (Suzhou), FCB Lease (Xiamen) 3
	Southeast Asia	Bank: Singapore Branch, Ho Chi Minh City Branch, Hanoi City Branch, Vientiane Branch (Laos), Manila Branch (Philippines),Phnom Penh Branch and its Chorm Chaov Sub-branch, Olympic Sub-branch, Chamkar Mon Sub-Branch, Tuol Kouk Sub-Branch, Mean Chey Sub-Branch, Chraoy Chongvar Sub-Branch, Siem Reap Sub-Branch, Phsar Derm Thkov Sub-Branch, Sen Sok Sub-Branch, Bangkok Representative Office, Yangon Representative Office, and Jakarta Representative Office 18
	Northeast Asia	Bank: Tokyo Branch 1
Europe		Bank: London Branch 1
Oceania		Bank: Guam Branch, Brisbane Branch 2

Banks × 40 Securities × 1 Leasing × 3

Total = 44 Overseas Locations

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 the 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.

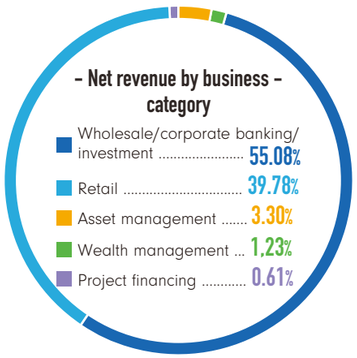
For more information on First Bank's domestic and overseas branches, please refer to the Bank's website

1-2 Financial performance

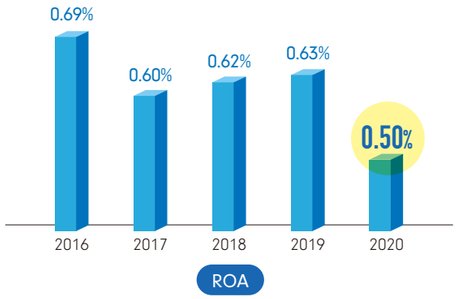
Unit: Thousands

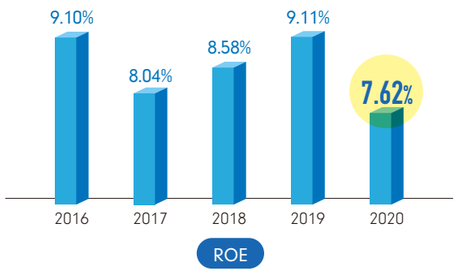
	Item / Year	2018	2019	2020
Operating ability	Assets	2,935,204,419	3,206,767,075	3,550,503,691
	Total liabilities	2,729,901,347	2,987,034,568	3,329,296,822
	Shareholders' equity	205,303,072	219,732,507	221,206,869
	Net revenue	60,248,746	62,317,874	59,568,228
	Pre-tax profit	20,702,596	23,308,556	19,619,728
	Profit or loss after tax	17,332,199	19,368,751	16,807,541
	Operating expenses	22,906,433	23,901,112	24,730,173
	Employee welfare expenses (including salary expenses)	14,886,242	15,550,872	16,131,065
	Average employee welfare expenses	1,606.54	1,619.21	1,632.04
	Employee contribution	2,234.25	2,426.96	1,985.00
Profitability	Return On Assets (%)	0.62	0.63	0.5
	Return on Ordinary Shareholders' Equity (%)	8.58	9.11	7.62
	Earnings per share (NTD)	1.39	1.51	1.31
	Profit ratio (%)	28.77	31.08	28.22

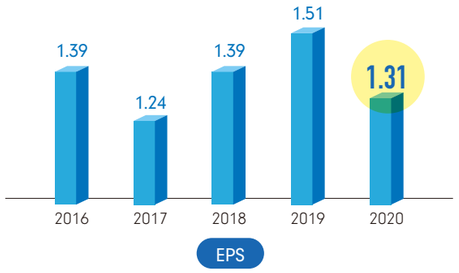
Note 1: Profit or loss after tax includes non-controlling interests.
Note 2: Due to the issuing of dividends in 2019, past weighted average for ordinary shares outstanding for earnings per share was revised.
Note 3: The financial data and ratios were all prepared in accordance with IFRS.
Note 4: Grandson companies not included in the consolidated financial company include First Financial AMC B.V.I., and FCB Leasing B.V.I.
Note 5: Employee contribution = pre-tax profit / number of employees.
Note 6: The number of employees used as the baseline for calculating average employee welfare expenses and employee contribution is the number of employees as of the end of the year instead of the weighted average number of employees disclosed in the financial report.



● Profit performance trends in the past 5 years -ROA、ROE、EPS







Note: ROA and ROE in the below graph are based on the audited after-tax profits; the EPS has been retroactively adjusted.

● Share dividend / Tax amount

Item / Year	2018	2019	2020
Cash dividends per share (NTD)	1	1.05	0.9
Stock dividends per share (NTD)	0.1	0.3	0.1
Income tax paid (Thousand NTD)	4,012,291	2,386,045	2,709,087
Retained earnings (Thousand NTD)	42,446,725	48,099,897	47,684,640

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:

Credit Rating Agencies	First Financial Holding			
	Short-term	Long-term	Outlook	Rating date
Taiwan Ratings	twA-1+	twAA-	Stable	2020.9.21
S & P	A-2	BBB	Stable	2020.9.20
Moody's	-	A3	Stable	2021.5.10

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 affairs to promote the sound development of the financial industry as a whole. To achieve sustainable corporate development, the Company also joined corporate sustainability/social 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 Shiow 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.

Corporate governance

Material Topic :

GRI 207: Tax

GRI 405: Employment diversity and equal opportunity

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 evaluations 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.

Internal

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).

External

Scope of evaluation: Board of Directors (including individual Directors) and functional committees

Evaluation procedures: The evaluation is based on the six major aspects (performance evaluation of the Board of Directors and individual Directors: 41 qualitative indicators/30 quantitative indicators; performance evaluation of functional committees: 26 qualitative indicators/quantitative indicators: 8 integrity indicators, 13 audit indicators, and 13 remuneration indicators) and related documents which are used for the document review. Onsite interviews are also used for the evaluation.

Evaluation results

Internal: The average score of the performance evaluation indicators of the Board of Directors and individual Directors was 4.89 points and the evaluation results were "excellent". The average score of the performance evaluation indicators of the Audit, Compensation, and Ethical Management Committees was 5 points, and the evaluation results were "excellent".

External: The Deloitte methodology was used to calculate the overall indicator achievement rate for the Company's Board of Directors (including individual Directors) which was 98.6%. The overall achievement rate of the Audit, Compensation, and Ethical Management Committees was 100%, which showed that the operations of the Company's Board of Directors and functional committees exceeded regulatory requirements.

The performance evaluation results of the Company's Board of Directors in 2020 was reported to the 34th meeting of the 6th Board of Directors on March 25, 2021 and the evaluation results will be used as the basis for the selection or nomination of Directors. The performance evaluation results of individual Directors were used as the basis for setting their individual salary and remuneration. The Company also followed the evaluation recommendations provided by Deloitte such as improving the intellectual property management system, enhancing the management's participation in responding to climate-risks and opportunities, and other related plans to improve the effectiveness of the Board of Directors.

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

2-2 Investor communication channels and shareholder structure

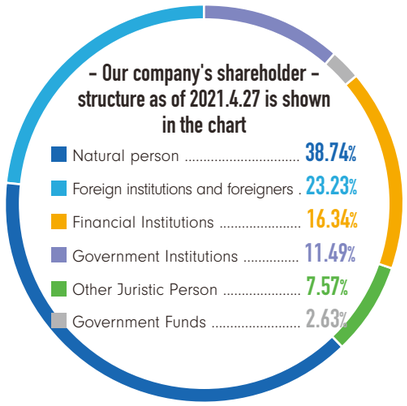
The Company has set up an official website in Chinese and English to disclose basic information of the Company. We also set up special sections for corporate governance, investor relations, and corporate social responsibility, which are regularly updated to provide financial and non-financial information 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.

Percentage of attendance in shareholders' meetings

80%

Percentage of electronic voting in general shareholders meetings

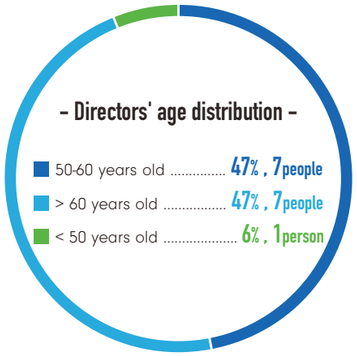
59.9487%

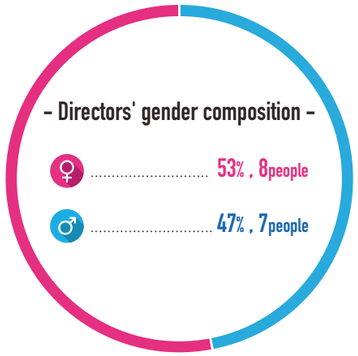


Note: The Company's number of shares of common stock outstanding is 12,835,801,078 (the Company did not issue any preferred stock).

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.





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

Core Items of Diversity / Director		Basic Composition: Gender	Basic Composition: Age <50	Basic Composition: Age 50-60	Basic Composition: Age >60	Independence (Note 1)	Industry Experience: Banks	Industry Experience: Insurance	Industry Experience: Securities	Career background and Professional Skills: Law	Career background and Professional Skills: Accounting	Career background and Professional Skills: Finance	Career background and Professional Skills: Tax	Career background and Professional Skills: Technology	Career background and Professional Skills: Risk Management	Experience in working with Global Industry Classification Standard (CIGS)
Non-Executive Director	Ye-Chin Chiou	♀			●	●	●		●							Finance
Executive Director	Fen-Len Chen	♀			●		●	●							●	Finance
Non-Executive Director	Grace M.L. Jeng	♀			●		●	●								Finance
Non-Executive Director	Shing-Rong Lo	♀		●		●	●									Finance
Non-Executive Director	Doris Wang	♀			●	●					●		●			Finance, Medical & Health, Necessary Consume, Information technology
Non-Executive Director	Hung-Ju Chen	♀	●			●										Finance
Non-Executive Director	Chih-Chuan Chen	♂		●					●							Finance
Non-Executive Director	Shang-Chih Wang	♂		●		●				●						N/A
Non-Executive Director	Fang Kang	♀			●	●	●	●								Finance
Non-Executive Director	Ming-Ren Yau	♂			●	●	●									Finance
Non-Executive Director	Tien-Yuan Chen	♂			●	●	●									Finance, Unnecessary Consume, Necessary Consume
Non-Executive Director	An-Fu Chen	♂		●		●		●								Finance, Medical & Health, Information technology
Independent Director	Yen-Liang Chen	♂		●		●				●						Finance
Independent Director	Rachel J. Huang	♀		●		●						●			●	Finance
Independent Director	Chun-Hung Lin	♂		●		●								●		Finance

Note 1: The External Directors must meet the following criteria for independence. Directors must meet at least 4 of the 9 following indicators and meet at least 2 of the first 3 indicators.

(1) The Director was not employed as a senior executive of the Company in 2020.
(2) The Director or his/her family member did not accept any compensation from the Company or any of its subsidiaries exceeding US$60,000 in 2020 unless otherwise permitted by the US SEC 4200 clause.
(3) The Director's family members have not been employed by the Company or any of its subsidiaries as senior executives in 2020.
(4) The Director is not a consultant of the Company or the management team and has no conflict of interest with consultants of the Company.
(5) The Director has no conflict of interest in the Company's main customers or suppliers.
(6) The Director has not entered into any service contract with other companies or their executives.
(7) The Director has no conflict of interest in non-profit organizations whose main sources of revenue are donations from the Company.
(8) The Director was not employed and did not serve as a partner of the Company's external auditor in 2020.
(9) The Director has no conflict of interest with the independent operations of the Board of Directors.

Fen-Lan Chen, Grace M.L. Jeng, and Chih-Chuan Chen are Executive Directors and the independence criteria of External Directors do not apply.

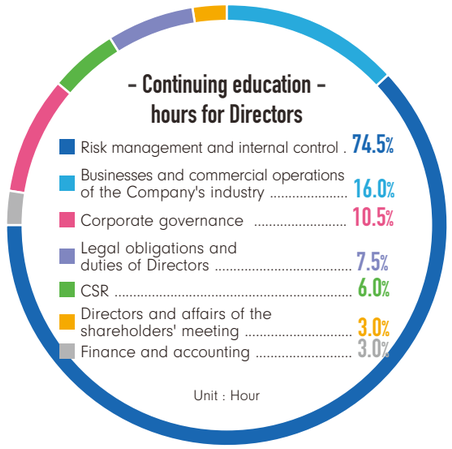
Note 2: Please refer to page 26 to 27 of the Company's Annual Report for detailed information on the Company's Directors and their independence determined in accordance with the standards of domestic regulations.

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 15 times and average attendance by all Directors reached 96.83% (100% if attendance by proxy is included). The actual attendance rate of individual Directors also exceeded 80%.,and the Board has fulfilled its responsibilities for supervision.

Please refer to page 39 of the Company's Annual Report for the attendance of the Board of Directors and Directors' recusal from agenda items due to conflicts of interests in 2020.

2-4 Board Functionality

To improve Directors' professional competencies and expand their knowledge in areas regarding the Company's operations and emerging trends, they completed 120.5 hours of training in total during 2020 which exceeded the number of hours required by the competent authority.



Please refer to the Company's website for information on the continuing education of all Directors in 2020

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.

Committee	Year of Establishment	State of Operations in 2020
Remuneration Committee	2011	• All of the Company's independent directors (3) are committee members and Independent Director Chun-Hung Lin served as the convener. • A total of 4 meeting was convened in 2020 and average attendance was 100%.
Audit Committee	2012	• All of the Company's independent directors (3) are committee members and Independent Director Rachel J. Huang served as the convener. • A total of 6 meeting was convened in 2020 and average attendance was 100%.
Ethical Management Committee	2015	• All of the Company's independent directors (3) are committee members, Independent Director Yen-Liang Chen served as the convener. • A total of 2 meeting was convened in 2020 and average attendance was 100%.

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

2-5 Remuneration Policy

Compensation for company directors include director's remuneration, monthly payment, health exam costs (reimbursement of actual costs up to NTD35,000) and travel costs (reimbursement of actual costs). The Directors' remuneration ratio is recommended by the Remuneration Committee based on results of the annual Board performance evaluation and overall business performance in accordance with the range of under 1% of the earnings before tax of the year and before deducting remuneration for employees and Directors. The remuneration is issued after the approval of the Board of Directors and it is reported to the general shareholders' meeting. The Directors' remuneration has been approved in the shareholders' meeting which authorized the Board of Directors to determine the remuneration of each individual Directors within a scope of NT$2,400,000 per month. The remuneration of the Chairman shall be 1.25 times that of the remuneration for the President.

● Remuneration Standard for the President and Approval Procedure

In accordance with[Note 1]	Standard	Approval Procedure
"Articles of Incorporation" "Employee Salary Rules" "Employee Bonus Rules" "Employee Compensation Rules"	**Fixed salary** Remuneration for the president is approved by the Board of Directors and periodically evaluated by the Remuneration Committee. **Floating wages** 1.Performance bonus	Reviewed and approved by the Remuneration Committee[Note 2] and Board of Directors.

	Indicator	Weight (%)	Description	2020 achievement rate (%)	The proportion of the indicator in the annual performance bonus for 2020 (%)	President Performance bonus (NTD thousand)
General indicators	Profit indicators	70	Includes the ratio of earnings before tax of the current year to the target number, and growth rate compared with the previous year	97	70	979
General indicators	Joint marketing indicators	15	Includes the ratio of joint marketing income before tax of the current year to the target number, and growth rate compared with the previous year	104	16	224
General indicators	Expense reduction indicators	15	Operating expenses minus hiring expenses divided by net income of the current year or target operating expenses, whichever is lower	85	13	181
Additional point deduction indicators	Risk indicators	-1to-5	Includes asset quality, customer complaints, regulatory compliance, and major incidents of internal control	-	-1	-14
Additional point award indicators	Strategic indicators	1 to 5	Includes corporate governance implementation results, green finance implementation results, corporate image, and credit rating that year, and non-financial and external financial performance indicators	-	2	28

2. Remuneration: If the Company was profitable during the year, then no more than 0.02% to 0.15% of the profits may be allocated as employees' compensation after deducting the employee and directors' bonuses from the pre-tax profits. The actual percentage is based on the target completion rate that year in terms of pre-tax profits, earnings per share, net yield, return on assets, and comparison with other financial institutions. The bonus is distributed based on factors including personal performance evaluation, years of service, and title.

Note 1: The establishment and revision of salary, bonus, and compensation standards for employees (including the president) must be reviewed and approved by the Remuneration Committee and the Board of Directors.
Note 2: The Remuneration Committee is formed by all independent directors, please refer to the Company's website for information on the independence of directors.

Evaluation items in annual performance evaluations of the chairperson, president, and Board of Directors not only include financial performance indicators, but also non-financial performance indicators, such as corporate governance, green finance, social engagement, and sustainable environment. Evaluation results serve as a basis for the Remuneration Committee to recommend remuneration for employees (including the president) and directors. The ratio of fixed salary to variable salary of the President was approximately 3:1 in 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.

● Compensation of the President

2020.12.31; Unit: Share, NT$1,000

Title	Fixed salary (A)	Floating wages		Total remuneration (A+B+C)
		Bonuses (B)	Remuneration (C)	
President	4,416	1,398	0	5,814
Proportion of remuneration	76%	24%	0%	100%

Note : The President's total remuneration for 2020 was 4.81 times the average employee salary of NT$1,208 thousand and 5.27 times the employees' median salary of NT$1,103 thousand.

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.

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

2. Tax Governance Risk Management

- Tax compliance risk and 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 personnel comply with internal operating procedures and 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 law management: 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.
- Publication of tax information: The Group's disclosure of tax information is based on the tax information in financial statements audited and certified by the CPA firm, and it is disclosed through public channels such as the official website and the annual report for the shareholders' meeting.

3. Stakeholder Management

- Internal stakeholders: All related-party transactions of the Company comply with the Transfer Pricing Principles and are implemented in accordance with standards for arm's length transactions. The income is mainly derived from non-related-party transactions.
- External stakeholders:

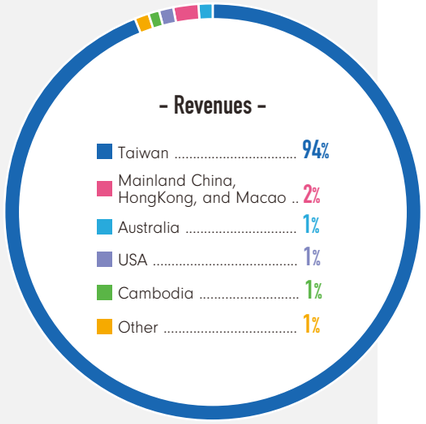
A. Methods and channels for stakeholder engagement: The Company's main external stakeholder is the government's tax authority which directly affects the Company's tax compliance. The Company completes routine tax filing, filing for suspension of payment, and annual filing within the deadline. Where there are questions regarding tax affairs, the Company actively communicates and consults personnel of the tax authority. In the event of notifications regarding supplementary explanation for tax affairs, the Company immediately prepares related information and responds to stakeholders within the deadline.

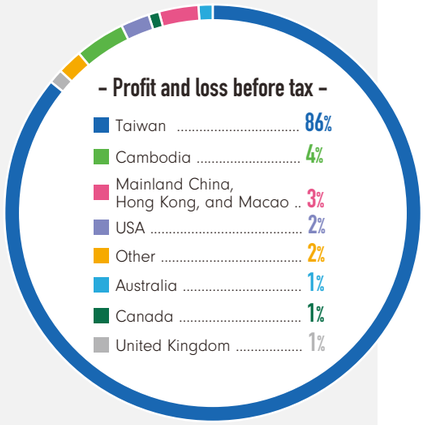
B. Methods for promoting tax initiatives: The Company's Tax Policy stipulates compliance with local tax laws and regulations. The Company mostly uses "exchange of ideas and proposals in the trade association" to discuss tax issues. The Bankers Association forms a consensus of a majority of members for the association or its Financial Holdings Tax Team to propose recommendations and communicate with stakeholders.

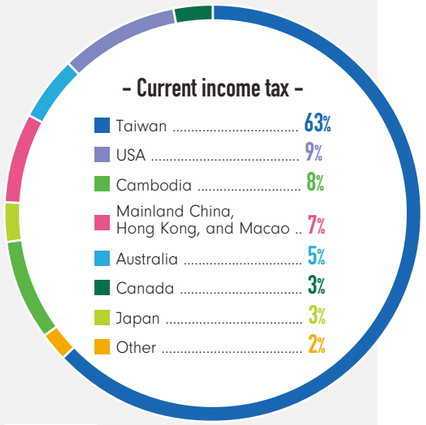
C. We collect and consider the opinions of external stakeholders: With regard to the collection of opinions on tax issue drafts, the Company actively communicates and discusses with stakeholders. We also collect and compile the opinions of other financial institutions or consult the Bankers Association before proposing the Company's views within the deadline for the solicitation of opinions.

4. Report by country

Revenues, Profit and loss before tax, and payment of business income tax by the Group in each country in 2020.







Please refer to the Company's website for the Company's Tax Governance Report for 2020.

Risk management

Material Topic :

102-30: Effectiveness of risk management procedures

GRI 419: Social and economic compliance

Our company has established internal controls in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". The system covers all business activities and require joint compliance by the Board of Directors, management, and all employees. The Board of Directors shall be aware of the operational risks faced by the company or business, supervise its operating results and bears the ultimate responsibility for ensuring the establishment and maintenance of appropriate and effective internal control system. To improve the internal control system and strengthen the Company's controls, we established three lines of defense in internal controls and clarified the roles and scope of duties of the three lines of defense to ensure the organization structure meets the principles of the three lines of defense and their effective operations.

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

Business units are responsible for identifying, evaluating, controlling, and reducing risks derived from business activities based on their respective functions and scope of businesses. We established internal control procedures and execute risk management procedures to ensure that the execution of business operations meet the business policies and goals. We also organize self-inspection and self-assessments for internal controls and immediately propose improvement plans when processes and control procedures prove to be inadequate. In 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 follow:

Implementation plan	Implementation Results
Supervision and management of the Board of Directors and the Audit Committee	• The Company's annual compliance plans for 2020 were submitted to the Audit Committee and Board of Directors for review and passage before implementation. The subsidiaries reported the plans to the Board of Directors for review and passage 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.
Regulatory change management	The Company provides a list of changes in external regulations to related departments and manages each department to comply with changes in external laws and regulations twice every month to ensure that all operations of the Company meet regulatory requirements.
Compliance training and self-assessment operations	Each company shall conduct compliance training and self-assessment operations at least once every six months. The companies organized a total of 959.5 hours of regulatory compliance education and training courses in 2020. A total of 24,706 people participated in the training.
Compliance performance evaluation	• 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.
Compliance coordination and communication and onsite visits	• FFHC organized 4 sessions of the "Group Chief Compliance Officers Meeting" for subsidiaries to report the implementation status of the legal compliance system, discuss important issues, or request the cooperation of the subsidiaries. • The Audit Department visits First Securities, First Securities Investment Trust, and First Life Insurance and the subsidiaries report on important issues of the year. The Company conducted inspections to ensure the effective implementation of compliance mechanisms, provided recommendations on improvements, and improved communications with subsidiaries. • 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 88-91 of the Company's Annual Report for large fines or non-monetary sanctions imposed on the Group for violating economic and social laws and regulations in 2020

Communication channels with subsidiaries

01 January

Quarterly
- Group Chief Compliance Officers Meeting

04 April

Quarterly Semiannually
- Group Chief Compliance Officers Meeting
- Communication meetings between the Group's internal audit, compliance, and risk management departments

05 May

Semiannually
- Seminars for reviewing the discrepancies in the Group's internal control system and compliance enhancement measures

07 July

Quarterly
- Group Chief Compliance Officers Meeting

09 September

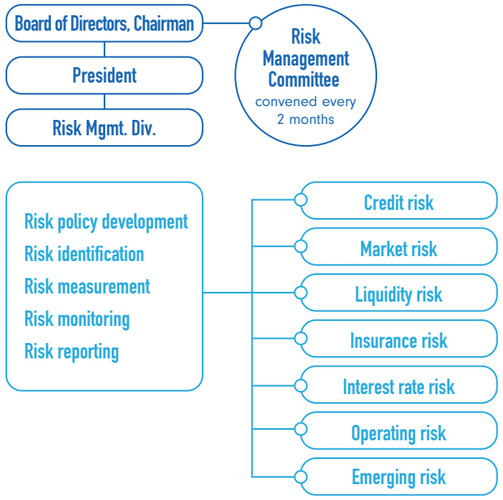
Semiannually Annually
- Seminars for reviewing the discrepancies in the Group's internal control system and compliance enhancement measures
- Site visits by the FFHC Compliance and Audit Divisions

10 October

Quarterly Semiannually
- Group Chief Compliance Officers Meeting
- Communication meetings between the Group's internal audit, compliance, and risk management departments

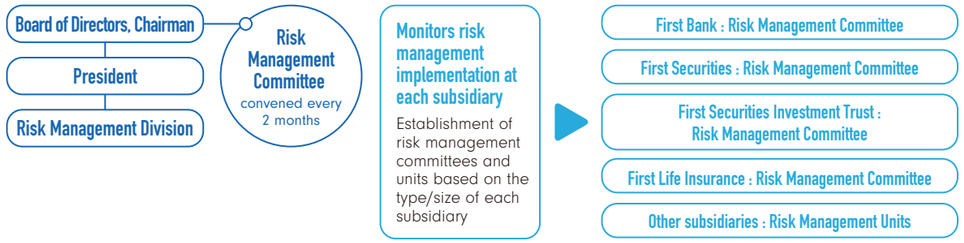
2. Risk management mechanism

(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 authority 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 mechanism 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 FSC'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.

Subsidiary First Bank capital adequacy ratio

Unit: NT$1,000

		2018	2019	2020
Own capital	Type 1 capital	190,297,370	193,632,643	216,352,755
	Type 2 capital	32,591,904	32,921,282	36,594,415
	Total own capital	222,889,274	226,553,925	252,947,170
Risk-weighted assets	Credit risk	1,544,509,276	1,629,799,814	1,737,304,576
	Operating risk	78,935,425	83,343,419	84,682,521
	Market risk	19,187,833	29,802,885	33,433,459
	Total risk-weighted assets	1,642,632,534	1,742,946,118	1,855,420,556
Capital adequacy ratio		13.42%	13.00%	13.63%
Ordinary share equity ratio		10.96%	10.63%	10.58%
Type 1 capital ratio		11.58%	11.11%	11.66%
Total exposure		2,707,099,168	3,280,133,398	3,638,240,446
Leverage		6.39%	5.90%	5.95%

(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, 613 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 test till we reached 100% in test passage ratio.

Training for new employees

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.

Professional business training

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.

Mid-level management training

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.

Senior management training

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.

Establishment of Risk Management Culture Measures

Connection between Risks and Performance

- 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 bonus 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.

Risk Reporting measures

- Establish internal personnel risk reporting mechanisms through the Rules for the Regulatory Compliance System, Rules for the Regulatory Compliance System, Implementation Rules for the Internal Audit System, FFHC Incident Reporting Guidelines, and related regulations.
- A range of transparent, equal and convenient complaints channels have been established including the "Supervisor Mailbox", "President's Mailbox", "Chief Auditor's Mailbox", "Ideas Mailbox", "Employee Support Hotline", "CEO Weekly", and "Good Articles" as well as public forums on the company intranet to ensure complaints are handled properly.

Enhancement of the Risk 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 established the employee proposal system to encourage employees to actively identify and report potential risks.
- We publish the risk management newsletter each month and use the "Risk Management Report", "Special Report", and "Risk Management Terminology" to enhance the risk awareness of all employees and increase their professional knowledge and skills.
- First Securities is requested to manage the number of cases with errors and the loss amount of each branch based on the nature of business operations and adjust the risk appetite where necessary to reduce the error rate and losses of the entire Company.

(4) Emerging risks

Identification procedures for the Group's emerging risks

Step 1: Risk identification

Companies perform emerging risk assessment and identification

Step 2: Risk compilation

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

Step 3: Response to risks

Establish mitigation measures for identified emerging risks of the Group to reduce the impact on operations or business

Step 4: Continuous tracking

Regularly follow up on the implementation status of mitigation measures and review the results

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

Risk Description	Possible Impact	Mitigation Measures
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 manpower 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.	According to Gartner research, the self-evaluation of the Bank, and case studies in the industry, there are four major risks associated with the replacement of core systems. These risks include business risks such as delays in system launch and expenses exceeding budget, operational risks such as inappropriate demand management and impact on operations in the setup process, customer risks such as customer data conversion issues and system instability after launch, and technical risks such as the lack of technical experience and system integration failure.	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 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 reduce technical risks. 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 structures to reduce the business, 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.
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 early ransomware such as WannaCry mostly targeted individual users. Even if the victims were companies, the hacks generally targeted vulnerabilities in personal computers. However, since May 2020, oil companies, automation equipment companies, semiconductor packaging and testing companies, PCB companies, and wearable device manufacturers 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 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 enhancement of network security, lost work opportunities, and lost data.	1. Framework level: The subsidiary First Bank has established a multi-layer protection framework External network: The external network is protected by Firewall, WAF, IPS, link load balancer, server load balancer, and DDoS protection system. Internal network:The internal network is protected by the server farm firewall, internal web application firewall, IDS, etc. The system must be set up with a three-layer structure and the website, application system, and database must be set up on different bandwidths to strengthen defense in depth and make invasive attacks more difficult. Associative analysis and monitoring are used to cut off the attack chain as quickly as possible. 2. Technical level: The Company added the following protection and supervision mechanisms to prevent attacks: • Web isolation: Web isolation allows the internal network to cut off Internet access to prevent phishing attacks, social engineering attacks, etc. • EDR client-end detection protection: It detects abnormal client-end behavior and prevents APT attacks. • Complete introduction of web page change control software into external web services: It prevents the use of external service websites as a tool for intrusion, replacement of webpage, or placement of springboard tools. • Special authorized account management: Use one-time password and two-factor authentication to manage accounts with administrator and root privileges to prevent attacks such as brute force attacks and password profiling. 3. Management level: Use the following techniques to detect and reduce the frequency to understand and mitigate risks: • Different tests: Conduct annual intrusion penetration tests, quarterly website application scans, bimonthly system vulnerability scans, and source code inspections before launching a service. • Open source testing: Due to the copyright issue of open source vulnerabilities, the web application scan cannot detect all vulnerabilities. The Company will increase open source testing starting from this year and we plan to implement tests every six months. • Red teaming: Since the penetration test only detects vulnerabilities, we have commissioned the professional third-party vendor, Devcore, to perform the red teaming test this year to verify the effectiveness of the monitoring management and internal protection mechanisms after the intrusion through a vulnerability. • Network security rating mechanisms: We plan to review the online security of the Bank's external services and we plan to purchase a network security rating service in 2021 to mitigate service risks. • Cloud DDoS: The Bank works with the ISP on DDoS traffic scrubbing services and works with cloud CDN providers to provide DDoS protection for certain important systems that do not contain personal data. • Professional 24-hour monitoring by SOC suppliers: To compensate for the Bank's risks of insufficient monitoring time, we appointed a professional SOC supplier to send various information security and the important system "Even" to the SOC supplier for analysis. In the event of a high-risk incident, relevant personnel must be notified by phone for immediate response.

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

The Company, First Bank, First Securities, First Investment Trust, and First Life Insurance have established internal audit units under the Board of Directors and a chief auditor system. They implement audit operations independently and they audit and evaluate the effectiveness of internal controls and risk management systems designed and implemented by the first and second lines of defense. They provide timely advice on improvements, to ensure that the internal control system can continue to be implemented in a reasonable manner and to provide a basis for correcting the internal control system. We continue to follow up on review opinions of internal audit units, accountants, and business administration units or deficiencies found during self-audits, and matters requiring improvement listed in the internal control system statement. Improvements are submitted in writing to the Board of Directors and Audit Committee and used as an important item for penalties and rewards and performance evaluations of related units, so as to maintain the effective and appropriate operation of the internal control system.

Please refer to the Company's Annual Report for the 2020 Internal Control System Statement in Page 85

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:

	Implementation plan	Number of times held/Execution times
	Self-audit meetings, internal control system self-audit results review, internal control system deficiency review meetings, and internal audit coordination meetings within the group	2 times
	General audits, project audits	8 times
	Derivative trade audit	11 times
	Auditing opinions and follow-up	22 times

Ethical corporate management

Material Topic :

GRI 205: Anti-corruption

SASB: FN-CB-510a.1 , FN-CB-510a.2

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, confidentiality mechanisms, anti-trust and unfair competition practices, insider trading prohibition, supervision, and reporting. The Company's "Ethical Management Committee" subordinate to the Board of Directors is the dedicated unit for implementing ethical management practices. The committee is formed by all independent directors and is responsible for establishing or revising the ethical management policy. The Company also established regulations that required the companies and organizations of the Group to set up evaluation mechanisms for unethical conduct and allow anonymous reports in accordance with the amendment of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" in 2020 to fully implement Ethical Corporate Management Policy. To enforce the ethical management policy, the Group's subsidiaries and organizations must regularly report their "integrity management status and measures" to their 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 semiannually. Implementation status is as follows:

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 Enhancing Fair Customer Treatment Principle" in 2020, implementation 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 supervision of improvements, self-assessment 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 competitors who had won awards.
- First Life Insurance convened quarterly meetings of the Fair Customer Treatment Committee for reports and discussions on the FSC's evaluation of fair customer treatment principles, implementation status of fair customer treatment optimization projects, quantified indicators for fair customer treatment in the current quarter, and the units' self-evaluation implementation status. The results are reported to the Board of Directors.
- First Securities convened meetings of the Fair Customer Treatment Implementation Committee every six months to report on the improvement plans for enhancing fair customer treatment principles and report results to the Board of Directors.
- First Securities Investment Trust convened meetings of the Fair Customer Treatment Implementation Committee every six months to report on the self-assessment of the fair customer treatment principles and the improvement measures taken in response to the audit opinions of the competent authority, FFHC, and the Audit Division of the First Securities Investment Trust, and report results to the Board of Directors.

2. Education and training

The Company conducts education on regulations related to integrity management of subsidiaries through the "Group Chief Compliance Officers Meeting " quarterly. We urge subsidiaries to organize education, training, and promotion events related to ethical management for employees, and to communicate the group's ethical management policy and whistleblower system. In 2020, the group provides all employees worldwide with a total of 91,343.25 hours of education and training for 39,389 participants. Counterparts that do business with the Company are invited to participate in the activities, so that they fully understand the Company's unethical conduct prevention plans and zero tolerance policy.

● Ethical Management Education and Training in the past three years

Target	Year	Method	Total number of hours	Persons/ Companies	Coverage Rate (Note 1)
Employees (persons)	2020	Each subsidiary organized at least two ethical management training sessions	91,343.25	39,389	100%
	2019		59,183.25	38,023	100%
	2018		162,264.55	61,549	100%
Suppliers (companies)	2020	Increased the awareness of suppliers of the Group's "Supplier Management Guidelines" and encourage them to implement the Group's Ethical Management Policy	0.25	207	100%
	2019		0.25	304	100%
	2018		0.25	256	100%
Subsidiaries (companies)	2020	Promoted during the quarterly "Group Chief Compliance Officers Meeting"	0.4	32	100%
	2019		0.4	32	100%
	2018		0.4	32	100%

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

Chairman Tsan-Chang Liao of the subsidiary First Bank was indicted by Taiwan Taipei Prosecutors Office on July 30, 2020 for the tunneling of Far Eastern Air Transport. Although the case occurred as a result of alleged violation of laws during Mr. Liao's tenure as the Chairman of Taiwan Cooperative Bank instead of in his execution of First Bank's business operations, First Bank adopted a prudent approach and reported the case to the Directors, Supervisors, and the Compliance Division of the Company. It issued a material information announcement to specify that the contents of the indictment did not involve business operations of the Company or the subsidiary First Bank and had no impact on the Company or the Bank. Mr. Liao also resigned as Chairman of the Company and First Bank on the same day. The Bank established the "Credit Review Authorization Guidelines" and set the review authorization and tiered approvals for different credit types and review levels to prevent the same illegal activities from recurring.

In 2020, there wasn'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.

In 2020, 100% of the Directors, Supervisors, managers, and employees of the Company and subsidiaries signed the "FFHC Code of Conduct for Directors, Supervisors, and Managers" and the "FFHC Code of Conduct for Employees". In 2020, the signing ratio of the "FFHC Code of Conduct for Employees" in the local language (English, simplified Chinese, Laotian, Japanese, Vietnamese, and Cambodian) by employees in First Bank's overseas operations was also 100%.

4-2 Whistleblower System, Process, and Results

Assistance Platform

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.

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 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.

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

Contact person

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

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 recused. 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. Where a report is verified as true in an investigation, the Company shall grant a reward based on the severity of the reported violation.

Supervisory Personnel

After the Company's Audit Division receives a report, it shall report the method for processing the case to the unit supervisor regardless of whether the report is accepted. 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.

If the person being reported is a director, supervisor, or vice president or higher managerial officer, the investigation report shall be submitted to the independent directors (Audit Committee) or supervisor for review. (The revision is implemented in accordance with the FSC's Jin-Guan-Jian-Kong-Zi No. 10906022281 dated September 17, 2020. Revised the "Implementation Rules of the Whistleblower System" on March 25, 2021 from 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. to the aforementioned text). After the Company's Audit Division receives the investigation report from the investigation unit, if the report involves material misconduct or likelihood of material impairment to the Company, it shall be reported to the independent directors (Audit Committee).

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

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

Reporting hotline

The "Stakeholder Communications" section on our official website

Auditing Division, Board of Directors

Address: Audit Division, 18F, No. 30, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City

Tel: 02-23485399

Complaint mailbox: audit@fhc.com.tw

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.

Number of reports	External whistleblower cases	anonymous	8
		Named	7
	Internal whistleblower cases	anonymous	1
		Named	1
	Total		17
	Cases received (opened)		17
Type of report	Corruption and bribery		0
	Information confidentiality		0
	Avoiding conflict of interest		0
	Antitrust/anti-competitive practices		0
	Insider trading		0
	Fair customer treatment		0
	Internal procedures		13
	Internal management		4

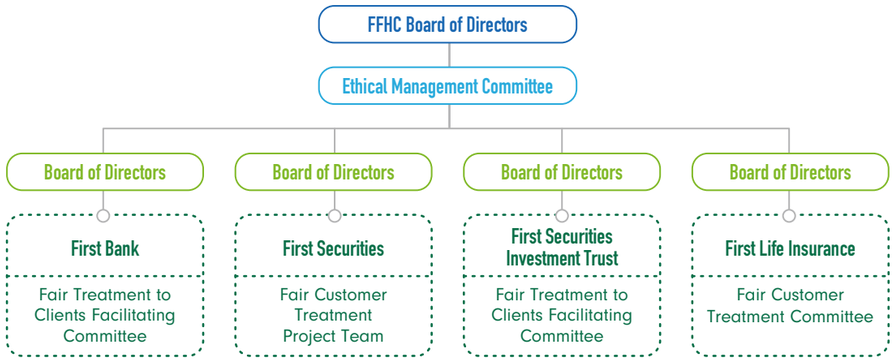
Customer Service and Privacy Protection

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

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%.



Highly complex or high-risk products often involve highly specialized and complex financial or financial engineering, and the utmost caution must be taken prior to listing such products for sale in order to shield customers from taking on excessive risk. During the first quarter of 2016, First Bank completely ceased offering complex high-risk products. Moreover, for structured products, in addition to issuing investment risk notices, we also formulate special notices for customers to ensure they fully understand the content of available products. Regarding targets that offshore structured products link to, First Securities makes sure it meets the review criteria and passes the selection of First Capital Management before the launch review. Such products are only sold to professional investors. To protect consumers' rights and interests, banks, insurance, securities, and investment trust subsidiary companies all implement Know Your Product (KYP), setting up review system for investment financial products. In 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.

Company name	Key Tasks in 2020
First Bank	• First Bank convened 16 wealth management product review meetings; a total of 113 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 13 prepared Sustainability Reports. • 49 fund companies signed the CSR commitment and 32 companies signed the compliance statement for the "Corporate Investors Stewardship Principles". • 25 offshore fund companies have signed the Principles for Responsible Investment (PRI).
First Securities	• 8 financial product and service review meetings were convened; a total of 10 fund products passed the review (including 7 ESG-related products) and 0 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".
First Securities Investment Trust	All 30 funds were classified into different risk levels according to regulations.
First Life Insurance	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, 63 new products were sent to competent authority 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.

Risk Rating	RR1	RR2	RR3	RR4	RR5	Total
Number of funds	3	5	4	12	6	30

5-2 Protection of customer privacy

SASB FN-CB-230a.1: 1. Number of data breaches
2. Percentage 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 Supervisory Commission", and the EU's General Data Protection Regulation (GDPR) to protect the rights of the principal of the personal information, applicable scope, and all actions taken for personal information by all personnel of the companies of the Group in the implementation of their duties. They shall establish limits on relevant employees' access to personal information and to control and manage such employees' access. They shall also enter into an agreement with such employees that establishes an obligation of confidentiality to prevent them from disclosing personal or customer information. FFHC also established the "FFHC Operating Guidelines for Responding, Processing, Reporting, and Preventing Material Personal Information Incidents". Material security incidents involving theft, alteration, damage, loss or disclosure of personal information shall be processed in accordance with the "FFHC Incident Reporting Guidelines" and companies must strengthen their emergency response and preventive measures for material personal information incidents.

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

01 STEP
Appoint a Data Protection Officer (Data Protection Officer, DPO)
Measures: The compliance officer of the London Branch was appointed the DPO

02 STEP
Commissioned an external consultant to provide consultation services
Measures: To ensure that personal information protection for UN residents comply with the Standard Contractual Clauses (SCC) of the GDPR, we commissioned an accounting firm to conduct a risk assessment and information security inspection. The accounting firm's assessment was there are "no risks that require immediate improvement, so there is no need for subsequent risk management plans."

03 STEP
Response to the GDPR's restriction on international transfer
Measures: Signed the SCC and carried out international transfer under the SCC framework

04 STEP
Established a personal information leakage reporting mechanism in coordination with the GDPR
Measures: Established personal information violation incident response, reporting, and prevention mechanisms. The Company also implements personal data response exercises at least once every year.

We published the Group's Customer Privacy Protection Policy on the respective websites of the Group's companies and formulated the "Management Guidelines for Trade Secrets and Intellectual Property", "Rules for Safeguarding Confidential Data", and confidentiality levels for various forms confidential documents (including paper and electronic formats), charts and diagrams, messages, computer software, and other media and items in accordance with the "Joint Marketing Firewall Policy and Guiding Principles for FFHC and its Subsidiaries". We also provided regular trainings for employees. The Group provided training on the Personal Data Protection Act, GDPR, and customer privacy protection for all employees (including contracted workers and security personnel) in 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 519 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 over the phone and through e-mail questionnaires, web pages, customer service, and external market survey firms. We also adopted the Net Promoter Score (NPS) system to assign related departments to implement improvements on items with lower satisfaction ratings and customer recommendations.

● Customer satisfaction survey of the most recent 4 years

	First Bank (Operation Planning & Admin. Division)	First Bank (Credit Card Division)	First Securities	First Securities Investment Trust	First Life Insurance
Satisfaction Survey Item	Visit experience, reception, waiting process of after taking a number, greeting when arriving at or leaving the counter, communication and explanation, business handling efficiency, product satisfaction, motivation for second visit, etc.	Satisfaction rate and opinions on iLEO credit card product privileges and marketing activities	On-site customer satisfaction survey at participating locations and investment information services	Investment information services	Sales personnel's attitude and familiarity with products
2020 Performance	**86.52%**	**83.67%**	**85.20%**	**96%**	**83.9%**
2019 Performance	86.17%	84.77%	85%	96%	74%
2018 Performance	85.23%	86.01%	84.5%	96%	77.4%
2017 Performance	84.89%	80.64%	84%	96%	71.5%
Sampling coverage rate in 2020 (Number of questionnaires / number of customers)	801,888 / 3,060,314 (26.2%)	7,973 / 844,830 (0.94%)	495 / 51,934 (0.95%)	1,293 / 34,850 (3.71%)	20,041 / 98,588 (20.33%)
2020 coverage rate target	25.94%	0.76%	0.95%	3.2%	9.34%
Improvement	• Send letters to business units to require them to assign receptionists to actively care about customers' needs and reduce operation time • Actively plan and promote the online loan application platform to increase loan application efficiency and use SMS to notify customers on the day after the loan • Set up additional automated deposit machines	• Plan exclusive discounts for different consumer settings • Expand the users of smart customer services and accelerate the authentication. Add online membership certification for credit cards and introduce SMS OTP certification	• Increase the connection speed and bandwidth for equipment • Continue to optimize real-time technical pattern line tables, stock selection, and account processing programs	• Continue to provide investment information through electronic platforms, promote retirement wealth management plans, and encourage customers to use electronic transactions. • The Company added products that meet ESG values into the quarterly fund selections to respond to the epidemic and strengthen investment resilience	• Promote mobile insurance services, shorten the insurance process, and provide convenient and instantaneous services for policyholders • Upgrade the policyholder's section on the official website and e-Services so that policyholders can read all contents on the same page and thus increase usage rate

Establish consumer complaints and disputes resolution mechanism. In addition to formulating the "Guidelines for Handling Customer Complaints" and procedures for handling various types of business disputes, the "Stakeholder Communications" section of FFHC's official website also includes online customer support for the Group's subsidiaries, a toll-free 0800 customer hotline, business inquiry hotline, and complaint e-mail. First Bank has also set up various real-time communication channels for handling customer requests and complaints, including a 24-hour customer service hotline and customer service e-mail. To properly handle financial consumer complaints filed through the Financial Ombudsman Institution, First Bank, First Securities, First Securities Investment Trust, and First Life Insurance report the types of financial consumer dispute cases, number of cases, compensation amount, and handling results periodically to the Board of Directors for future reference. There were 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 mainly 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 in the early hours of the morning on the loan extension date, and send SMS notifications to the customer on the following day. Business units established a single platform for relief loans for workers and assigned personnel from the head office and regional centers to support the business unit in 100 cases. The Bank uses online and offline operations and the joint efforts of the front-desk 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 customers' personal data and approximately 2.69 million (30.86%) 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.

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

Channel	Number of cases
Customer Service Hotline	0
Filed a complaint with an external unit	0
File a complaint with the competent authority	0

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 offer 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, live in happiness, and retire with security.

● 2020 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 female 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

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

30 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 of the latest financial products.

Chiayi City, Yuanlin City and Chunghua City in Changhua County, Fenghuan District in Taichung City, and Luzhu District in Kaohsiung City	5 sessions in total	102 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

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

Taipei, Taichung, Kaohsiung, Yuanlin, Tainan	6 sessions in total	814 participants

Information Security

Material Topic :

GRI 203: Indirect economic impact

GRI 418: Customer privacy

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

6-1 Information Security Management Framework and Strategies

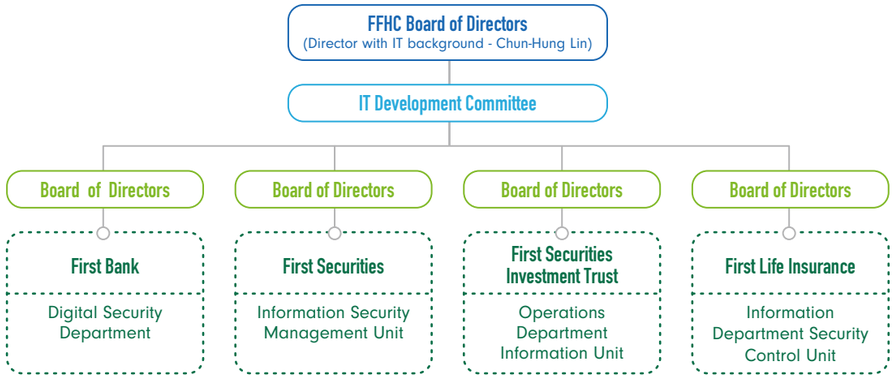
We established an IT Development Committee with the president of FFHC as the chairperson. Committee members include vice presidents, the head of the Information Technology Department, presidents of subsidiaries, and vice presidents responsible for IT operations (or managers with an expertise in IT). The IT Development Committee is convened regularly to discuss and review IT development, IT security and management issues at each subsidiary. The head of the dedicated information security unit or the highest level supervisor and the chairperson, president, and chief auditor of First Bank, First Securities, First Securities Investment Trust, and First Life Insurance jointly issued the 2020 Declaration on Overall Information Security of each subsidiary, which was submitted to the Board of Directors of each subsidiary and then disclosed on the MOPS.

IT Development Committee — Duties

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

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

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



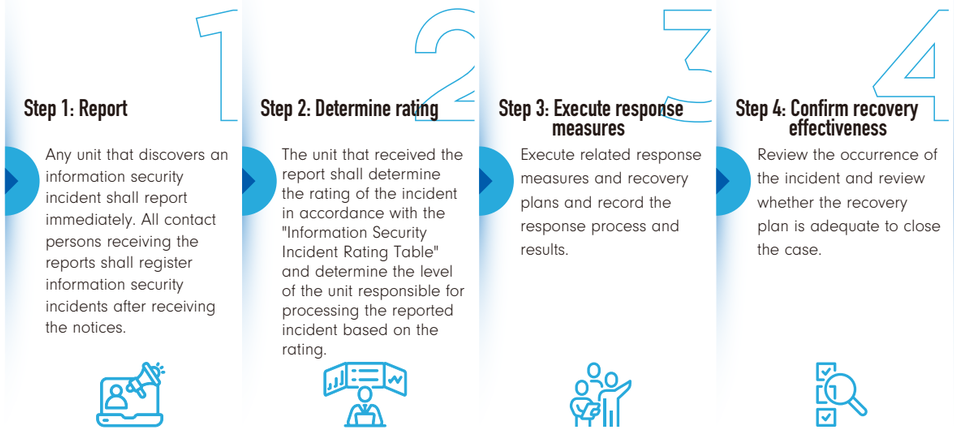
The FSC published the "Financial Information Security Action Plan" in 2020 to provide secure, convenient, and uninterrupted financial services. First Bank implemented and executed the following plans:

Execution measures	Execution schedule	Execution results
Encourage financial institutions exceeding a certain scale or Internet-only banks to appoint a Chief Information Security Officer	Two years	• 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.
Encourage the appointment of Directors or consultants with information security background or information security advisory teams.	Two years	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, develop blueprints, and provide recommendations for decisions regarding material information security incidents and overall implementation of information security.
Encourage financial institutions to assess the maturity of their information security governance	Two years	The Company has cooperated with the Financial Information Sharing and Analysis Center (F-ISAC) in evaluating the Cybersecurity Assessment Tool (CAT). Once F-ISAC creates a version for assessing information security maturity in Taiwan, the Company plans to implement assessments and improvements each year.
Encourage financial institutions to adopt international information security management standards and obtain related certifications	Continuous	The Company has received certification for the ISO 27001 Information Security Management System and ISO 20000 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.
Encourage financial information security personnel to obtain international information security licenses	Continuous	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 information security personnel to obtain licenses.

6-2 Information Security Measures

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

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



To build the right concepts of information security among employees and encourage them to abide by related regulations, 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:

Training Recipients	Sessions	Number of Trainees	Hours	Course Content
Regular employees	19	25,136	42	E-mail information security awareness, information security management regulations and mobile device security and protection, e-mail social engineering exercises, information security trends and news case analyses, sharing of new knowledge on information security - RPA and remote work, OT/IOT information security fundamentals
IT personnel	38	1,773	104.5	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 20000 and ISO 27001 operation standards, APT security protection technologies, malicious network activity analysis courses
Total	57	26,909	146.5	

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 2-4 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 who 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, so 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 of the penetration of the system. It also appoints an independent third party to conduct information security evaluations, examine the completeness and appropriateness of existing control measures for the overall computer system, and uncover potential information security threats and vulnerabilities. This provides the basis for implementing control measures in technical and management aspects, and improves network and information system security capabilities.

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

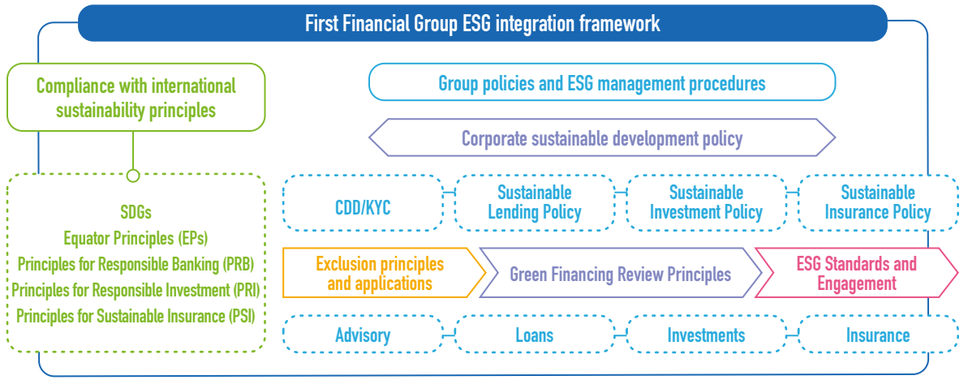
Emergency response plans and drill scenarios	Time drill was completed	Drill results
1. Response plan for abnormal ATM withdrawal incidents: Simulated emergency response measures for branches being robbed by hackers.	2020/2/15	Met expectations
2. Response plan for website under DDoS attack: Simulated emergency response measures for branches under DDoS attack by hackers.	2020/6/18	Met expectations
3. Local backup plan for servers: Simulated emergency response measures for switching to servers of the Taichung Center when servers in the Taipei Center malfunction.	2020/9/17	Met expectations
4. Information security defense plan for the website application system: Simulated emergency response measures for when the Bank's website services are embedded with a Trojan horse or malicious link by hackers.	2020/8/25	Met expectations
5. Remote backup plan for servers: Simulated emergency response measures for switching all information services to the Taichung Center when the Taipei Center encounters a disaster.	2020/9/19	Met expectations
6. SWIFT abnormal remittance response plan: Simulated emergency response measures for when hackers hack the SWIFT system and transfer funds.	2020/8/28	Met expectations

Sustainable finance

Material Topic :

GRI guidelines and financial services sector disclosure standards: Product portfolio
FS1: Policies with specific environmental and social components applied to business lines
FS2: Procedures for assessing and screening environmental and social risks in business lines.
FS3: Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.
FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.
FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.
GRI guidelines and financial services sector disclosure standards: Active Ownership
FS11：Percentage of assets subject to positive and negative environmental or social screening.
GRI guidelines and financial services sector disclosure standards: Local communities
FS14: Initiatives to improve access to financial services for disadvantaged people.
FS15: Policies for the fair design and sale of financial products and services

● Responsible Finance



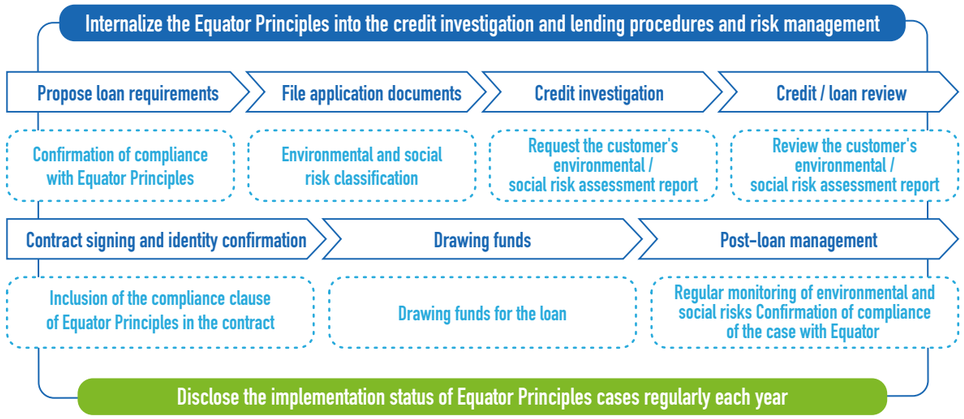
Financial institutions have unique functions for concentrating the capital of the society for management and utilization and we are the key for guiding society as a whole to pay attention to sustainable development. We use the powers of the financial market to promote sustainable finance, integrate ESG factors into our 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 interests, infringement of human rights, and related ESG risk issues as factors for evaluations. With regard to equity investment of the Group's funds or assets under management in listed companies, we review whether the investee violates requirements in screening criteria such as product sustainability, human rights, environmental protection, and controversial social issues. Investments shall not proceed if any violation is found. We guide customers to fully perform the responsibility of environmental protection and social sustainability.

Uphold the sustainability commitment and provide comprehensive ESG financial products and services. Before the launch of a new fund, we require all fund companies to submit the CSR Declaration and include it as a requirement for the preliminary review of the fund. We require domestic investment trust companies to sign the compliance statement for the "Stewardship Principles" and offshore investment trust companies to sign the compliance statement for Principles for Responsible Investment (PRI) to protect the interests of customers and beneficiaries. Follow international trends by issuing green or sustainable development bonds and other funds that focus on creating positive ESG impact. In terms of the evaluation of the development and offering of insurance products, those with positive ESG benefits are listed first (e.g. small-sum lifetime insurance and micro insurance). If the funds associated with investment insurance policies are ESG funds, restrictions on scoring based on quantified indicators screening may be waived for such funds.

7-1 Corporate Banking / Investment Business

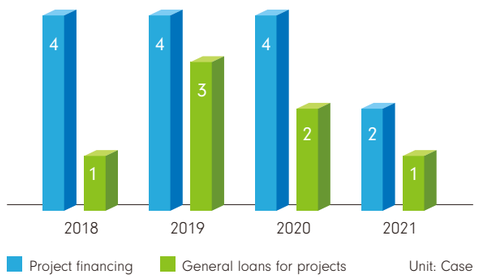
Equator Principles

In order to accelerate international connectivity, implement the sustainable finance policy, and encourage companies to pay attention to environmental protection and social responsibility, First Bank joined the Equator Principles Association on December 21, 2020, becoming the first among domestic state-owned banks to do so and the 114th bank member in the world. To comply with Equator Principles, First Bank issued an official letter on January 6, 2021 to establish the "First Bank Equator Principles Guidelines for Loan Application". First Bank also established the Environmental and Social Risk Project Team to implement the suitability assessment of loan applications, environmental and social risk rating, reviews, and monitoring to reduce potential credit risks where appropriate. We use the influence of the financial industry to support sustainable development of the environment and society. To help units familiarize themselves with related mechanisms of the Equator Principles, we appointed external consultants to organize classroom and online training programs for senior executives, members of the Environmental and Social Risk Project Team, and business units. A total of 921 participants attended the courses which intensified employees' knowledge of the environmental and social risks.



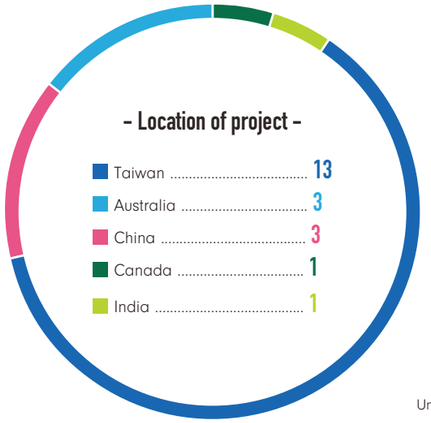
We reviewed 18 cases of project financing and loans for project companies that meet the review requirements of the Equator Principles from 2018 to 2020, including approximately 5-7 loan cases each year that are governed by the Equator Principles. First Bank signed the Equator Principles and became a 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.

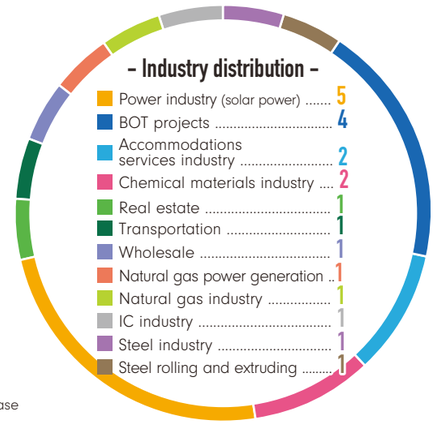
● Number of Equator Principles cases in recent years



● Implementation status of Equator Principles cases in 2021

Item	Risk Rating	Regional Distribution	Industry Category
Case 1	Category C	Taiwan	Steel rolling and extruding
Case 2	Category B		Power industry (solar power)
Case 3	Category B		Power industry (solar power)





Unit: Case

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 diverse 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 attain 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 Environmental Impact Analysis". The borrower must meet environmental protection regulations and comply with requirements of the society for improving the quality of the environment. We visited Village Chiefs and fish farm owners 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 development will have no significant impact on the local communities and environment, and the production process and the use of other materials were found to be in compliance with the principles for determining the absence of relations in Article 12 of the "Health Risk Assessment Technical Specifications" of the Environmental Protection Administration. The air, water, and nose pollution created in the development process are expected to have limited impact on nearby regions, and are deemed to have no significant negative impact on human health or safety. During the construction period, the areas where land preparation 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.

2. Power industry/solar power plant construction

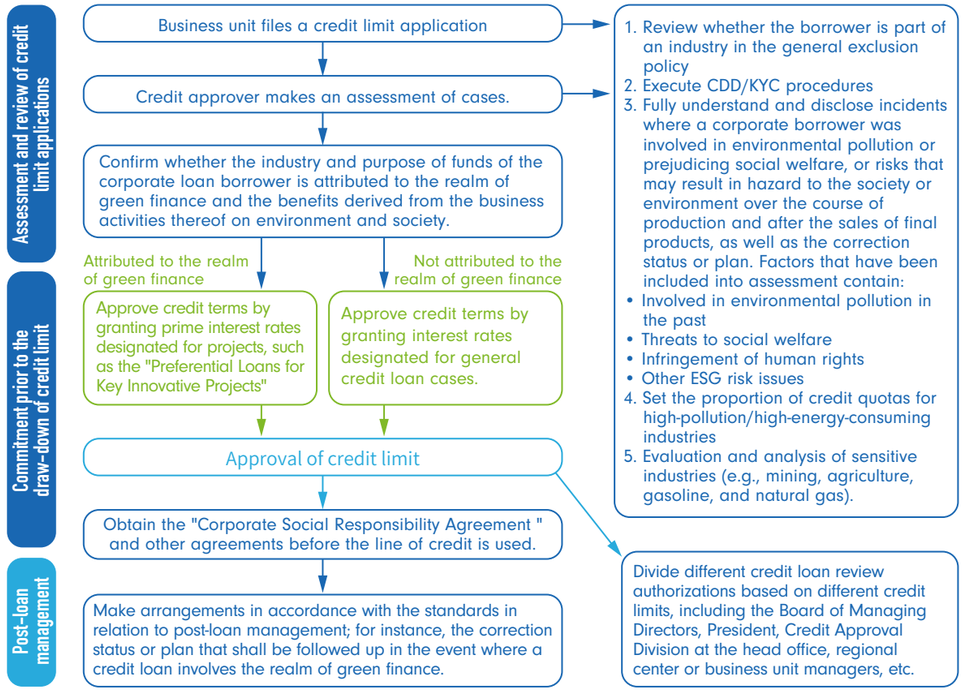
The project "50MW solar power plant for combined fish farming and power generation in Yizhu Township, Chiayi County" will be built on 29 sites. The project commissioned professors from the Department of Bioenvironmental Systems Engineering, National Taiwan University to execute a "hydrological analysis of the construction of a friendly green energy technology farm in Yizhu Township, Chiayi County". The professors considered the frequency of rainfall, duration of rainfall, and regulations for the water storage pools of the site, and the results of their preliminary assessment showed that there is little possibility of flooding outside the park due to overflow from park facilities. First Bank also actively engages 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 pile driving may affect fish spawning. We therefore reached an agreement with the fish farmer and rescheduled the pile driving to a period after the harvest of the mullet roe 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" it 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 occupational safety and health requirements for cleaning the modules. The "Solar PV Replacement Standard Operating Procedures" specify the conditions, procedures, and related occupational safety and health requirements for replacing solar panels. The borrower also established the "Contingency Plan" for the construction period and formulated response procedures and the "Occupational Hazard and Accident Report and Processing Procedures" for possible accidents in the construction, testing, and operations of solar power plants to minimize the potential environmental and social impact of accidents.

3. Power industry/solar power plant construction

The borrower in this project plans to construct a 77,523.6KW ground-mounted solar power plant in Xiashanziliao section, Qigu District, Tainan City. The site is currently a state-owned abandoned salt field, and the area to be used is an area with low ecological disputes which is not within the scope of the Wetland 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 over 2,000 hours of sunshine per year. 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 Assessment Report" drafted by TUV Rheinland Taiwan (TUV), which concluded that the commercial operation 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 "transportation 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, weapon to gambling industries) or designated high pollution/energy consumption industries(e.g. electricity supply industry, steal and alumina/cooper refining, petrochemical industry (including man-made fiber), cement, paper making, semi-conductor and LCD panels, printing and dying, 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 and reference for risk management in the industry. For sensitive industries e.g., 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 requires 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 energy conservation or carbon emission reduction targets. First Bank adopted the "Green Financing Review Principles" for all corporate loans regardless of credit amount. The three phases consisting of assessment and review of credit limit applications, commitment prior to the draw-down of credit limit and post-loan management are as follows:



First Bank evaluates the customer's operations and financial status for corporate credit loans as well as related ESG factors. If a customer has polluted the environment, threatened social welfare, or infringed human rights, we shall communicate with the customer and specify the improvement status or improvement plans during the credit limit application. The credit review unit shall approve or reduce the credit limit or add restrictive conditions for passage based on the severity of the violations. Where a dispute cannot be removed or improved, the loan shall be declined to fulfill corporate social responsibilities.

In 2015 FFHC 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, FFHC partnered 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

Item \ Year	2017	2018	2019	2020
Domestic CSR commitment	16,525	16,659	24,353	41,705
CSR Evaluation Form for Overseas Branches	2,133	2,913	3,703	4,520

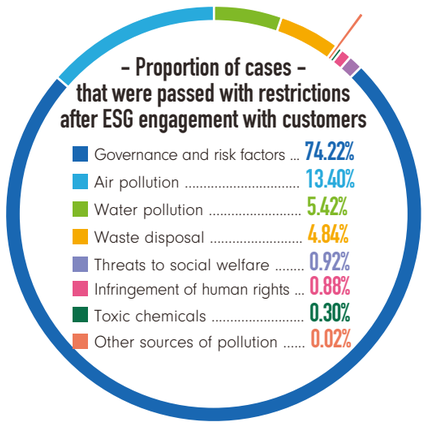
Unit: no. of borrowers signing the CSR commitment or Evaluation Form

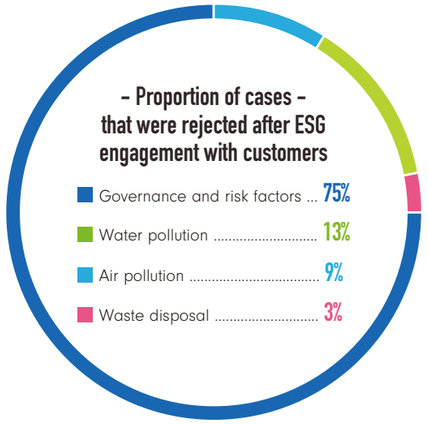
In 2020, we reviewed 80,941 cases (78,952 domestic cases and 1,989 overseas cases) according to the "Green Financing Review Principles"; these cases accounted for 100% of the corporation's lending cases. 75,030 cases (73,471 domestic cases and 1,559 overseas cases) passed the review process. There were 5,680 cases in which a borrower was implicated in environmental pollution, harm to society, human rights violations, or other ESG risk issues and the case was conditionally passed (reduced credit limit or additional conditions). Cases that involved environmental pollution, harm to society, and human rights violations totaled NT$41.58 billion; 231 loans were not approved (tabled or withdrawn applications) including NT$18.3 billion in cases of environmental pollution, harm to society, and human rights violations.

Unit: Case/thousand NTD

ESG dispute factors \ Review results		Conditional pass (including reduced approval and restrictive terms)		Refusal of credit loans (including tabled or withdrawn applications)	
		Case	Amount	Case	Amount
E	Involved in environmental pollution in the past	1,362	410,321,401	57	18,284,338
	1.air pollution	761	264,195,987	20	4,257,475
	2.water pollution	308	94,368,400	31	13,012,113
	3.Waste disposal	275	50,729,459	6	1,014,750
	4.toxic substances	17	927,555	0	0
	5.Other sources of pollution	1	100,000	0	0
S	Threats to social welfare	52	4,547,571	0	0
	Infringement of human rights	50	945,338	0	0
G	Governance and risk factors	4,216	6,543,786,827	174	72,540,621
	Total	5,680	6,959,601,137	231	90,824,959

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





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:

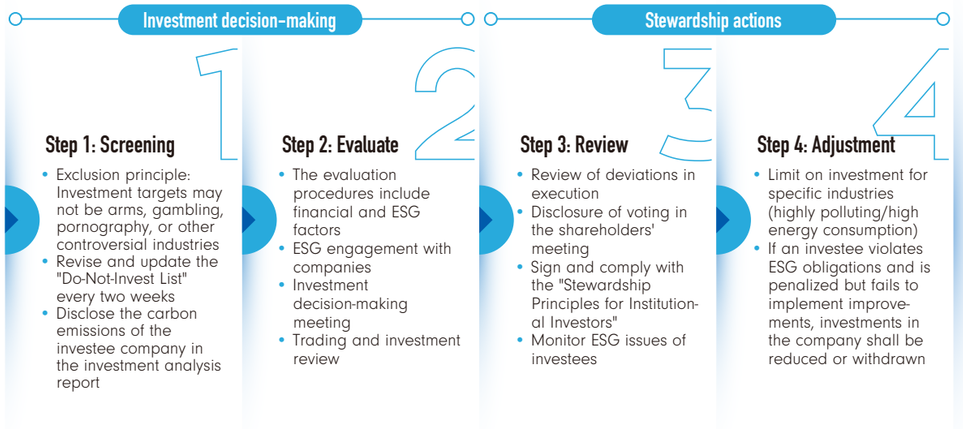
Unit: NTD thousands

Name of borrower	ESG Dispute factors	Amount of credit loans rejected
XX Construction Co., Ltd.	Involved in environmental pollution - Pollution source as announced by the Environmental Protection Administration, Executive Yuan - water pollution、waste	2,389,500
XX Electronics Co., Ltd.	Involved in environmental pollution - Pollution source as announced by the Environmental Protection Administration, Executive Yuan - water pollution、waste	1,120,000
XX Industries Co., Ltd.	Involved in environmental pollution - Pollution source as announced by the Environmental Protection Administration, Executive Yuan - air pollution、water pollution and waste	750,000
Total		4,259,500

In correspondence with the promotion of green finance in 2017, First Bank added the remark columns of "whether the borrower engages in planning and category of green industry" and "whether the case complies with the purpose and category of green funds" to the credit loan system and added mandatory fields, such as "disclosure of items related to green industry" and "purpose of green funds" respectively to the "Credit Investigation Report" and "Credit Loan Application" of domestic corporate borrowers. Credit reports must disclose whether the borrower engages in planning of green industry; if it does, credit reports shall further disclose information such as the category of industry it belongs to or the weight of green products to its total revenue. Meanwhile, First Bank also announced the implementation of the "Project of Preferential Loans for Green Enterprise" through letter and requested business units to increase in the credit loan application the descriptions on the environmental benefits or effectiveness of energy conservation derived from the borrower's business activities, as well as the practices of environmental 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 at 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, abides by the Stewardship Principles, complies with related regulations, and fulfills fiduciary duties as an asset manager to maximize interests for beneficiaries and shareholders.

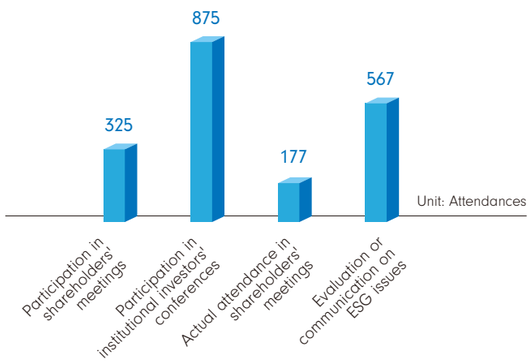


Since 2015, First Capital Management has revised and updated the "Do-Not-Invest List for CSR Violations" every two weeks. It continuously reviews investees based on product sustainability, governance, social, and environmental criteria. Any company that is found to have engaged in conduct which is not in the spirit of corporate social responsibility is added to the do-not-invest list. In the fourth quarter of 2016, we fine-tuned our screening guidelines for social factors to better safeguard human rights based on the content and spirit of the "Universal Declaration of Human Rights," with particular emphasis on Articles 6, 7, and 8 of the "International Covenant on Economic, Social and Cultural Rights." The number of companies included in the do-not-invest list from 2018 to 2020 were 16, 44, and 10 companies, respectively. The list was provided to First Financial Holding, First Bank, First Securities, First Securities Investment Trust, First Life Insurance, and First Venture Capital for reference purposes. Thus, the 5 domestic funds (Small Capital, 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.

Screening Standards	Main Basis	No. of individual stocks excluded from the investment pool in the past three years		
		2018	2019	2020
Product sustainability	Excluding enterprises involving animal welfare, climate change, ozone layer destruction, betting games, genetic engineering, nuclear energy, the sex industry, tobacco, and weapons systems.	7	7	7
Governance	Incidents involving corporate embezzlement, food safety violations, accounting fraud and market manipulation, and other controversial social issues in the most recent six months, leading to being investigated by the law enforcement agency.	8	35	3
Social	• It is determined whether a major labor dispute, employee strike, or other similar incident has occurred and whether union negotiations have not yet been concluded. • The company has laid off employees without warning. • Screening guidelines for safeguarding human rights were adjusted based on the content and spirit of the "Universal Declaration of Human Rights," with particular emphasis on Articles 6, 7, and 8 of the "International Covenant on Economic, Social and Cultural Rights."	0	0	0
Environmental	• 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.	1	2	0
Total		16	44	10

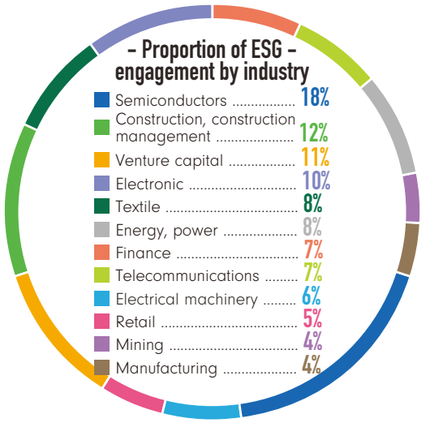
The Group aims to fulfill responsibilities as an asset owner or administrator and increase long-term value for the Group and fund providers. First Bank, First Securities, First Securities Investment Trust, and First Life Insurance have signed the compliance statement for the "Stewardship Principles" 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 continues and they 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:

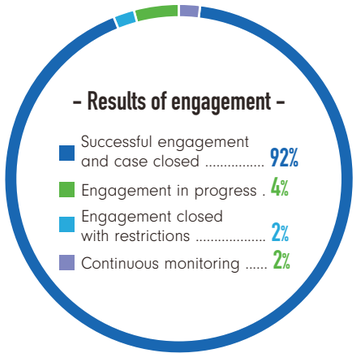
● Responsible investment/stewardship implementation status

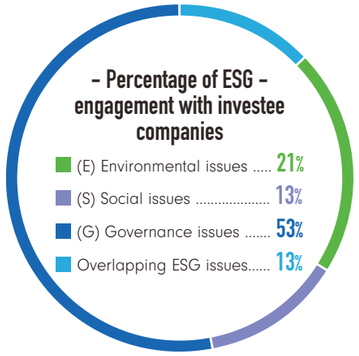


Attendance rate in shareholders' meetings of listed investee companies in 2020
[Number of (attendance in person + electronic voting) / number of attendances expected]

First Bank	100%
First Securities	100%
First Securities Investment Trust	100%
First Life Insurance	100%



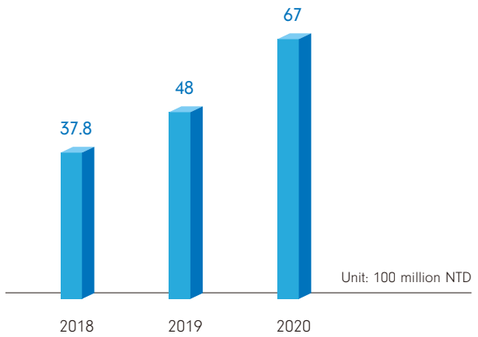




To facilitate low-carbon business transformation ,First Bank has increased its proportion of investments in green bonds each year to take action for supporting investees' carbon emissions reduction and green plan.Approximately 7.85% of the NT$12.934 billion of First Bank's equity investments are in ESG-related industries that include urban renewal services, biotechnology venture capital, and transportation infrastructure for the creation of sustainable lifestyles and homes.

To strengthen responsible investment practices, the Company has established a sustainable investment policy and guidelines to incorporate ESG factors into investment decision-making analysis. We consider ESG risk factors such as climate change, energy efficiency, information security and privacy, labor standards, business ethics, the percentage of female directors and board performance as well as the external ESG ratings and ESG information disclosure of the investee companies. Based on the aforementioned evaluation results, we also classify the investment risks derived from the level of ESG implementation into three risk levels from low to medium and high, and implement post-investment management.

● Green bond investment balance in past 3 years



Corporate finance – ESG-related products and their respective proportions

Unit: NT$100 million

Item	Amount	Product content description
Green/ESG related loan balance	4,692.81	• Energy service company (ESCO) industries, renewable energy creation loans, and other preferential green enterprise and green industry loans • Preferential loans for key innovative industries
Corporate loan financing balance	8,729.67	Note: The Bank's loans for small and medium enterprises mainly focus on financial inclusion. We therefore moved such loans to 7-3 Inclusive Financial Products and Services in the Report this year.
Percentage(%)	53.76	

Item	Amount	Product content description
ESG-based fixed-income product issuance amount	10	Issuing green bonds
Total fixed-income product issuance amount	379.5	
Percentage(%)	2.64	

Item	Amount	Product content description
ESG infrastructure construction loan balance	268.47	• Taiwan HSR loans • Wan-Da line and San-Yin line MRT loans • Taoyuan Airport MRT loans
Infrastructure construction loan balance	405.62	
Percentage(%)	66.19	

Item	Amount	Product content description
Financing for ESG-based entrepreneurship investment and advisory services	5.75	• We cooperated with the government's "Financial Support for Physical Economy - Five Plus Two Key Startup Industries" policy and invested in green energy, biotech and medicine, and circular economy companies that are not listed on the exchange • Provide solar power plant construction services (including project construction, communication with the competent authority Taipower) and consulting services for power plant management and contracted management.
Financing for entrepreneurship investment and advisory services	18.05	
Percentage(%)	31.86	

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

Sustainable Development Loan Connection Project

First Bank launched the "Sustainable Development Loan Connection Project" to intensify and accelerate green finance development. The Project differs from green loans in that the funds can be used for general business operations instead of being confined to specific purposes. First Bank monitors ESG indicators to connect corporate borrowers' sustainability performance in controlling greenhouse gas emissions, electricity management, energy consumption, and reduction of waste to loan interest rate pricing. The Bank reduces financing costs if the borrower attains the relevant ESG performance indicators to encourage corporate borrowers to actively manage their low-carbon transformation risks and provides strong support to corporate borrowers that are committed to ESG governance.

Case Study

First Bank co-organized AUO's NT$40 billion "Sustainability Index Connection" syndicated loan, which was the first of its kind in Taiwan's display panel industry and the largest ESG-related syndicated loan in Taiwan. During the term of this syndicated loan, the management bank shall regularly evaluate AUO's performance in Dow Jones Sustainability World Index every year and provide corresponding interest rate reductions to create green and sustainable value with the customer.

Green Finance

To help companies reduce the pollution and resources waste in the production or service process, First Bank launched the "No.1 Promoter in the Energy Industry" financing program in 2010 to support energy service companies (or "ESCO Industry"). First Bank also used the "Renewable Energy Creation Loan" in line with the "Million Solar Roof" policy by Bureau of Energy, Ministry of Economic Affairs (MOEA) and the power purchase guarantee from Taiwan Power Company to achieve three wins for the equipment user, supplier, and the Bank. To implement Green Renewable Finance policies and to coordinate with the "Productivity 4.0 Industry Transformation Loan" policy of government, First Bank issued "Loans for Green Sustainability-based Industry Transformation", helping Taiwanese corporations transform, and catch up with the global market trend of low-carbon production. Furthermore, FFHC organized "Green Finance Committee," with our President as the chairman in March 2017. The committee is responsible for setting up policy goals and reviewing the results. It is also responsible for incorporating the green industry financing projects mentioned above, and expanding the scope of green financing to "Green industries" and "Green enterprises". In 2018, the applicable scope was expanded to overseas branches across the globe to help achieve conservation of the local environment and help local industries complete their low-carbon transformation.

ESCO industry	Loans for power, water and fuel-saving projects and equipment
Renewable Energy Creation Loan	Help business owners to purchase renewable energy equipment
Green Energy Industry Loan	Industry transformation and upgrade program for the six key green energy industries
Green enterprise and green industry	**Green industry:** Provide 15 industries, including the "solar power generator," "wind power generator," "LED," and "bio-fuel" with discounted loans **Green enterprise:** Provide all industries with discounted loans for reducing pollution or resources waste generated during the production or service process

	2017		2018		2019		2020	
	Approved amount	Credit Balance	Approved amount	Credit Balance	Approved amount	Credit Balance	Approved amount	Credit Balance
Green loan	99,549	51,009	118,147	64,208	124,588	68,137	133,593	75,815

Note: Amount and balance of approved green financing loans including overseas branches. (Unit: NT$ million)

First Bank actively supports national policies and renewable energy financing. In 2020, the solar PV syndicated loans organized or co-organized by First Bank totaled NT$20.108 billion, and the amount of syndicated loans provided by First Bank totaled NT$2.35 billion. The total installed capacity was 497.9 MW and the annual power generation is approximately about 552 million kWh. The projects reduce annual carbon emissions by approximately 280,000 tons CO_2e each year which is equal to the carbon absorption of 720 Da'an 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 growth in Taiwan. First Bank organized the "Industrial Innovation Plan Loan" which helps industries involve in key development projects such as green energy technologies, the Asia Silicon Valley plan, biomedical technology, defense industries, and smart machinery, as well as organic agriculture, and circular economy. New credit limits totaling NT$68.5 billion was approved in 2020. First Bank was awarded Rank A in the "Incentive Policy for Loans from Domestic Banks to Innovative Key Industries " promulgated by the Financial Supervisory Commission, showing our determination to support the continual development of the real economy.

Applicable to

Green technology	Aaia Silicon Valley	biopharma-ceuticals	Defense industries	Smart machinery	Modern agriculture	Circular economy
• PV • LED • hydrogen energy, fuel cells • energy telecommunications • bio-fuels • wind power • electric vehicles	• Innovation & R&D in IoT industry • Strengthening and innovation in business startup ecology (sensor components, internet transfer, information collection, application in service)	• Biotech • Pharmaceuticals • Medical Equipment • Health Promotion • Health & Welfare	• Aerospace • Shipbuilding • Information Security	• Integrates smart-tech elements • Robotics • IoT • Big data • Virtual-physical integration • Lean management • 3D Printing • Sensors	• Agriculture, Forestry, Fishery and its processing and manufacturing industries • Service industry • Manufacturing of mechanical equipment and leasing industry • Wholesale	• Integration and supply of energy resources industry • Waste recycling and reuse industry

	2017	2018	2019	2020
Balance of preferential loans for key innovative industries (Unit: NT$100 million)	4,288	4,462	4,568	4,813

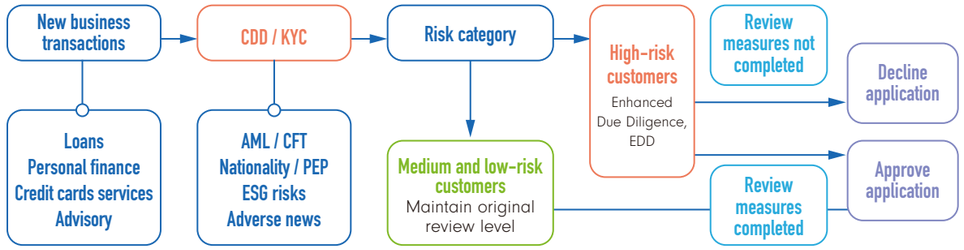
Green Bonds and Solar Energy Fund

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$682 million and First Venture Capital also invested NT$300 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 CO_2e of carbon emissions each year which is equal to the carbon absorption of 183 Da'an Forest Parks.

7-2 Retail Banking / Individual Finance

CDD / 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

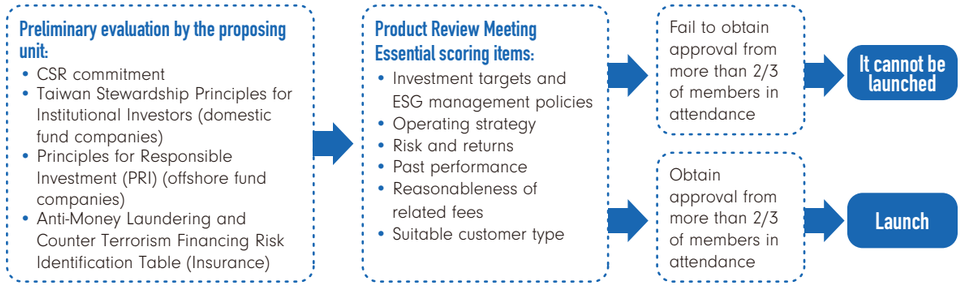
We have incorporated ESG factors into our credit business to enhance the quality and resilience of credit assets. All retail banking customers are required to pass a financial assessment and ESG risk review process to verify their financial sustainability and resilience against unforeseeable risks. In 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 independently evaluated by the valuation management department of the First Bank's headquarters. During the appraisal operation, they need to go to the website of the Central Geological Survey of the Ministry of Economic Affairs to inquire about the information of geologically sensitive areas and soil liquefaction potential areas, and expose them in the appraisal report for the review personnel to comprehensively examine the credit risk of the collateral.

We explore possible future trends in global or regional temperature, rainfall, or sea level rise under different Representative Concentration Pathways (RCPs) climate scenarios to estimate the potential losses in mortgages due to natural disasters (flooding, 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 management 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 (KYP) 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 evaluation, 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 categories. The product risk ratings are established based on product characteristics and the product must obtain the approval of more than 2/3 of members in attendance before it can be launched and sold. The Bank must also implement anti-money laundering and counter terrorism financing regulations in the sales process and evaluate the compatibility of product risks and customer risks to ensure that the risks of the products sold are commensurate to the customers' risk tolerance to protect the interests of the customers and investors.



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

Product classification	Percentage
Trust fund	14.4%
Investment products	28.3%
Insurance products	13.2%

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

Percentage of signature of the compliance statement for the "Principles for Responsible Investment (PRI)" by offshore fund companies with products marketed at the Group

Percentage of preparation of the "Corporate Social Responsibility Report" or submission of the compliance statement for 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

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

Item	Amount
Issuance of ESG-themed funds	46.69
Launch of sustainability-themed investment products	202.02
Total assets under management (AuM)	2,918.79
Percentage(%)	8.52

Item	Amount
Loans of the Small and Medium Enterprise Credit Guarantee Fund undertaken by the Bank	1,849
Loan balance for regional revitalization teams	7.87
Urban renewal project integration and consulting services	0.6
Advisory services provided in retail banking	7,910
Percentage(%)	23.48

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 impact of 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.

Case Study

Unit: NT$100 million

Factors	Related Products for Green/ESG Consumer Loans	Number of households	Balance
The Environment	• 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)	3,212	36
Society	• First Time Home Buyer Mortgage (provide funds for young customers to purchase homes) • Comfort Loan (help the elderly obtain the funding necessary for life after retirement) • Worker relief loan (provide customers with care and funding support for responding to the COVID-19 epidemic)	103,365	425.7

Urban renewal

We use core businesses of the finance industry to promote environmental sustainability. We fully support the urban renewal financing and financing projects for the reconstruction of dangerous and old buildings of the government and provide comprehensive one-stop financial services for urban renewal. After urban renewals, the renewed buildings must meet the greening indicators; lower the emission of waste heat, carbon dioxide, methane and waste water as much as possible; transform into communities of energy saving, carbon emissions reduction, and eco-friendliness; and establish all-win situation for the environment, residents and the Group.

Case Study

Since the launch of its urban renewal financing businesses in 2009, First Bank has provided financing loans for regular construction, encouraged applicants to apply for the Green Building mark, and provided financing guarantees for green building projects. We launched the "preferential financing loans for accelerating the reconstruction of dangerous and old buildings" in 2017. Old buildings that meet the criteria in the "Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings" or "New Taipei City Simple Urban Renewal or Disaster Prevention Renewal" are eligible for preferential loan applications for reconstruction with business units of First Bank. Applicants may receive full loans for the reconstruction and related fees with a maximum period of five years to help the people reduce their burden and help achieve the government's goals for promoting environmental protection and creating a low-carbon city.

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.

Unit: NT$100 million/Case

Item \ Year	2017	2018	2019	2020
Self-managed urban renewal and the reconstruction of dangerous and old buildings projects	34.33 / 4	36.13 / 5	43.98 / 9	68.57 / 16
Developer-consolidated urban renewal and the reconstruction of dangerous and old buildings projects	320.11 / 33	364.91 / 36	426.2 / 46	507.13 / 65
Landowners benefited	1,722	2,026	2,129	2,466

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 purposes, and donated to the Tze-Xin Organic Agriculture Foundation and the Bliss and Wisdom Foundation of Culture and Education to promote the idea of organic, pesticide-free vegetables, assist organic agriculture, and restore land. 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.

ESG Engagement Case 1

Donations from the Leezen Card to the "Tze-Xin 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 labeling which offers both economic and environmental benefits, and guidance for the industries of local indigenous tribes. The Foundation focuses on development in Taiwan and consolidate 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 card-holders of Leezen Card to experience organic farming activities together and create bridges between card-holders and organic farms. Every experience activity has received wide acclaim from the card-holders and increased the proportion of effective Leezen Cards to 90%.

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 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 card-holders to support healthcare workers together by sending more than one thousand snack boxes, vegetable lunch boxes, Leezen organic food, and other heart-warming 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.

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 CO_2e.

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 and Taoyuan City Affinity Card" in collaboration with Taoyuan City Government in March 2021 and allocates 0.3% of domestic payments made with the card to Taoyuan County 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.

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

Unit: NT$1,000

Item	Year	2017	2018	2019	2020
Leezen Card	Number of cards in circulation	41,332	49,581	51,687	50,193
	Accumulated donation amount	75,371	87,387	99,276	110,172
Living Green Card	Number of cards in circulation	17,566	29,843	36,913	47,497
	Accumulated donation amount	269	1,210	2,368	3,745
Yilan Affinity Card	Number of cards in circulation	Not yet issued	23,129	58,948	55,677
	Accumulated donation amount		85	2,608	5,116

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 (E)
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 (E)
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 AI FinTech Fund (E)
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

Unit: NT$100 million

AuM of sustainability-themed investment products	AuM of all investment products	Percentage (%)
202.02	1,854.24	10.9

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$791 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 Strategy 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. We also committed manpower and resources to complete self-financed urban renewal cases. As such cases are not implemented by developers but by the urban renewal cooperatives organized by the original residents, the benefits of urban renewal are vested in the original residents who do not have to share the such 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-000.A : Number and value of checking and savings accounts by person and small business
SASB FN-CB-000.B : 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:

Unit: Million NTD

Recipients of Services	Methods and Items	2018	2019	2020
Disadvantaged groups	No. of micro-insurance effective contracts	214	155	309
	Micro insurance and effective contract amount	106.7	77.7	154.5
	No. of Loving Small-sum Lifetime Insurance effective contracts	4,411	5,359	6,003
	Cumulative amount of Loving Small-sum Lifetime Insurance	1,262.14	1,567.06	1,797.23
Persons with disabilities and the elderly	Number of new beneficiaries of property trusts for senior citizens and persons with disabilities in the current year	526	1,235	2,181
	Amount processed in property trusts for senior citizens and persons with disabilities	1,664.11	3,929.94	8,211.41
	Cumulative trust assets in property trusts for senior citizens and persons with disabilities	4,451.94	7,216.57	9,858.05
	No. of Comfort Loan being processed	26	53	124
	Comfort Loan approval amount	187	486	930
	Number of loans for medical biotechnology and long-term care projects	21	21	23
	Amount in loans for medical biotechnology and long-term care projects	2,290	2,129	807
	Number of effective contracts in annuity insurance programs related to aging society and low birth rates	555	1,587	1,239
	Contract amount of effective contracts in annuity insurance programs related to aging society and low birth rates	518.6	2,232	666
	The number of senior citizens' branches	6	6	6
	The number of wheelchair-accessible ATMs	415	473	492
Female	No. of Micro Loans for Female Entrepreneurs	40	47	39
	Micro Loans for Female Entrepreneurs approval amount	27.24	30.17	34.65
	Percentage of female who received loans from the "Micro Loans for Female Entrepreneurs" program	82.50	72.34	68.42
Youth	No. of "Loans for Young Entrepreneurs and Start-ups" and "Loans for Minor Entrepreneurs"	153	241	467
	"Loans for Young Entrepreneurs and Start-ups" and "Loans for Minor Entrepreneurs" approval amount	243.79	285.39	507.52
Small and medium enterprises	New Loans through SMEG	145,600	146,300	184,869
	SMEG Loan Amount	64,800	73,000	118,230
	SME Loan Amount	672,300	700,700	791,037
	Balance of SME entrepreneurship investment	280	266	303
Debt negotiation	No. of preliminary negotiation approval accounts	635	675	661
	Amount of preliminary negotiation contracts signed	42	43	579

Financial inclusion metrics and activity metrics for promoting small business development

Base date: December 31, 2020

Item	Person	Small business	Corporate
Number of loan accounts	108,575	27,208	17,058
Value of loans (Unit: NT$1,000)	18,992,145	189,629,265	284,839,045
Number of checking and savings accounts	8,520,296	73,808	-
Value of checking and savings (Unit: NT$1,000)	1,472,500,083	118,850,020	-

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 loans accounts is calculated based on the number of cases (if there are multiple cases for one business, multiple 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 five years, employs fewer than 20 employees, registered capital is less than NT$5 million, or annual revenue is less than NT$10 million.

Creating a friendly financial environment

First Bank has set up accessible service counters in branches in Taipei, New Taipei City, Taoyuan, Taichung, Kaohsiung, Yilan, and Hualien to provide friendly financial services to people with difficulties (including the elderly, those who need assistance, women, and children). Each of First Bank's 188 business units has set up loving service bells and wheelchair ramps. They have also dispatched service specialists to the business halls, helping the disabled people to deal with various financial services, inform them of the necessary information, and assist them in filling out relevant application documents.

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

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.

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

First Bank donated 0.1% of the domestic payments with Glory+ World Cards to the First Bank Culture & Education Foundation to sponsor education activities for disadvantaged children in remote areas, school lunches, classes after school, etc.

As of the end of 2020, First Bank had issued 3,071 "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.

Assisting debtors in resolving debts

For debtors applying for preliminary negotiation/arbitration/rehabilitation under the Statute for Consumer Debt Reform, or individual customers who applied for debt negotiation, the Bank conducts a comprehensive evaluation of their properties, income, and capacity for work and encourage them to actively resolve their debts to regain a normal life and for the Bank to recover creditor rights. First Bank approved 661 accounts in preliminary negotiation in 2020 and accumulated NT$579,024 thousand in total contracts signed. The Bank waived NT$62,927 thousand in debts. We established 112 preliminary mediation accounts. The Bank settled NT$16,239 thousand in debts and waived NT$4,454 thousand in debts. We established 189 rehabilitation accounts and the total rehabilitation debts amounted to NT$81,354 thousand while NT$57,033 thousand was waived.

Helping Developing Countries and the Least Developed Countries Obtain Financial Services

FFHC actively makes use of the "Overseas Credit Guarantee Fund" financing guarantee mechanisms to help overseas Taiwanese businesses obtain access to financial services and provide a diverse range of financing services. We introduced the Overseas Credit Guarantee Fund into least developed countries such as Laos and Cambodia and help Taiwanese businesses expand local markets. We transferred 48 overseas credit guarantee cases in 2020 including 35 cases in developing countries and least developed countries with approximately US$15.3 million in total loans.

Support of with Government Policies in Relief Loans

As the Covid-19 epidemic sweeps across the world and wreaks havoc on global economic development, we actively provide care to customers regarding the impact of the epidemic on customer business operations and rapidly responded to customers' demand for funding in operations. The "Epidemic Relief Loan Platform" on First Bank's official website provides 24-hour online application services for companies and workers to obtain the necessary relief funds within the shortest time possible. As of the end of 2020, First Bank had processed 121,516 relief loan applications and approved 93,968 applications totaling NT$107.37billion with an approval rate of 77.33%.

Prevention of money laundering, financial fraud and terrorism financing

Material Topic :

GRI 419: Socioeconomic Compliance

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

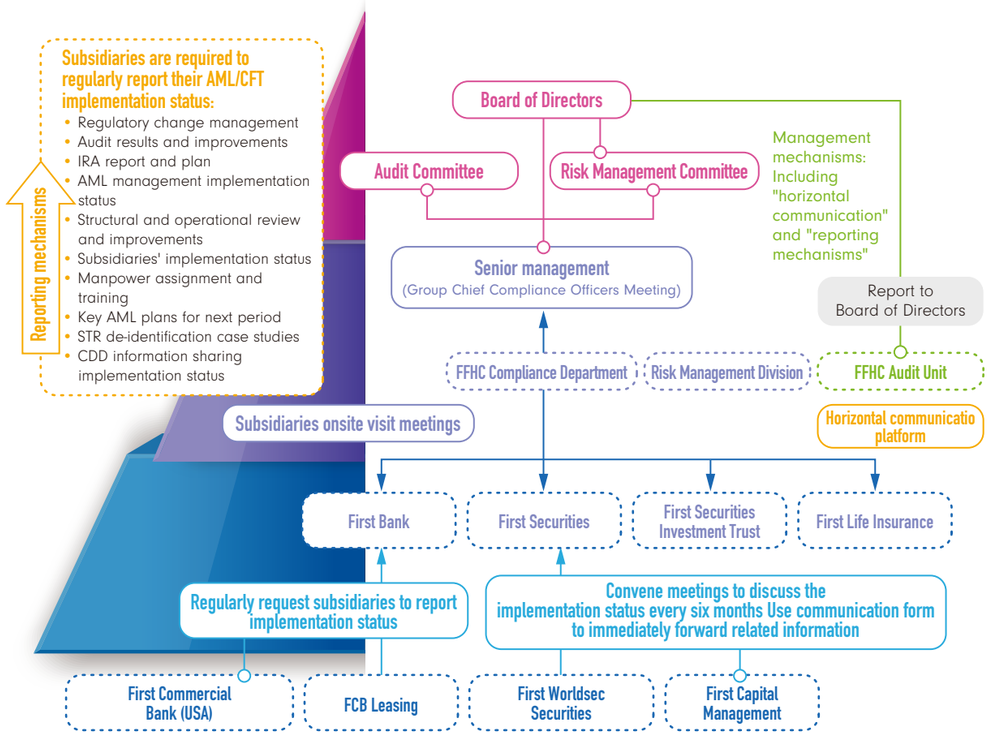
Formulate the Group's AML / CFT Culture - Board of Directors	
Authority and responsibility	Establishment and amendment of the AML/CFT Policy
Supervision mechanisms	• Follow-up and report on improvements for audit deficiencies • Report the AML implementation status every six months
Meeting instructions	• 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	The 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.

● Anti-Money Laundering and Counter Terrorism Financing Organization Structure



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:

	FFHC	Banks	Securities	Securities Investment Trust	Life Insurance	AMC
Regular internal training that uses cases for learning	100 people 300 hours	5,443 people 5,788 hours		42 people 42 hours	23 people 23 hours	
Computer training course self-evaluation form		10,024 people 15,957.5 hours	1,507 people 2,357.39 hours	440 people 880 hours		
The laws/regulations manager is responsible for company-wide internal network training						64 people 128 hours
The laws/regulations unit provides face-to-face training		403 people 201.5 hours		237 people 407.5 hours	294 people 588 hours	
Face-to-face training by external institutions		70 people 264 hours	908 people 1,738.5 hours	42 people 93.5 hours		3 people 18 hours
Mandatory annual training	9 people 108 hours	297 people 4,455 hours	8 people 96 hours	28 people 336 hours	120 people 360 hours	
Total	20,062 people attended the courses with a total of 34,141.89 hours					

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:

Number of people to be tested	Number of people qualified (Note)	Average score
13,974	13,974	95

Note: The passing score for First Bank, First Securities, and First Securities Investment Trust was 70 points, 100 points, and 90 points.

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 93 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:

- First Bank's ATM services: All users are customers of the Bank.
- Offshore electronic payment: Restricted to the existing customers of the Bank and no online account opening services shall be provided.
- Digital deposit account: Limited to natural persons and sole proprietorships and the identity certification methods are as follows:

A. Natural persons:

a. Individuals who are not existing customers of the Bank: Use the information platform for identity authentication with a deposit account opened in over the counter in another bank.

b. Existing customers of the Bank: Use the basic information and two-factor authentication for identity authentication.

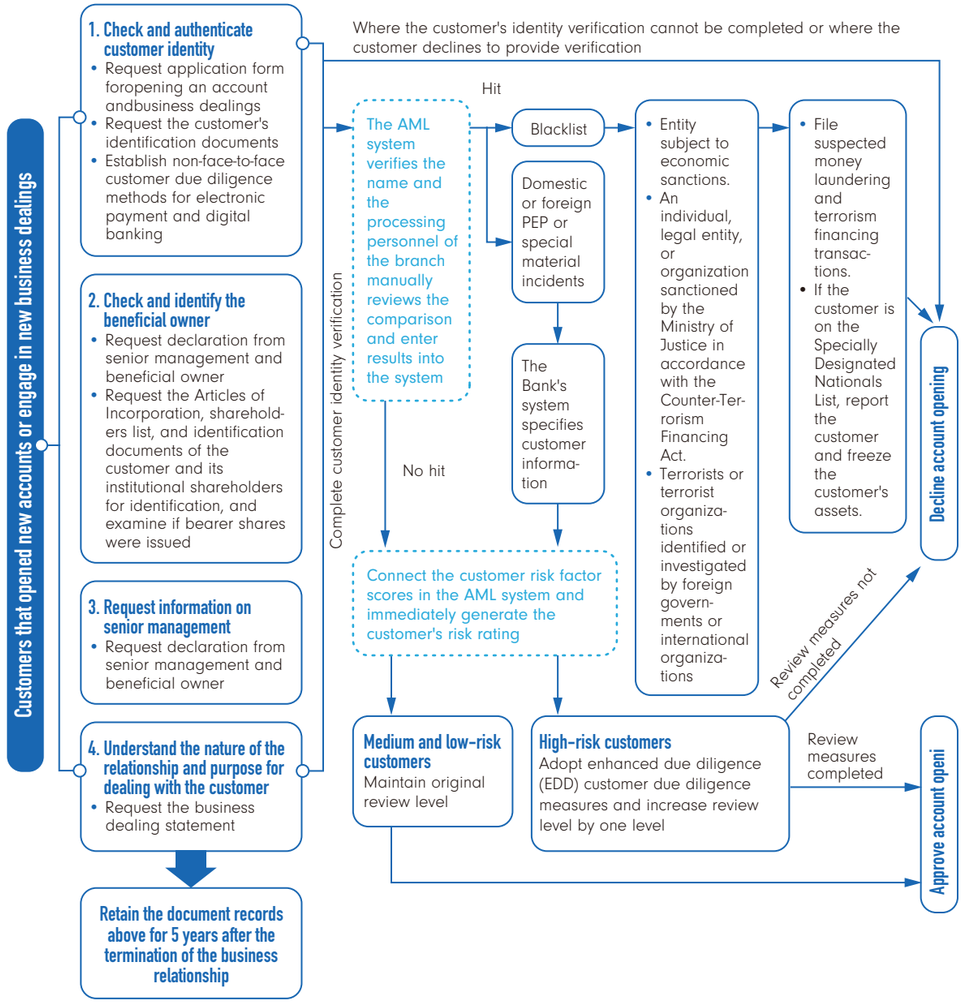
B. Sole proprietorship corporate accounts: Use the citizen digital certificate of the legal representative and the commercial organization digital certificate for identity authentication, and complete the authentication with a video call to open the account.

All aforementioned information shall require identity review, name review, and risk assessments in the account opening procedures by the branch.

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

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



5. Measures superior than what the law requires

- The Company commissioned Deloitte to provide the "AML/CFT system consulting service project" to guide and assist the Company, First Bank, First Securities, First Securities Investment Trust, and First Life Insurance to establish more comprehensive AML/CFT control measures to strengthen the implementation of AML/CFT systems of companies of the Group optimize the AML system, ensure the effective management of the Group's ML/TF risks, optimize the methodology and report contents of the Institutional Risk Assessment (IRA), review the reasonableness of customer risk factors and list scanning rules, and strengthen CDD mechanisms and information sharing in the Group.
- 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 ML/TF 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.

	Letter from external investigation institution		Bank files STR		Number of feedback incentive cases of the Investigation Bureau, Ministry of Justice	
	Number of cases	Percentage	Number of cases	Percentage	Number of cases	Percentage
Fraud	4,442	79.46%	853	63.05%	30	47.62%
Tax crime	442	7.91%	361	26.68%	11	17.46%
Organized crime	26	0.47%	6	0.44%	0	0.00%
Drugs	197	3.52%	23	1.70%	1	1.59%
Corruption	169	3.02%	15	1.11%	2	3.17%
Securities fraud	169	3.02%	28	2.07%	8	12.70%
Gambling	145	2.60%	59	4.36%	11	17.46%
Third party ML	0	0.00%	8	0.59%	0	0.00%
Total	5,590	100.00%	1,353	100.00%	63	100.00%

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.

ENVIRONMENTAL FACTORS

Climate Change Strategy and Management

Material Topic :

GRI 203: Indirect economic impact

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

2010

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

2011

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

2012

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

2013

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

2014

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

2015

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

2016

- Launched the "Preferential Loans for Key Development Projects" plan, which is a new lending service aimed at meeting the financing needs of key development projects in the areas of green technology, modern agriculture, and businesses involved in the circular economy.
- Established two solar-powered bank branches and six solar-powered electronic billboards.
- Introduced indoor air quality self-management at 189 company locations and established real-time indoor air quality monitoring systems at 8 company locations.
- Purchased electronic scooters for our corporate fleet, enabling us to more effectively reduce our CO_2 emissions.
- Held a Environmental Protection and Energy Conservation Competition which resulted in reducing our energy consumption by 89,000 kWh and issuing 18 awards to employees.
- Incorporated PAS 2060 - Carbon Neutrality guidelines at four locations including the Wanhua Branch building for the first time and received certification.
- Incorporated ISO 14046 Water Footprint guidelines at the headquarters building for the first time and received certification.
- Incorporated ISO14064-1 Other Indirect Emission Inventory (overseas business travel) for the first time and received certification.

2017

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

2018

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

2019

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

2020

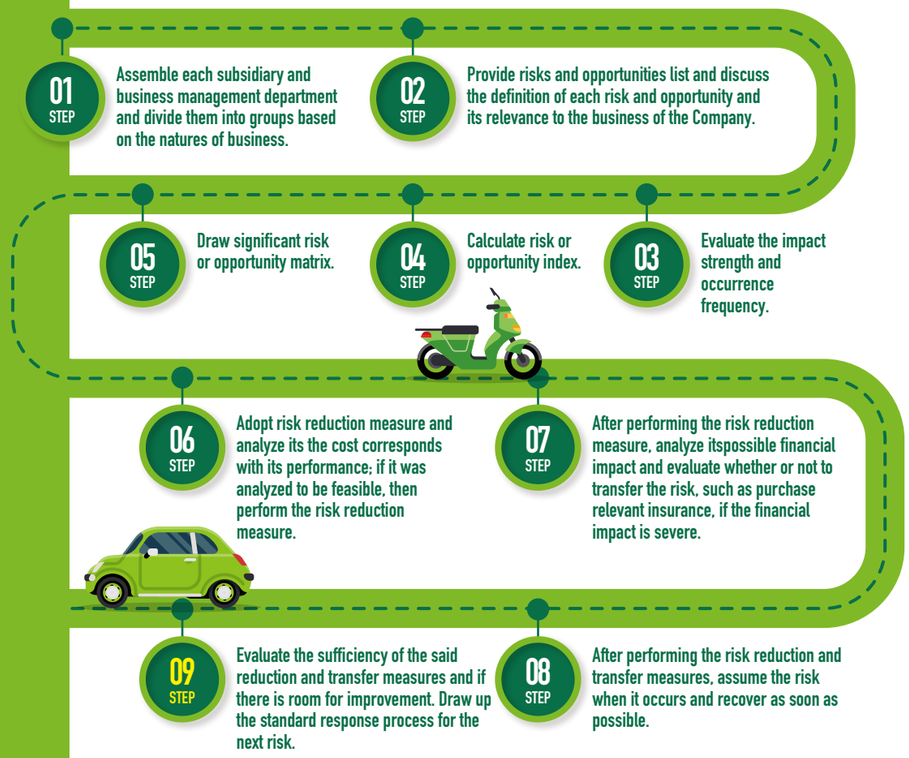
- Rated as level A- leadership level in CDP questionnaires for climate change and B in the water security questionnaire.
- "ISO 50001 Environmental Management System" certification was obtained for all domestic company locations.
- First Bank Wanhua Branch received the "Product Carbon Footprint Reduction Label" certificate.
- The Company has developed four green finance environmental education courses including energy conservation and carbon reduction in green buildings, climate change risk management, green loans and loan review, and green consumer finance.
- First Bank became the first domestic government-owned banks to sign the Equator Principles.

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 Corporate Sustainable 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 strategy 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 2020. 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.

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



FFHC TCFD Indicator Disclosure Framework and Actions

	2011~2019	2020	2021&2022
Governance	• Matters implemented after the resolution of the Board of Directors: ✓.Corporate Social Responsibility Policy ✓.CSR Code of Conduct • Matters supervised by the Board of Directors: ✓.Green Financing Review Principles ✓.Environmental Management Policy ✓.Energy Management Policy • Established the Green Finance Committee and Assigned the President to serve as the Chairman of the Committee • The Board of Directors reviewed and established the CSR Policy: ✓.Integrated ESG factors into voting and product review mechanisms to implement requirements in the Stewardship Principles ✓.Integrated ESG issues into the development strategies and operating procedures of core businesses ✓.Supported the low-carbon economy transformation, provided funding needed by companies to improve their environmental performance, and reduced the impact of the products and services provided by the Company on the society and the environment. • 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	• The Board of Directors reviewed and approved the inclusion of climate change risks into the risk management policy • The Board of Directors reviewed and passed the "Sustainability Credit Policy", "Sustainability Investment Policy ", and "Sustainability Insurance Policy" and included ESG issues into the planning and operating procedures for investments, financing, underwriting, and insurance businesses • FFHC added the Green Finance, Green Investment, and Risk Management Task Forces on the Green Finance Committee platform to periodically report the results of business impact analysis, financial planning, value chain engagement, and risk management policy in meetings	• The Board of Directors shall continue to monitor related targets for countering climate change and the implementation status • Discuss the analysis results of the Group's emerging risks (including climate change risks) within the year and their risk mitigation measures and implementation status, and report the results to the Risk Management Committee convened by the Chairman
Strategy	• Supported the "Intended Nationally Determined Contributions" (INDC) targets • Identified the physical and transformational risks of the organization caused by climate change • Identified the climate change risks and opportunities of the organization. Introduced parameters for different scenarios for the Group's clients in high-carbon emission industries and analyzed the climate change risks of these industries to enhance the Company's capacity or withstanding climate change risks. • Engaged customers in environmental sustainability and climate change issues 	• Sign the Task Force on Climate-Related Financial Disclosures (TCFD) framework in April 2020 and became the supporter • Sign the Equator Principles in 2020 • Identify customer groups sensitive to climate change and evaluate the climate risks faced by investment/loan portfolios, and connect them to traditional risks of the finance industry • Use the "General Circulation Model" (GCM) and Representative Concentration Pathways (RCP) for analyses of different scenarios and evaluate the current and future physical risks to establish future business, strategic, and financial plans • Require high carbon emission industries who are domestic borrowers to disclose their greenhouse gas emissions and increase the number of the companies required to explain their measures to climate change adaptation for two consecutive years • Organize related training for the climate risk management framework	• Introduce related regulations and documents for the Equator Principles in 2021 and establish the "First Bank Equator Principles Guidelines for Loan Application" to implement the suitability assessment of loan applications, environmental and social risk rating, reviews, and monitoring to reduce potential credit risks • Organize training to enhance the knowledge of business units and related personnel for the climate risk management framework and procedures • Assess the feasibility of adopting SBT methodology • Discuss the signing of the Climate Action 100+ initiative • Connect adaptation to climate change to the performance of employees and implement internal carbon management contests to reward employees of high-performing units
Risk management	• Introduced and studied tools for evaluating climate change risks and opportunities • Studied and analyzed new developments in domestic and foreign climate change mitigation and adaptation to produce environmental education materials for the Company's employees • Continued to strengthen the climate change risk identification capabilities of loan and investment review personnel	• Establish risk identification, measurement, supervision, and control and management procedures for climate change risks • Formulate climate change risk offsetting measures and establish management mechanisms • For industries that are energy-intensive, consume large amounts of energy, and cause environmental pollution, the Company established a credit cap of 15% for highly polluting/high energy consumption industries and implements continuous monthly reviews	• Continue to collect climate change scenario analyses by financial institutions and related international information for stress tests and formulate the quantification of the financial impact of climate change risks in 2 industries on the Company • Regularly update the list of industries with high carbon emissions and disclose the climate change scenarios and financial impact
Indicators and Goals	• Please refer to the "Sustainable Development Goals" chapter on page 34 to page 37 of the Company's 2019 CSR Report	• Please refer to the "Sustainable Development Goals" chapter on page 22 to 23 and 26 to 29 of this Report	• Please refer to the "Sustainable Development Goals" chapter on page 22 to 23 and 26 to 29 of this Report

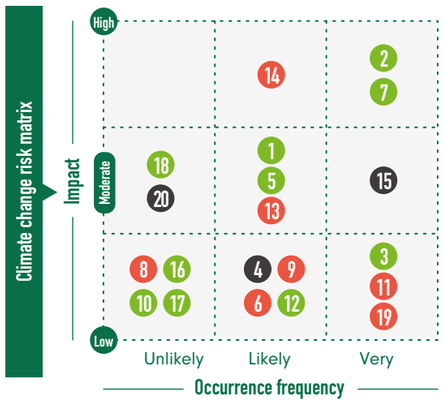
1-2 Climate change risks and opportunities

FFHC Identify the risks of climate change

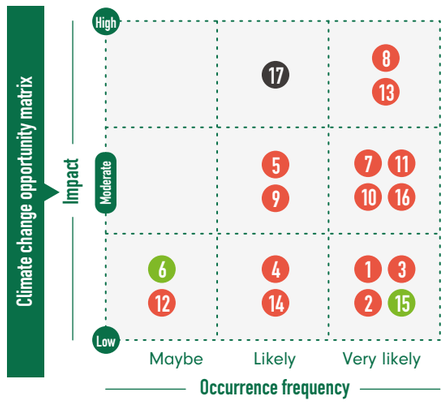
Type	Item	Impact on Company Operations	Corresponding number	Risk Mitigation Management Measures
Transformation Risks	Policy and regulatory risks	• If the government requires users with a contractual capacity of 800 kW or more to save 1% of electricity every year, Although the Group has already taken 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. • Regulations on renewable energy certificate or carbon right certificate transactions being unclear. • Regulatory change regarding renewable energy will influence power companies the Company reinvests in. • 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.	1 2 3 4	• In response to possible legislation in the future that government requires users with a contractual capacity of 800 kW or more to save 1% of electricity every year,the Company shall replace existing equipment with more efficient equipment, reduce contract capacity, formulate plans for power generation and reduce electricity purchased from external sources, and seek cheaper renewable energy.We shall pay close attention to information on new technology and consult suppliers on the availability of new equipment with higher efficiency or carbon reduction technology. • All domestic business locations have completed the introduction of the ISO 50001 Energy Management System and ISO 14001 Environmental Management System to continue to increase energy management performance and energy usage efficiency. • Gather domestic and foreign environmental protection and energy saving and carbon reduction trend and changes in the environmental regulations through news, websites of environmental groups, external consultants, Environmental Protection Administration and environmental protection bureau of local governments, information of the industry and international reports; 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. • As the "Indoor Air Quality Management Act" may be expanded to include all business units, the Company shall initiate autonomous management of air quality for all business units in advance. We shall inspect and monitor CO_2 concentration in office environments every six months. For business units with CO_2 concentration of higher than 1,000ppm, we shall send personnel to the locations to survey and plan improvement measures.
	Technical risks	In the future, industries will be forced to transform or develop more energy-efficient and environmentally friendly products and technologies. The Company's investees and borrowers may incur additional costs in transformation which will indirectly affect the Company's profits.	5	The Company provides borrowers with green loans to support their transformation and reduce the impact on the Company's profits.
	Market risks	• Investors in the stock market may reduce their holding of stocks lacking corporate sustainability, if securities underwriting departments and dealing departments invested using the Company's own funds continue to underwrite or invest, the Company's operation may be impacted. • All loan customers of the Company are required to sign the CSR Declaration, which could lead to the loss of business.	6 7	• Implement responsible investment and stewardship principles and invest Company's own funds and loans in sustainable companies. • Thoroughly execute the ESG review policies and adopt the "Green Financing Review Principles" for all investment and financing cases. The Company introduced the Equator Principles into existing loan operations which will direct funds to industries that support ESG. • The two fund companies that sell products through First Bank's channels have signed the compliance statement for the "Stewardship Principles" and signed the "CSR Declaration". • Educate and encourage loan customers to sign the CSR Declaration for them to understand the importance of ESG values. • Pay close attention to the current state of the industries and future trends while gradually reducing the amount of shares it holds in companies that lack support for sustainable development.
	Reputation risks	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.	8	• When there is reputation risk, we will investigate the truthfulness of the incident, collect evidence, evaluate its impact, draw up response measures and explain to the public by press release. • Avoid investment in stocks of companies with disputed performance in environmental conservation, human rights, and social issues.
Physical Risk	Immediate risks	Tropical cyclone / Extreme precipitation • Caused damage to offices, equipment, or transportation vehicles.Heavy rain or strong wind brought forth by tropic cyclones may directly impact the Company's operation sites. • Employees suffer losses on their way to or from work, at the workplace, or on their way to confirm damages caused by disasters. • Work being called off which resulted in the disruption of operations. • Caused bodily injury to the insured of the Company which led to the increase of claim amount. • Investee personnel's loss of property causes investment profitability to fall. • 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. • Caused decrease in the asset value of the Company's investment real estates.	9 10 11 12 13 14 15	• 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. • 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. • As tropical cyclones and extreme precipitation may cause damage to the information appliances, the Company appoints professional contractors to conduct inspections and maintenance for mechanical and electrical equipment and we set up waterproof gates, sandbags, other flood-prevention measures, and uninterrupted power system to ensure normal operation. • The Company included climate-related risk factors into the design of insurance products to provide insurance products that are more suitable for the needs of policy holders and climate change trends and provide policy holders with comprehensive coverage. • We purchase insurance for investment property held by the Company and all-risk home insurance for credit asset to transfer risks and enhance protection of creditor's rights. • As to the risks of extreme climates, rising sea levels and tropical cyclones, the Company pays close attention to droughts, severe rainfalls and power supply alerts and establish defense corps for responding to typhoons, flooding, earthquakes, bank runs, epidemics, fires, explosions and other emergencies to manage climate change risks. Avoid waterfront low-lying areas when choosing the locations and purchasing lands and buildings for the operating offices; If any asset held locates at a waterfront low-lying area, we will try to dispose of it or transfer the risk by insurance.
	Long-term risks	• Rising sea levels expose some business units to flood risk. • 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 • Extreme climate change 1. 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. 2. Increase of the occurrence rate of infectious diseases increases the risks to employee health and disruption of operation.	16 17 18 19 20	

FFHC Identify the opportunities of climate change

Type	Item	Explanation of opportunities	Corresponding number
Opportunity	Resource usage efficiency	• Promote electronic account opening, electronic trading and account processing services • Set up water saving equipments and disseminate reduction of water consumption	1 2
	Energy sources	• Use low-carbon energy and increase energy efficiency	3
	Products and services	• Listing products related to topics like environmental protection, climate change and green energy • Help customer issue green bonds • Develop new business opportunities by adding insurance products for natural disasters or injury in climate-related accidents • Launch credit cards with green environmental protection concept • Promote urban renewal financing projects, transform old buildings into energy saving, carbon reducing and Eco friendly communities • Increase the volume of green financing and green consumption loans • Raise green energy fund to invest in solar power plants in Taiwan	4 5 6 7 8 9 10
	Market	• Issuance of green bonds to gain new market access opportunities • Raise new funds to provide investors with ESG products and win new market opportunities	11 12
	Resilience	• Green Finance Committee plans green financing and investment policies and guidelines to improve the scope and level of our green finance products • Host environmental protection competitions and present awards to outstanding departments and employees • Obtain government cooperation, pay attention to latest regulations at all times and actively participate in energy saving competitions held by the government • Increase the proportion of green investments to meet global trends and reduce asset allocation risks • Include green buildings and energy saving buildings as key purchasing items in real estate investment.	13 14 15 16 17



Note:
Short-term risks: Estimated to occur within 1-3 year (in red)
Medium -term risks: Estimated to occur within 3-10 years (in green)
Long-term risks: Estimated to occur after 10 years (in black)



Note:
Short-term opportunities: Estimated to occur within 1-3 year (in red)
Medium-term opportunities: Estimated to occur within 3-10 years (in green)
Long-term opportunities: Estimated to occur after 10 years (in black)

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

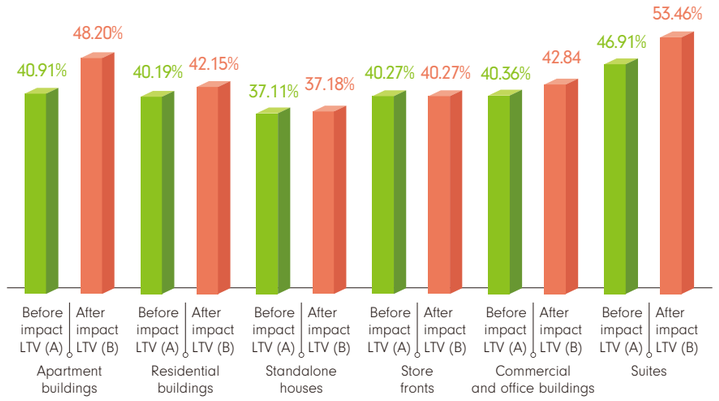
The Company used the "Representative Concentration Pathways" (RCPs) to define the scenarios of future climate change in accordance with the Assessment Report 5 (AR5) of the United Nations Intergovernmental Panel on Climate Change (IPCC). We selected RCP2.6 and RCP 8.5 and referenced the impact assessment 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.

Scenarios 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 flooding on properties 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 collaterals in Taipei City and changes in the LTV. The highest decline in the value of properties was in the apartment category with a decline of NT$6.169 billion. The apartment category also registered the highest changes in LTV.

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



Case 2: 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 scenario 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	Analysis method
• NDC target settings: The target is to reduce the baseline annual emissions by 1.46% each year before 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.	• 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.

Note: 2018 is used as the baseline year for carbon reduction; WB2DC = Well-below 2°C; 1.5DC = 1.5°C

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:

Unit: NT$100 million

Assumption scenario	2025	2030	2040
NDC target	8	11	31
WB2DC	54	68	93
1.5DC	412	457	445

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 impact on the Company.

Low-carbon operations and circular economy

Material Topic :

GRI 302: Energy ,GRI 305:Emmissions
GRI 307: Enviormental Compliance
GRI 308: Supplier environmental assessment
GRI 414: Supplier Social Assessment
GRI guidelines and financial services sector disclosure standards: Product Portfolio
FS1: Policies with specific environmental and social components applied to business lines
FS2: Procedures for assessing and screening environmental and social risks in business lines.
FS4: Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines

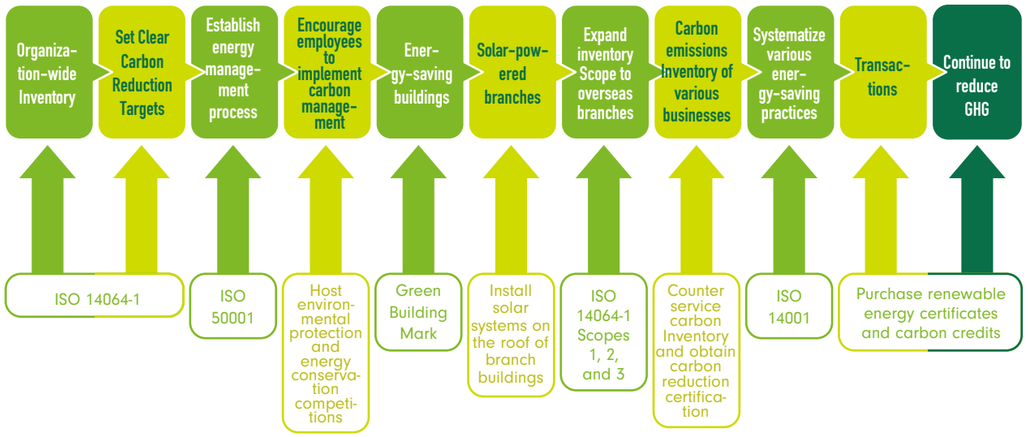
FFHC set up the first action year 2005 as the base year. By means of different projects, the long-term goal is to reduce 50% of the carbon emission in 2050 compared to the year 2005. FFHC has embraced a policy of environmental sustainability. In 2020, savings in fuel, electricity and gas reduced carbon emissions by 348.96 tons of CO_2e. Paperless operations reduced carbon emissions by 18,864.76 tons of CO_2e. Total carbon reductions therefore amounted to 19,213.72 tons of CO_2e, equal to the annual amount of carbon absorption by 49 Daan Parks. Related measures and outcomes are described below:

Note: According to the standard rate released by Bureau of Energy, MOEA, Daan Park can absorb 389 tons of CO_2 per year.

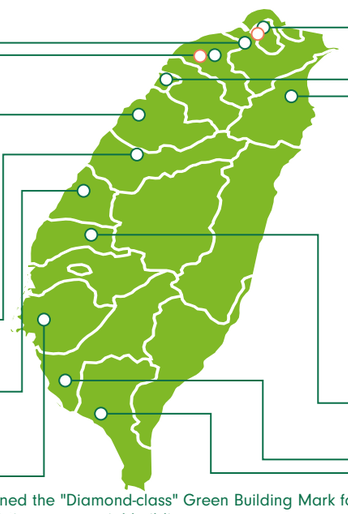
2-1 Reduce GHG emissions

FFHC has 72 buildings with an average age of more than 40 years. To alleviate the heat island effect of office buildings, the "Green Building Certification Program" team was formed in 2010 to transform the head office buildings into green buildings.As of the end of 2020, the Group refurbished 27 existing commercial buildings and obtained the "Diamond-class" Green Building Mark from the Ministry of the Interior. Two new buildings have obtained the "Gold-class" Green Building Mark from the Ministry of the Interior, and the Group has set a goal 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 Contest 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

FFHC's Steps to reduce carbon emissions



Obtain Green Building Mark for 29 of the Company's buildings and the carbon emissions benefits



New Taipei City
- Changtai Branch building

Taoyuan City
- Zhongli Branch building
- Daxi Branch building
- Longtan Branch building
- Taoyuan Branch building

Miaoli County
- Zhunan Branch building
- Toufen Branch building

Taichung City
- Taichung Branch building
- Taiping Branch building

Changhua County
- Lugang Branch building

Tainan City
- Zhuxi Branch building
- Xinhua Branch building
- Chih-Kan Branch building
- Dawan Branch building

Taipei City
- Headquarters building
- IT building
- Zhongxiao Road Branch building
- Guangfu Branch building
- Wanhua Branch building
- First Financial Office Building
- Zhongshan Branch building
- Yanping building

Yilan County
- Luodong Branch building
- Yilan Branch building

Hsinchu City
- Hsinchu Branch building

Yunlin County
- Douliu Branch building

Kaohsiung City
- Gangshan Branch building
- Luzhu Branch building

Pingtung County
- Donggang Branch building

Obtained the "Diamond-class" Green Building Mark for 27 existing commercial buildings
Obtained the "Gold-class" Green Building Mark for 2 new commercial buildings

Carbon reduction result

(kWh/yr) *1	tonsCO₂e *2
5,246,109	2,756

18,886GJ
(1kWh=0.0036GJ)

Carbon reduction area

- Enthalpy control
- Replacement with more efficient chilled water and cooling water pumps or addition of variable speed drive
- Addition of variable speed drive to air conditioning unit
- Replacement of T8 with LED lamps
- Implement self-management in electricity usage
- Replacement with more efficient DC inverter air-conditioning unit or multi-split inverter air-conditioning
- Implement Energy Management System
- Replacement of Closed Loop Water Pump and addition of variable speed drive
- Implement total heat exchanger system
- Installation of additional air-conditioning units and small ventilators
- Installation of additional solar power generating systems

Note1: The difference in performance between improved air-conditioning and lighting equipment and the usage time are used as main factors to estimate the carbon emissions reduction.
Note2: Data provided in the evaluation statement (EEWH-RN Green Building Mark Application Evaluation Summary Table) approved by the Taiwan Architecture & Building Center.

Environment Management certifications received by FFHC

Item	Certified sites in 2020
"Diamond-class" Green Building	27
"Gold-class" Green Building	2
ISO 14064-1 Greenhouse Gas Inventory	All domestic and foreign company locations
ISO 50001 Energy Management System	All domestic company locations
ISO 14001 Environmental Management System	All domestic company locations
ISO 14046 Water Footprint	8
Air Quality Self-Management	188
Office CO_2 level measurement	238
Implement Real-time Indoor Air Quality Monitoring System	41
ISO 14064-1Other Indirect Emission Inventory (Indirect greenhouse gas emissions in transportation - Business travel) Verification	Bank, Securities, Securities Investment Trust, Life Insurance, AMC
ISO 14064-1 Other Indirect Emissions Inventory (Waste disposal in operations) Verification	Bank, Securities, Securities Investment Trust, Life Insurance, AMC Headquarters and Bank Information Building
Environmental educator certification.	4
"Product Carbon Footprint Reduction Label" certification	First Bank Yung-Ho Branch and Wanhua Branch
"Product Carbon Footprint Label" certification	First Bank Head Office Business Department and Wanhua Branch
"Environmental Education Site" certification	First Bank Wanhua Branch

2-2 Set Clear Carbon Reduction Targets

2012
- Required the headquarters building to reduce its GHG emissions in 2015 by 12% compared to 2011

2013
- The carbon emissions reduction goal set in 2012 was achieved ahead of schedule
- Set electricity, water, fuel and gas conservation targets for each company of the Group

2016
- In response to the implementation of the "Greenhouse Gas Reduction and Management Act", reduction targets for electricity, water, petrol, and natural gas consumption were converted into carbon emissions and the annual carbon reduction targets were established for all companies of the Group.

2017
- 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. We established a target of reducing the company's total carbon emissions by the equivalent of the annual carbon sequestration of 30 Da'an Forest Parks in 2018 by making operations and businesses paperless.

2018
- FFHC complies 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 2005.

2019
- 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.
- Expanded the scope of the Scope 3 inventory and added 1 item or expanded the scope of inventory for business travel

2020
- To increase the reasonableness of the carbon reduction target, the Company set a target for carbon emissions per capita
- The Group published the "Carbon Management Contest and Evaluation Plan for Domestic Business Units" and allocated carbon emission reduction targets for all domestic business units to fulfill responsibilities for reducing carbon emissions

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 energy conservation and carbon reduction performance of FFHC Group companies in 2020

Unit: tons of CO_2e

Company	First Bank		First Securities		First Securities Investment Trust		First Life Insurance		First Financial Assets Management	
	Compared to 2019 reduction target	Actual Results Effectiven	Compared to 2019 reduction target	Actual Results Effectiven	Compared to 2019 reduction target	Actual Results Effectiven	Compared to 2019 reduction target	Actual Results Effectiven	Compared to 2019 reduction target	Actual Results Effectiven
Scope 1 Carbon reduction	18.86	-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	11.88	-78.70	2.07	3.74	1.88	-6.72	0.61	-4.56

Total Carbon Reduction Result and Goal for FFHC Group

Unit: tons of CO_2e

	2020 Carbon Reduction Goal	2020 Total carbon reductions	2021 Goals
Scope 1 Carbon reduction	19.64	27.88	35.44
Scope 2 Carbon volume	132.25	321.08	314.65
Total	151.89	348.96	350.09
Scope 1 carbon emissions per capita	Less than 0.258	Less than 0.250	Less than 0.236
Scope 2 carbon emissions per capita	Less than 2.106	Less than 2.027	Less than 2.096

FFHC Overall Carbon Emissions

Item \ Year		2017	2018	2019	2020	2020 Goals	2020 compared to 2019 (%)
Scope 1 Carbon Emissions Under ISO -14064 Inventory (tons CO_2e) *1		2,670	2,386	2,487	2,459*6	2,467*7	-1
Scope 2 Carbon Emissions Under ISO -14064 Inventory (tons CO_2e) *1		20,978	20,857	20,282	19,961*6	20,150*7	-2
Total Emissions (Scope 1 + Scope 2) (tons CO_2e)		23,648	23,243	22,769	22,420	22,617	-2
Scope 1 and Scope 2 inventory Ratio of business locations (%)				100			
ISO 14064-1Other Indirect Emission Inventory (tons CO_2e)	Indirect greenhouse gas emissions in transportation - Business travel	318	418	373	263	346	-29
	Indirect greenhouse gas emissions from other sources - Waste disposal in operations*5		109	78	77		-1
Total energy consumption (GJ) *2		366,471	345,508	351,505	361,473.39		3
Total energy consumption (MWh) *3		42,289.52	39,869.80	40,563.23	41,723.02*8	40,295.58*7	3
Energy Consumption Per Capita (GJ / person) *4		40.68	37.45	36.75	36.70		-0.1
Energy intensity (GJ / Net Profit in million NTD)		7.21	5.73	5.64	6.07		8
Greenhouse gas (GHG) emissions intensity (tons CO_2e/ Net Profit in million NTD)		0.47	0.39	0.37	0.38		2

*1: Scope 1 emissions consist mainly of fuel used by company cars, generator diesel and natural gas. Scope 2 emissions consist mainly of electricity consumption, The emission factors used are based on the EPA's published greenhouse gas emission coefficient management table version 6.0.4; this inventory refers to the GWP adopted by the EPA's national login platform, using the 2007 IPCC 4th assessment report. If the IPCC 4th assessment report in 2007 did not have a reference number, it refers to the warming potential of the IPCC 5th assessment report in 2013; the method used to consolidate greenhouse gas volume is Operated Control Method; the inventory standard is based on ISO 14064-1.

*2: The scope of total energy consumption (GJ) mainly includes diesel used for the generators, gas, natural gas, diesel used for official vehicles,gasoline used for official vehicles, and electricity. The statistics are filed by each unit in accordance with related forms, compiled by the Sustainable Environment Work Group of the Corporate Sustainable Development committee, and verified by SGS. The conversion of the energy consumption (GJ) coefficient is mainly based on the parameters in the Heat Content of Energy Products in the Energy Statistics Handbook 2013 and Energy Audit Annual Report for Productive Industries 2012 compiled by the Bureau of Energy, Ministry of Economic Affairs.

*3: MWh (Megawatt Hour)

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

*5: In 2018, the scope of waste inventory was the bank headquarters and information building; the headquarters of Securities, Securities Investment Trust, Life insurance and AMC were added from 2019

*6: The Group set policies for addressing the failure to reach annual carbon emissions reduction targets in 2020 by purchasing carbon credits to make up for deficiencies. The Scope 1 inventory was 2,579 tons CO2e which fell short by 112 tons. The Group thus purchased carbon credits from wind energy generated in Changhua and Miaoli for 120 tons to offset the deficiency. The Scope 2 inventory was market-based.

*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 reduce its carbon emissions by 50% from the baseline year of 2005 by 2050 and it allocated target carbon reduction to each year. The target 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 target for reducing electricity consumption by 0.65% compared to 2019.

*8: The Company failed to reach Scope 1 and MWh targets due to the remote work and assistance provided to the government for organizing relief measures in response to the epidemic. The use of additional remote backup offices and the delivery of documents by official vehicles to and from remote office areas increased fuel consumption.

*9: In 2020, we received no complaints over environmental impact or penalties for environmental violations.

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

2020 Greenhouse gas emissions

Greenhouse Gas	CO_2	CH_4	N_2O	HFCs	PFCs	SF_6	NF_3	Total emissions of 7 Greenhouse gas
Emissions (t-CO_2e/year)	21,564	396	48	602	0	0	0	22,610
Proportion of total emissions (%)	95.38	1.75	0.21	2.66	0	0	0	100

Note: The Company does not emit NOx, SOx, and other significant air emissions

2-3 Green transportation

To help reduce the FFHC's carbon emissions caused by business travel, we have taken steps to gradually replace old or outdated vehicles in our company fleet. As a principle, official vehicles shall be used for carpooling. Until 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 CO_2e. 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 and IT building to promote low-pollution scooters. In addition, a system for sharing company-issued EasyCards is in place to encourage employees to utilize mass transportation when traveling on business. When company cars needs replacement, we will evaluate the possibility of change for electric vehicles, hybrid vehicles or vehicles with high energy conversion efficiency. 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 263 metric tons of CO_2e.

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

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

The CO_2e Emissions of business travels made by the FFHC in the past years

Item \ Year	2017	2018	2019	2020 Actual number	2020 Goals	2021 Goals
ISO 14064-1 Other indirect emission inventory (Indirect greenhouse gas emissions in transportation - Business travel) (Unit: ton CO_2e)	318	418	373	263 Note 1	Less than 346Note 2	Less than 329Note 2
Percentage of coverage (%)	100	100	100	100	100	

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 CO_2e 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 5% each year.

2-4 Carbon Footprint Management

FFHC has launched and invited industry peers to discuss and establish the "Counter Service Carbon Footprint Calculation" product category rules (PCR), which were approved by the Environmental Protection Administration in June 2017 and announced on the Carbon Footprint Labeling website, providing financial industry peers with a set of regulations for calculating counter service carbon footprint. In July 2017, we obtained the SGS-certified Carbon Footprint Verification Statement and received the EPA Service Carbon Footprint Label Certificate in September 2017. According to our research, the First Bank HQ Sales Department and Wanhua Branch produce 2 kg and 800 g of CO_2e when providing counter service to a single person.

By disclosing the service carbon footprint, we help customers understand the concept of carbon management. It also allows us to closely monitor the carbon emissions in the service process so that we can establish effective carbon emissions reduction measures. In 2019, we used our existing inventory experience and took part in the Chunghwa Telecom Counter Service PCR amendment meeting. FFHC reduced carbon emissions in over-the-counter services by 3.79% 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.

Wanhua Branch obtained the EPA Carbon Reduction Label

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 CO_2e. It has bought a total of 2,227.4 thousand kWh of green power for solid from 2015 to 2020. In addition, after assessing the sunshine conditions of the operating sites, rooftop solar power generation systems were built in 2016. As of the end of 2020, 16 rooftop solar generation systems have been completed and the total annual carbon reduction amounted to 80.6 metric tons CO_2e. 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.

● Renewable energy consumption & green power purchases in the past years

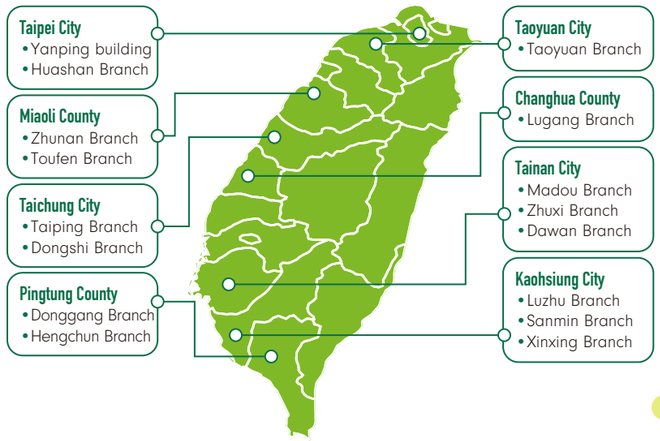
Item \ Year	2017	2018	2019	2020 Actual Result	2020 Goal	2021 Goals
Energy consumed (MWh)	22.76	85.81	122.71	163.82	60	70
kWh purchased Note 1	240,000	790,000	300,000	727,391		
Total kWh of purchased and used renewable energy	262,755	875,811	422,705	891,213	500,000	500,000
Energy consumption (GJ) Note 2	2,275.69	7,585.29	3,661.00	7,718.69		
Emission factor from the use of power Note 3	0.530	0.554	0.533	0.509		
Carbon reduction result (MT of CO_2e)	139.26	485.20	225.30	453.63		

Note1: The number of kWh purchased from 2016 to 2017 refers to green electricity purchased from Taiwan Power Company. In 2018, FFHC purchased 440 tons of carbon right certificates which equals approximately 790,000 kWh of renewable energy. In 2019, FFHC purchased 160 tons of carbon right certificates which equals approximately 300,000 kWh of renewable energy. In 2020, FFHC purchased 300 tons of carbon credits, which equaled approximately 589,391 kWh in the use of renewable energy, and purchased 138,000 kWh of renewable energy certificates.

Note2: The conversion of the energy consumption (GJ) coefficient is mainly based on the number of kWh used in the electricity meters and the parameters compiled by the Bureau of Energy, Ministry of Economic Affairs in the Energy Audit Annual Report for Productive Industries 2012.

Note3: The "Emission factor from the use of power" is announced every year by Bureau of Energy, MOEA.

● 16 Rooftop Solar Power Generation Systems in Taiwan



● Carbon Emissions Reduction of Rooftop Solar Power Generation Systems

Item \ Year	2018	2019	2020
Energy consumed (MWh)	80.16	117.17	158.35
Emission factor from the use of power Note	0.554	0.533	0.509
Carbon reduction result (MT of CO_2e)	44.41	62.45	80.60

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

2. Installation of decorative solar-powered billboards

In light of the fact that solar-powered digital billboards are able to store additional energy on sunny days which allows them to operate at night, they offer the benefit of providing advertisements while simultaneously reducing both energy use and carbon emissions.

The FFHC has installed these solar-powered digital billboards at six operating sites located in central and southern Taiwan, resulting in annual decrease of the external power purchase of 4,987 kWh or annual reduction of 2.54 MT of CO_2e.

Gangshan Branch's Solar-powered Digital Billboard

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 combined the solar power generation, rainwater harvesting, and aquaponic systems. The rainwater harvesting system is to complement water supply for the aquaponic system. We use solar panels to generate electricity for use in the systemic circulation to decontaminate, filter and purify the water. The aquaponic system grows vegetables on the water and raise fish in the water. Fish excrement is used as a nutrient source for plants to form a self-sufficient circular mode, which creates a "zero-carbon farm". Green rooftop can be used to increase greening and reduce the urban heat island effect. It establishes a horizontal and vertical ecosphere and provides wildlife with habitats.In 2020, the solar power system in Wanhua Branch generated 488 kWh of electricity and reduced 0.25 MT of CO_2e.The success of Wanhua Branch was duplicated for the Huashan Branch building. The second green building completed in 2020 supports the three goals for production, life, and ecology, and received the "Pastoral City Construction Achievement Competition - Enterprise Award" from Taipei City Government in 2020.

Huashan Branch building- Ecological hydroponic green rooftop from solar power generation and rainwater harvesting systems

2-6 Reducing Water Use and Conserving Water Resources

In 2012, the FFHC installed a 1.3 million liters rainwater reclamation tank in the basement of the Headquarters building to supply water for watering the gardens and toilets.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. Tap water therefore made up 99.62% of the water consumption and 0.38% came from the Headquarters building basement's overflow and rainwater. FFHC investigated water consumption at each company including operating sites. The head office building uses a management and monitoring system to control the operations of each water pump. Water consumption at each operating site was regularly investigated to see if there was any leakage in the piping and facilities. Speedy repair was a must in case of leakage. Certified green water-saving devices such as water-saving tap fittings, 2-stage flushing toilets, and sensor-controlled urinals were also installed to reduce water usage. We adjust the kitchen dishwashing process to save washing water. In addition, to protect water resource, we have installed an oil trap in the headquarters' on-site kitchen, utilized eco-friendly cleaning agents, and used warm water to clean dishes, which will reduce the quantity of cleaning agents used. In addition, we have engaged contractors to carry out septic tank pumping on a regular basis and conducted wastewater testing to determine the directional flow of contaminants, thereby improving overall water quality and reducing pollution.

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

The FFHC's Consumption of Municipal Water Supplies

Unit: million liters

Item / Year	2017	2018	2019	2020 Actual Result	2020 Goals	2021 Goals
Total water consumption	199.35	194.46	200.872	201.58	Less than 204	Less than 203.8
Percentage of coverage (%)	99	99	99	99		

Note1: FFHC's water consumption statistics are mainly filed by each unit in accordance with water bills and compiled by the Sustainable Environment Work Group of the Corporate Sustainable Development committee.
Note2: The Scope includes all domestic operations of First Bank, First Securities, First Securities Investment Trust, First Life Insurance, and AMC head office.

2-7 Upgrading IT Equipment: Paperless Operations

Through the building of a green data center, the FFHC upgraded its information equipment, replaced the old servers, and implemented paperless teaching, meetings, services, and administration. The core business system development has also been oriented towards the concept of energy saving and carbon reduction. Since 2008, the review system has been continuously optimized, and the credit checking/giving operation process has been changed from manual/paper operations to full implementation on the system. And the automatic import of the data from Joint Credit Information Center, the group-based operations for accounts of groups at home and abroad, etc. have been introduced one after another, thereby saving much paper printing. Furthermore, FFHC upgrades IT equipment and actively incorporates digital services in "marketing", "transactions", "payment", and "account services" to reduce the usage of paper.

Paperless credit review

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

Paperless administration

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

Paperless meeting

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

Paperless 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 Services

- The process of providing services, including "marketing", "transaction", "payment" and "accounting", is introduced into digital services to reduce paper usage.

Carbon reduction at FFHC from paperless initiative

Item / Year	2017	2018	2019	2020	Growth in 2020 compared with 201 in carbon reduction(%)
Number of official documents issued electronically/carbon quantity reduced	288,101 / 11,738 MT CO_2e	278,257 / 11,474.72 MT CO_2e	360,590 / 15,580.39 MT CO_2e	349,269 / 15,560.09 MT CO_2e	-0.13
Number of electronic bills and DM/carbon quantity reduced	209,614,034 / 1,886.53 MT CO_2e	244,623,499 / 2,201.61 MT CO_2e	310,690,198 / 2,796.21 MT CO_2e	311,911,294 / 2,807.20 MT CO_2e	0.39
Hours of online teaching/carbon quantity reduced	244,676 hours / 27.40 MT CO_2e	505,480 hours / 56.61 MT CO_2e	662,935 hours / 74.25 MT CO_2e	770,155 hours / 86.25 MT CO_2e	16.18
Number of electronic automated transactions/carbon quantity reduced	50,248,204 / 281.39 MT CO_2e	53,998,931 / 302.39 MT CO_2e	59,250,942 / 331.81 MT CO_2e	73,432,116 / 411.22 MT CO_2e	23.93
Total carbon reductions from paperless initiative	13,933 MT CO_2e	14,035.33 MT CO_2e	18,782.66 MT CO_2e	18,864.76 MT CO_2e	0.44

Note: The carbon quantity reduced from electronic billing and DM was calculated based on the Taiwan Products Footprints Information Network on the official website of EPA, Executive Yuan: one sheet of B4-sized paper meant 0.009 kg of CO_2e emissions; the carbon quantity reduced from electronic automated transactions was based on the same source: one sheet of A4-sized paper meant 0.0056 kg of CO_2e emission.

Carbon quantity reduced from official documents issued electronically in 2020

Company	Quantity Utilized	No. of Users	Calculation Method	Carbon reduction result (Unit: MT of CO_2e)
First Bank	334,797	8,279	334,797*8,279*0.0056/1,000	15,521.99
First Securities	6,631	744	6,631*744*0.0056/1,000	27.63
First Securities Investment Trust	3,675	155	3,675*155*0.0056/1,000	3.19
First Life Insurance	3,929	327	3,929*327*0.0056/1,000	7.19
First Financial AMC	237	66	237*66*0.0056/1,000	0.09
Total	349,269	9,571	-	15,560.09

＊The carbon quantity reduced from electronic official documents was calculated based on the Taiwan Products Footprints Information Network on the official website of EPA, Executive Yuan: one sheet of A4-sized paper meant 0.0056 kg of CO_2e emission.

Carbon quantity reduced from online teaching in 2020

Company	Hours of online teaching	Calculation Method	Carbon reduction result (Unit: MT of CO_2e)
First Bank	715,990	715,990*20*0.0056/1,000	80.19
First Securities	41,262	41,262*20*0.0056/1,000	4.62
First Securities Investment Trust	5,702	5,702*20*0.0056/1,000	0.64
First Life Insurance	6,355	6,355*20*0.0056/1,000	0.71
First Financial AMC	846	846*20*0.0056/1,000	0.09
Total	770,155	-	86.25

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

2-8 Recycled Wastes

To maximize resource recycling, annual recycling targets have been set by FFHC for all group companies to implement waste sorting practices. A zero waste basket policy is also rigorously enforced with no personal waste baskets placed in the office. This policy encourages employees to take their trash to the recycling bins to be sorted. 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 of FFHC over years

Unit: kg

Item \ Year	2017	2018	2019	2020	Magnitude of change from previous year (%)
Paper and paper containers	29,228	32,485	26,988	223,546	728
Plastic and PET bottles	2,535	2,940	2,928	29,351	902
Aluminum, iron, glass	2,580	2,085	2,192	26,002	1,086
Batteries and electronic devices	58	4,073	233	35	-85 Note2
Cooking oils	774	743	708	570	-19 Note3
Total	35,175	42,326	33,049	279,504	746

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

Unit:Tons

Item \ Year	2017	2018	2019	2020	2020 Goals	2021 Goals
Total waste (a)	95.86	102.22	92.76	519.87		
Recycled waste(b) Note 1	35.16	42.33	33.05	279.50	Not Less than156.99	Not Less than 167.89
Domestic waste (a-b) Note 2	60.70	59.89	59.71	240.37	Less than 249.93	Less than 289.93

Note 1: The scope of coverage from 2017 to 2019 includes 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 9,334 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

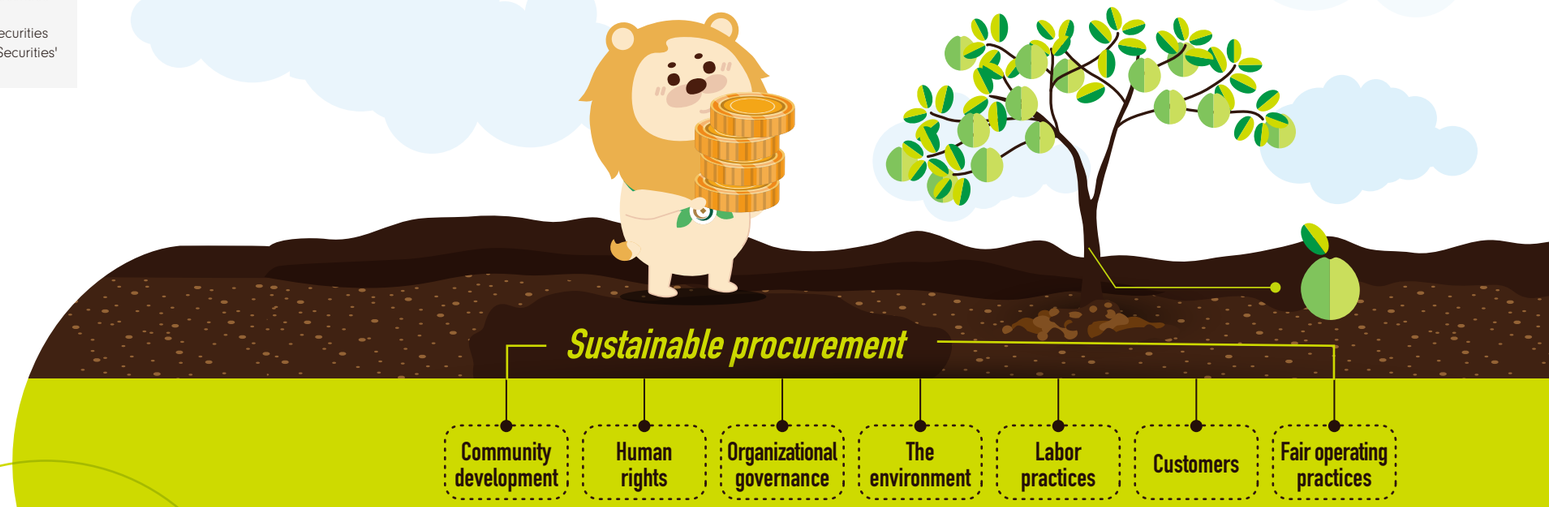
Encouraged Employees to Propose their Ideas and Held the Environmental Protection Competition Since 2015, the FFHC has held Environmental Protection and Energy Conservation Competition for all operating sites.The Group announced the "Carbon Management Contest and Evaluation Plan for Domestic Business 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$274.99 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



Process for Introducing the ISO 20400 Sustainable Procurement Guidance

Identification of key procurement industries

FFHC classified suppliers based on their industry type and procurement amounts. Industries with higher or procurement amounts or specific industry types are identified as critical procurement industries. The Group initially identified four key procurement industries including renovation construction, IT equipment and maintenance, labor services, and printing and advertising, as industries with sustainability risks involving human rights, labor practices, environment, and fair operating practices.

Sustainability risk \ Key procurement industry	Renovation construction	IT equipment and maintenance	Labor services	Printing and advertising
Human rights		• Compulsory labor • Child labor		
Labor practices		• Health and safety • Work hours		
Fair operating practices		• Anti-bribery		
The environment	• Greenhouse gas • Waste	• Greenhouse gas • Waste	• Greenhouse gas	• Greenhouse gas • Wastewater • Waste

Establish sustainability guidelines fo key procuremen industries

Key procurement industry	Sustainability guidelines: General guidelines	Sustainability guidelines: Industry-specific guidelines
Renovation construction	Before suppliers may participate in the bidding process, we first check to determine whether they have been implicated in any infractions relating to environmental pollution, contravention of labor laws and regulations, or societal harm, in which case an explanation is required, or the companies are excluded as potential partners.	• Prioritize the purchase of products with environmental protection, energy conservation, or water conservation mark and green architecture materials. • Select EPA-approved products made from recycled materials which are recyclable, generate low amounts of pollution, and offer energy savings benefits. • We use green architecture materials for at least 45% of materials in reconstructions of company locations.
IT equipment and maintenance		• Select EPA-approved products made from recycled materials which are recyclable, generate low amounts of pollution, and offer energy savings benefits. • Reject the purchase of products which have excessive packaging, cause environmental damage, or are non-biodegradable and machinery which consumes large quantities of energy. • Our purchasing policy emphasizes cross-compatibility, ensuring that items procured for remodeling company locations, such as mechanical equipment and other products, can be re-used alongside existing hardware.
Labor services		• Verify that purchased cleaning products do not contain hazardous substances.
Printing and advertising		• Select EPA-approved products made from recycled materials which are recyclable, generate low amounts of pollution, and offer energy savings benefits. • Printed materials: (1) Toner cartridges must be recycled toner cartridges (2) Toner must not contain heavy metals (e.g., mercury, cadmium, lead, or hexavalent chromium) (3) The ink must not contain carcinogenic, mutagenic, or toxic substances (4) Paper: The paper must contain 100% or at least 85% recycled fiber (a) The pulp must not contain chlorine (b) The product must have ecological labels such as PEFC and FSC (c) The original fibers must be from a forest or source with responsible forest management and certification documents must be provided (d) The use of recyclable packaging is required and no synthetic halogen materials can be used under any circumstance

Establish supplier preview mechanisms

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

ESG Factors Evaluated in the Preliminary Supplier Evaluation

Governance Factors	Social Factors	Environmental Factors
Quality control	Labor rights management	Environmental management
Ethical corporate management	Health and safety	Pollution and hazardous substance management
Compliance		Waste management

Management review

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

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 Clauses" and to increase awareness. We also require subsidiaries to use site visits and audits to encourage suppliers to implement the Guidelines. The contents include basic labor rights for suppliers, corporate social responsibilities, environmental protection, sustainable management, and occupational safety and health regulations.

FFHC set up a 3-step supply chain management process in 2013,supplier management is used to select vendors that satisfy the spirit of sustainable development as long-term partners, including: purchasing of energy-saving equipment, purchasing and maintenance of IT equipment, construction and interior design, business-related OA equipment and landscape and environmental greening engineering. As a principle, the main procurement regions include suppliers of the place country of operations 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.

Note: Calculated based on the 207 suppliers with whom the Group conducted transaction sin 2020.

Please refer to the Company's website for specific contents of the Company's Supplier Management Guidelines.

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

Item \ year	2020
(a) Percentage of no. of current vendors based on assessments (%)	100
(b) Ratio of identified risks to items (a) that have been assessed (%)	36[Note 1]
(c) Ratio of mitigation procedures that have been implemented to items with identified risks among (b) (%)	100

Note 1: According to the number of vendors in the 2020 statistics, 182 out of 507 suppliers were identified as risks in violation of human rights. They included 6 clothing service companies, 3 transportation companies, 41 decoration companies, 22 air conditioning companies, 87 plumbing and electrical engineering companies, 13 fire 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

Evaluation method \ year		2018	2019	2020
Number of suppliers with transactions		195	188	207
Document evaluations	Number of suppliers	195	188	207
	Percentage(%)	100	100	100
Onsite evaluations	Number of suppliers	5	7	8
	Percentage(%)	2.56	3.72	3.86

3-step Supply Chain Management Process

Management Strategy	Tangible Actions Taken	Implementation Results
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.	• Completed 2,033 vendor inquiries. (accounting for 100% of all vendors) The Group added 30 suppliers to the database of qualified suppliers in 2020.
	• 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.	• FFHC's overseas locations completed "Human Rights and Environmental Sustainability Evaluations" for 742 vendors.
	• 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.	• 2,488 vendors made an effort to observe the Company's Sustainable Development policies.
Concurrent declaration	• 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 request them to pledge to comply with fundamental labor and human rights protections stipulated in the Universal Declaration of Human Rights, promise to implement human resources policies which are fair and equitable, protect the environment, and seek to achieve environmental sustainability.	• 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.
	• Declaration to Use Green Materials: When entering into a real estate agreement, the prospective tenant must sign a declaration to use green building materials.	• 100% of new vendors signed the declaration. • 100% tenants pledged 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.	• 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.	• Held sessions of energy management awareness training to train a total of 20 employees.
	• 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.	• We organized supplier meetings for a total of 50 participants.
	• 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.	• Spot checks are conducted every quarter and records are kept; in addition, each year we make a random selection to conduct an on-site inspection. FFHC conducted onsite inspections on 8 suppliers in 2020 and found no violations of environmental protection or labor regulations.

The Group invited suppliers to jointly fulfill sustainable development in the First Financial Group Supplier Meeting.

SOCIAL FACTORS

Human rights

Material Topic :

GRI 405: Employment diversity and equal opportunity
GRI 406: Non-discrimination
GRI 407: Freedom of association and collective bargaining

1-1 Human Rights Policy

First Financial Holding is committed to abide by the International Bill of Human Rights and other conventions such as the "United Nations Universal Declaration of Human Rights", "United Nations Guiding Principles on Business and Human Rights", "The Ten Principles of the United Nations Global Compact","International Labour Organization Core Labour Standards","ISO 26000 Guidance on Social Responsibility", "Convention on the Elimination of All Forms of Discrimination against Women", "The International Covenant on Economic, and the "Modern Slavery Act", and has included them into the Human Rights Policy of the Group.

At all group subsidiaries, there is no discrimination employees during recruitment, selection, hiring, assignment, career development, remuneration and benefits, promotions, education & training, and retirement plans on the basis of race, class, language, thought, religious, political affiliation, ancestry, place of birth, gender, sexual preference, age, marital status, appearance, facial features, physical and mental handicap, or union membership. Article 18 of the FFHC CSR Code of Conduct stipulates that subsidiary companies shall abide by the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination to create an equal opportunity workplace. There were no human rights violations, infringement of indigenous rights, or incidents of discrimination. The hiring of those under the age of 16 as regular or atypical employees (including temporary workers and security staff) is explicitly banned in our HR regulations. We also adhere to the Labor Standards Act to prevent forced labor through violence, threats, imprisonment or other illegal methods.

Please refer to the Company's website for the Human Rights Commitment.

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 fuse gender equality into core financial business practices. We have set up breastfeeding rooms, provided maternity leave, prohibited related tasks that pose potential risks for the pregnant employee and the baby, and ensuring equal pay for employees reinstated from maternity leave in accordance with the "Act of Gender Equality in Employment" to protect the rights of female employees.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 each 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 evaluates potential human rights risks and establish a risk matrix for human rights issues.

Human rights due diligence procedures

1. **Evaluate hazards and impact**
   Review and evaluate the impact of the business activities and internal management of each company on human rights protection
2. **Formulate corresponding plans**
   Discuss and formulate human rights protection and management plans in the Employer-Employee Meeting and Corporate Sustainable Development committee
3. **Supervise and implement plans**
   Implement and execute human rights protection management plans and track and review improvements
4. **Performance assessment and improvement**
   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 rule 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 committee's resolution to prevent the occurrence of infringements and harassment.

Human Rights Risk Assessment and Management

Human Rights Risk Factor	Risk identification (%)	Overall Risks (%)	Preventive and Mitigation Measures	Probability of Impact (%)	Total Impact (%)	Assessment Results
Diversity, inclusiveness, and equal opportunity (e.g., ban on the use of child labor, ban on employment discrimination, equal work rights, gender friendliness)	0%		• All insured employer units appoint the full number of employees with disabilities based on legal requirements. • Create a friendly accessible workplace environment for people with disabilities. • Recruitment phase: Applicants are required to specify the correct date of birth in the CV and affix their signatures to guarantee the accuracy of the data. • Reporting for duties phase: Employees are required to provide their identity documents on the day they report for duties to ensure that the Company does not hire child labor. • Prevention of Illegal Infringement at Work Plan. • Set up a friendly environment for employees with disabilities.	0%		The Company did not hire child labor less than 16 years old and no employment or gender discrimination occurred.
Freedom from compulsory labor (e.g., abnormal work load or night shifts)	3.67%	6.93%	• Implement the "Abnormal Workload-triggered Diseases Prevention Plan" • 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).	0.05%	0.10%	• We identified 5 high-risk employees in the "Abnormal Workload-Triggered Diseases Prevention Plan" and assigned physicians to organize interviews, provide health advice, and continue to provide follow-up care for improvements. • There were no related penalties. • A total of 14 people applied for and became eligible for flexible work hours.

Human Rights Risk Factor	Risk identification (%)	Overall Risks (%)	Preventive and Mitigation Measures	Probability of Impact (%)	Total Impact (%)	Assessment Results
Maternity health protection	1.87%		• Implement the "Maternal Employee Health Protection Plan" • 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.	0%		• The breastfeeding room of the head office building continued to receive the certification for excellence and the breastfeeding rooms in all buildings were used on average 929 times a month. • We provided maternity health protection care services in 275 cases over the telephone in 2020.
Good labor relations (e.g., workplace safety, freedom of association, labor disputes, and complaints mechanisms)	1.34%	6.93%	• Implement the "Human-factor Hazard Prevention Plan" • Regularly complete the Employee Musculoskeletal Symptom Self-Assessment and create a Follow-Up Overview Form. Prevent work-related musculoskeletal injuries and diseases caused by repetitive work or poor posture in work. • Automatic inspections and maintenance of the work environment and occupational safety and health. • Provide diverse and confidential complaint channels • Rigorously comply with labor regulations and specify regulations in the Work Rules and related regulations. • Convene regular Employer-Employee Meetings and the meetings of the Occupational Safety and Health Committee to promote benefits, improve the work environment, and facilitate cooperation and communication between labor and management. • Increase the workplace safety awareness from time to time. • Publish posters for complaint channels in public areas. • Provide a diverse range of activities and implement work and life balance.	0.05%	0.10%	• The Company identified 5 employees in the human-factor hazard screening who require follow-up management. The in-house physician learns about the reasons of symptoms in individual cases, provides suitable recommendations for improvement, and regularly follows up on the improvement status over the telephone. • There were no related penalties.
Gender equality (e.g., workplace violence, illegal infringement, sexual harassment, and privacy)	0.05%		• Implement the "Prevention of Illegal Infringement at Work Plan" • The Company enhanced the training programs for new employees and current employees. All units are required to complete the "hazard identification and risk assessment for prevention of illegal infringement in the workplace" for all employees each year. • The 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. • All units have posted promotional posters for "ban on sexual harassment" and published the "Regulations on Sexual Harassment Prevention, Complaints and Investigation" 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.	0%		There were 5 cases of sexual harassment complaints which were adequately processed and concluded.

Note 1: Risk identification ratio = number of people in the risk identification/number of employees of the Group
Note 2: Impact occurrence ratio = number of people affected by the impact/number of employees of the Group

Human Rights Risk Assessment Ratio in Past Years

Year	2017	2018	2019	2020
Risk value (%)	5.74	5.98	6.63	6.93
Impact value (%)	0.21	0.13	0.17	0.10

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

Human rights protection training in past years

Item / Year	2017	2018	2019	2020
Total hours	23,212	20,938	25,617	15,276
Total number of attendances (persons)	10,902	18,730	20,253	19,473
Employee training rate (%)	100	100	100	100

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 FFHC in the past years

	2017		2018		2019		2020	
	♀	♂	♀	♂	♀	♂	♀	♂
Average salary of the President Note1	100%	100%	100%	100%	100%	100%	100%	100%
Average compensation of the President	100%	100%	100%	100%	100%	100%	100%	100%
Average salary of management personnel Note 2,Note3	100%	100%	105%	100%	104%	100%	104%	100%
Average compensation of management personnel Note4	101%	100%	105%	100%	107%	100%	105%	100%
Average salary of non-management personnel	96%	100%	100%	100%	97%	100%	97%	100%
Average compensation of non-management personnel	96%	100%	100%	100%	100%	100%	100%	100%

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

Item / Year	2017	2018	2019	2020
Percentage of female employees (%)	59.0	60.0	59.9	60.0
Percentage of female executives (%)	53.0	53.0	51.2	51.2
Percentage of junior female executives (%)Note 1	53.6	53.6	51.3	51.3
Percentage of senior female executives (%)Note 2	41.7	48.6	51.1	50.9
Percentage of female employees in management roles thathave the potential for salary increase (e.g. sales) (%)Note 3	49.3	47.4	48.4	53.2
Percentage of women in related STEAM positions (%)Note 4	37.9	38.0	38.1	38.8

Note 1: number of junior female executives/total number of junior executives(Definition of junior executive: Management personnel other than senior executives.)
Note 2: Definition of senior executive: based on definition of "managerial officers" (including managers of foreign sub-branches) established in Tai-Cai-Zheng-3 No. 920001301 letter dated March 27, 2003
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 are 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

Item / Year	2017	2018	2019	2020
No. of meetings	26	26	28	32
Proposals	53	73	76	70

All companies of Group protect employees' freedom of association in all domestic and foreign business locations. First Bank signed the 4th collective bargaining agreement with the First Bank Union in 2019. The terms of the agreement covered employment, transfer, dismissal, working hours, routine leave, leave applications and holidays, compensation, benefits, compensation for occupational injury, retirement and death benefits. The collective bargaining agreement also specifies that in the event of a merger, reorganization, transfer, demerger, or other material changes to operations, the process shall be transparent and material decisions must be provided to the union and employees immediately after the Employer-Employee Meeting. Where necessary, employees shall be given severance pay and provided with favorable compensation. 27.8% of the articles pertained to employee health and safety.

Around 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 employees and the employer and mutual prosperity.

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

Item / Year	2017	2018	2019	2020
No. of employees who are members of the union	6,300	6,500	7,300	7,500
Percentage of employees who are members of the union (%)	83	84.33	96.51	97.94

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

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 upon the completion of investigations in accordance with laws. For the two substantiated cases, the perpetrators were transferred from their original positions to prevent further contact with the victims and were given demerits. We provided the victims with the necessary assistance and support, and we respect and provide appropriate work arrangements. We also provide psychological counseling services through the Teacher Chang Foundation, and we hire lawyers to provide assistance for civil cases involving compensation.

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.

Statistical table on related human right complaints in the past years

Item / Year	2017	2018	2019	2020
Sexual harassment (number of case)	0	2	0	5
Labor disputes (number of case)	0	2	0	0

Note: The definition of the number of labor disputes was changed to the number of cases with penalties imposed by the competent authority from 2019.

Please refer to the Company's website for the Statement on the Prohibition Against Discrimination and Harassment

Talent recruitment and skills development

Material Topic :

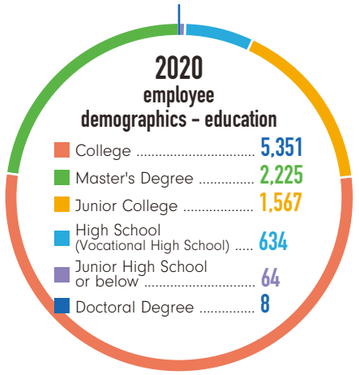
GRI 401: Employment

GRI 402: Labor/Management Relations

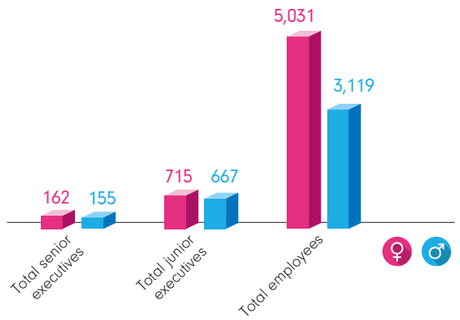
GRI 404: Training and education

2-1 Employee composition and diversity

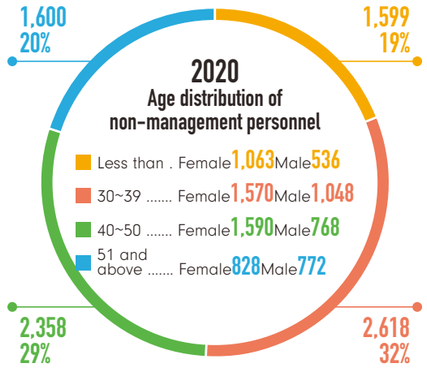
Employees form the core of the financial service industry. FFHC has not only established a brand image of sound management in the minds of the general public but is also working actively to build a "happy workplace." We have long adhered to our philosophy of "employees are the company's most valuable 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 employees in overseas offices) including 547 foreign nationals. FFHC has 5,908 female employees and 3,941 male employees. The ratio of female to male employees is 6:4. Employees in management roles account for 17.3% in which female managers account for 51.2%. 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.

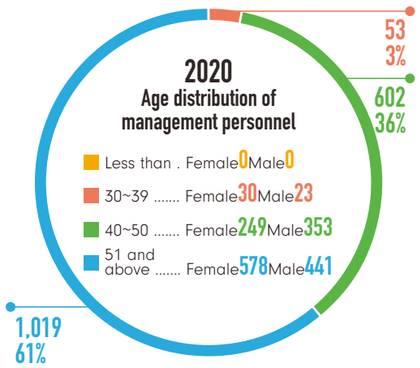


Total number of employees in 2020 - By role



Unit: person





2020 Regional distribution of foreign employees

Country	Number of employees	Percentage of total employees	Percentage of serving as supervisors
USA	134	1.36%	0.43%
Cambodia	128	1.30%	0.00%
China (including Hong Kong and Macao)	125	1.27%	0.12%
Vietnam	60	0.61%	0.06%
Thailand, Myanmar, Philippines, Laos, Indonesia	30	0.30%	0.06%
Singapore	23	0.23%	0.12%
Canada	18	0.18%	0.06%
United Kingdom	10	0.10%	0.12%
Japan	10	0.10%	0.06%
Australia	9	0.09%	0.06%

Statistics on the number of atypical employees appointed in 2020

Unit: person

Gender \ Title	Administration	Driver	Security
Female	140	0	0
Male	61	60	211
Sub-Total	201	60	211
Total		472	

Note: The labor contract region is Taiwan

2-2 Human Capital and Recruitment

To catalyze the development of innovative financial products and services, we recruit top professionals with a background in business management, information science, science and engineering, law or psychology. Since 2014, we have recruited more than 200 professional personnel and high-level managers with related digital technology expertise such as information safety management, big data analysis, social media management, and Internet marketing management. Those with outstanding language skills were also invited to join the management team to sustain our strategy of cultivating diversified talent.

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 interviews 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:

Target	Goals	Project	Execution Results
Finance talents	We work together with academic institutions to build a comprehensive supply chain of financial professionals, and use work-study and internship programs to quickly connect outstanding students with real experience in the financial industry.	• "Work-Study Program for Youths for Economic Independence" of the Youth Development Administration of the Ministry of Education • "Youth Employment Pilot Program" of the Workforce Development Agency, Ministry of Labor	• The program helps youths experience, learn, and explore professional careers, gain economic independence during their studies, and improve their career development competitiveness. We recruited 40 summer interns in 2020 and we have provided more than 400 students with part-time job opportunities since 2011. • The Ministry of Education encourages high school and vocational high school students to explore their career opportunities during their studies by participating in the "Career Counseling Program for Students in Senior High School and Below". 2 students took part in 2020 and were hired as full-time employees.
Cross-border talents	With the expansion of First Bank's overseas subsidiaries, the Bank's demand for talented expatriate personnel has increased. We hope to cultivate international talents to enhance their understanding and support of the Group.	• Strengthen training mechanisms for overseas trainees • Organize "integrated business seminars and internships at overseas branches" • Expand overseas talent recruitment channels	• The Bank has established and implemented the "overseas management personnel program and "sales personnel for China program" since 2009 and has trained a total of 377 overseas trainees. • The Bank organizes "integrated business seminars and internships at overseas branches" each year for overseas branches to select overseas trainees or local hires with excellent performance and potential and arrange their return to Taiwan for training. A total of 134 overseas local hires visited Taiwan for training and networking from 2016 to 2020. • We use overseas branches to engage in industrial-academic cooperation with local schools and participated in events such as the "Taiwan Enterprises Talent Recruiting Event for ASEAN, South Asia, Australia, and New Zealand Market" to recruit elite students and replenish the talent pool for overseas branches.
Digital talents	Understanding digital finance development is the key for success in the era of digital finance. We help our employees to improve their digital skills and actively recruit skilled employees with scientific, mathematical, and information backgrounds.	• Financial technology and other professional talent recruitment • NTU Digital Talent Summer Internship	• We recruited 9 FinTech talents in 2020. They include specialists in big data analysis, social media management, digital channel planning, and information security. • 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 vacancies.

Target	Goals	Project	Execution Results
Industrial-academic and cross-industry cooperation talents	The Company has established a presence on campus and identifies talented students to cultivate talents with potential for research and development in the financial industry and enhance management services and added value of its products.	• Training programs in industrial-academic collaboration with universities • Anti-money laundering and counter terrorism financing training program • iLEO cross-industry collaboration for digital product PM • Named sponsor of the Fourth Campus Gaming Contest of the "League of Legends"	• The Group established industrial-academic cooperation for talent cultivation with National Taiwan University, National Taiwan University of Science and Technology, China University of Science and Technology, National Taipei University of Business, Chihlee University of Technology, and National Kaohsiung University of Science and Technology. We recruited a total of 70 and 79 interns in 2019 and 2020, respectively, and arranged for them to take part in the actual operations of the finance industry to attract young students to take up jobs in the Group after they graduate (we retained 31 and 38 interns as full-time employees in 2019 and 2020, respectively). • First Bank partnered with National Taipei University of Business in the establishment of the "Banking Industry Anti-Money Laundering and Counter Terrorism Financing Training Program". All courses were lectured by executives and employees with professional experience whose aim was to help students learn more about practical operations in the financial industry and increase their anti-money laundering awareness. • The iLEO digital account was conceived, researched, designed, developed, and implemented by employees of First Bank across nine units. We also worked with students from the Department of Management Information Systems of National Chengchi University. iLEO incorporated design thinking and user story mapping technologies to think from the user's perspective and it constantly monitors real-time data from Google Analytics. The professional UIUX includes more graphic guidance and adopted the Minimum Viable Product (MVP) concept to provide customers with solutions as quickly as possible in a demonstration of perfect user interface and functions. • We use real actions to support the development of esports on campus and establish a healthy league environment. We invest resources to cultivate the future celebrities of the esports world and uncover more outstanding talents in the esports industry who will make their names known in the future international esports arena.

FFHC embraces tolerance and multiculturalism in our recruiting policy every year. There are no restrictions based on school, major, age, background or gender. Handicapped employees made up of 1.06% of our workforce in 2020 and exceeded the government quota. They also enjoy the same salary and benefits as regular employees.A total of 1,022 new employees were recruited in 2020 with a women:men ratio of 6:4.

Overview of employee diversity in the past years

Unit: Persons

Year \ Item	Persons with physical and mental disabilities	Indigenous People	No. of Nationalities
2017	99	5	14
2018	99	4	14
2019	98	7	15
2020	99	7	14

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 benefiting business expansion. As of the end of 2020, the Group has hired 547 foreign employees including 98 new foreign employees.

Statistics of new recruits and total number of employees in 2020

End of 2020	Total no. of employees	♀ Less than 30	♀ 30-50 years old	♀ 51 and above	♂ Less than 30	♂ 30-50 years old	♂ 51 and above	Total ♀	Total ♂
Number of employees in Taiwan	9,136	314	203	21	223	152	11	538	386
Percentage of all employees (%)	92.8	3.19	2.06	0.21	2.26	1.54	0.11	5.46	3.92
Number of employees overseas	713	48	26	4	11	8	1	78	20
Percentage of all employees (%)	7.2	0.49	0.26	0.04	0.11	0.08	0.01	0.79	0.20
Total	9,849	362	229	25	234	160	12	616	406
Percentage of all employees (%)	100	3.68	233	0.25	2.38	1.62	0.12	6.25	4.12
Percentage of employees of the same gender/age (%)	-	34.05	6.66	1.78	43.66	7.30	0.99	10.43	10.30

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.

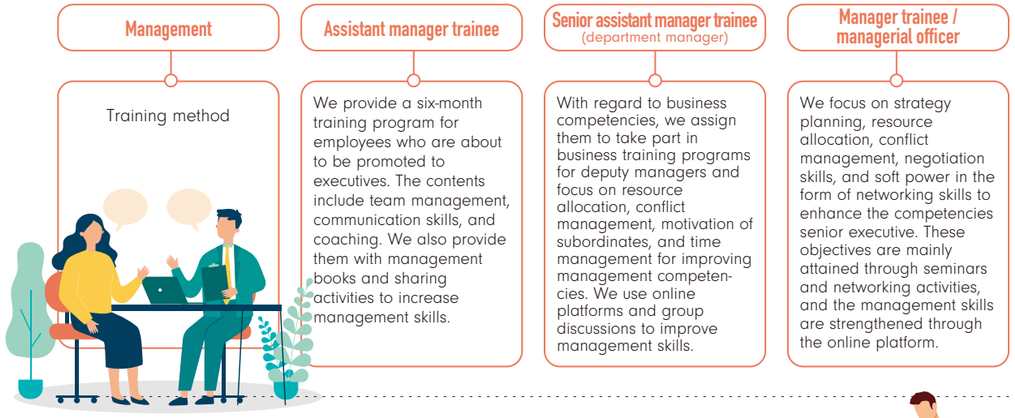
In 2020, we conducted due diligence surveys on the material issues with high rates of occurrence and impact such "major infectious disease", "remote work/working from home", and "assignment of personnel to overseas offices", and established and implemented related programs to reduce the impact of related 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.

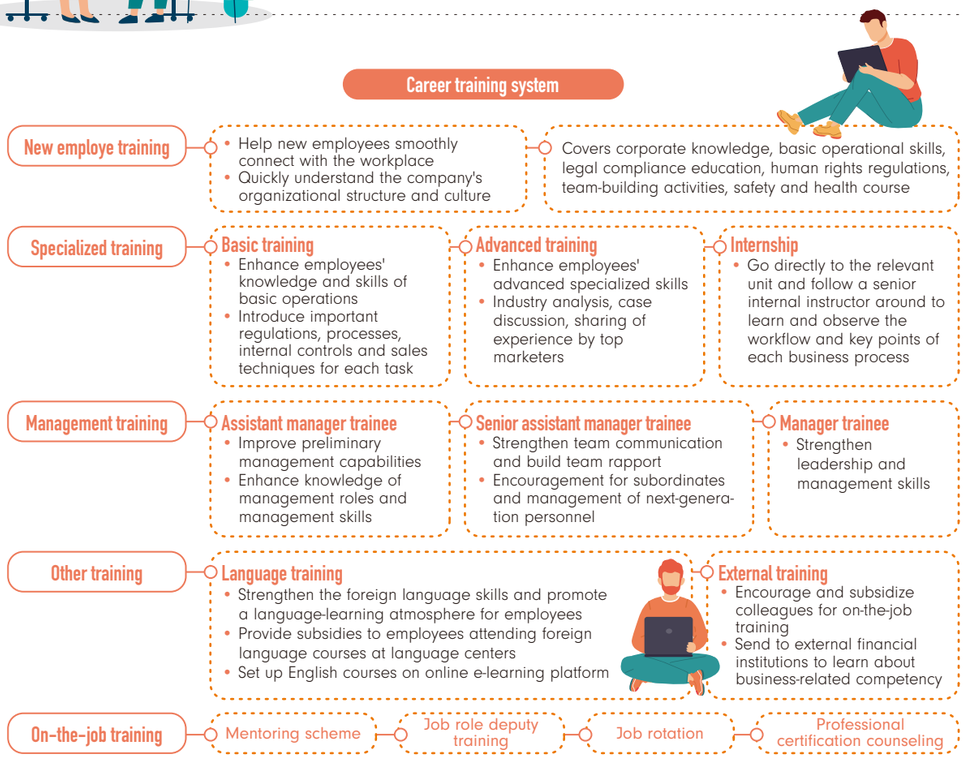
2-4 Complete development system

New employees immediately enter our training system upon reporting for work. Comprehensive training plans are available from basic, advanced professional, deputy managers, managers, and senior management. For those that meet management personnel selection qualifications, we organize related training courses and tests and used one or two phases of interviews, 270-degree evaluations (supervisors, peers, and subordinates) to evaluate employees' management and leadership skills.

For employee professional competency development, employees are encouraged to actively participate in training courses, acquire related certificates necessary for their businesses, and propose innovative work plans. Employees receive credit for acquiring related professional certification during annual performance evaluations, and are given bonuses for innovative proposals. Between 2017 and 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 practical experience gained through job rotation, we also organize a variety of professional training, online training, internships, language training, internal certification testing and management competency training. To acquire new financial knowledge and the latest industry developments, personnel are frequently sent to attend training courses and overseas development programs organized by professional training bodies.

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".





● Bonuses awarded for innovative employee proposals within the last 4 years

Unit: case, NT$

Employee proposals	2017	2018	2019	2020	Total
Total proposals	106	143	97	196	542
No. of awarded proposals/Bonuses	44 / 16,000	56 / 18,200	45 / 15,200	76/24,000	221/73,400

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 then tailor "Individual Development Plans" (IDP) to their professional background, language skills, and competency analysis. We also continue to work with external professional training institutions to provide training for related professional finance skills. First Bank works with the Taiwan Academy of Banking and Finance and Taipei Foundation of Finance in organizing professional training for foreign exchange derivatives, trusts, compliance, anti-money laundering, and overseas trainees. First Securities and First Securities Investment Trust arrange professional training courses such as pre-service training, on-the-job training, and business seminars through related business associations and the Securities and Futures Institute.

Overseas talent is also a key component of our global expansion. To 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.

Evaluation level	Evaluation method	Description
Response level (Level 1)	Questionnaire	Arranging students to fill out the course satisfaction survey after training, and encouraging them to suggest improvements to the course
Learning level (Level 2)	After course evaluation	Arranging a test immediately after the course to evaluate learning results
	Mock exercise	Conduct of scenario play, enhancing effectiveness through simulation practice
	Project presentation	Arranging students to conduct presentation and analysis of actual cases to enhance their application capabilities
Behavior level (Level 3)	360-degree evaluation	Evaluate whether a new employee has applied his knowledge in daily work through daily work performance, manager's review, as well as feedback of colleagues and customers
	Practical Assessment	Evaluation of student's work quality and professional knowhow
Results level (Level 4)	Effectiveness evaluation	Evaluating training effectiveness through operating performance growth
Returns level (Level 5)	Return on investment evaluation	Use the return on investment (ROI) to evaluate the results of training *ROI: (Financial benefits - training cost) / training cost

● Effectiveness of training based on implementation of the Kirkpatrick Model

Management Trainee Succession and Training Program

Target : Improve the competency indicators such as management and leadership skills and judgment of managers to attain 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 136, 185, 216, and 129 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 Trainee Succession and Training Program and filled out data from past years based on the evaluation level.
*Operational risk ratio = (operational risks/total risk-weighted assets) *100%
*Estimated return on investment (ROI) for training = revenue (operating expenses - (salary cost + benefit cost)) ÷ (salary cost + benefit cost)

Digital Banking Talent Transformation Program

Goal : Elevate their expertise in digital finance products and marketing capability.

Operating performance : We acquired 79 patents on Fintech inventions and new models and 2,151 employees passed the "Fintech knowledge certification".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$67,490 thousand, NT$126,959 thousand, NT$70,408 thousand, 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	85	90	88
Learning level (L2) : Test passage rate (%)	100	100	100	100
Behavior level (L3) : Utilization rate of electronic channels (%)	76.04	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 Trainee Program

Goal : Accelerate the professional training of overseas talent.

Operating performance : The increase in the quality of overseas personnel has helped the Bank increase overseas profitability each year. In 2017, 2018, 2019,and 2020 gross profits of overseas branches reached US$205,493,000, US$250,027,000, US$264,032,000, and 394,963,000 respectively.

Kirkpatrick Evaluation Level	2017	2018	2019	2020
Response level (L1) : Average satisfaction rate of training course (%)	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	2.00	2.93	1.35
Results level (L4) : Target achievement rate for new borrowers (%)	60.22	53.72	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 2.1% from 2019.

Kirkpatrick Evaluation Level	2018	2019	2020
Response level (L1) : Average satisfaction rate of training course (%)	-	83.4	80.6
Learning level (L2) : Test passage rate (%)	100	100	100
Behavior level (L3) : Salesperson insurance license acquisition rate (%)	48.36	66.37	71.76
Results level (L4) : Percentage of income of insurance products (%)	0.52	0.53	0.30
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

Professional Insurance Talent Training Program				
Goal : Strengthen professional insurance knowledge to increase insurance marketing and fund utilization benefits.				
Benefits for operations : After improving the professional knowledge of channel sales personnel and employees of investment departments,We added 9,766 policyholders and the EPS increased by NT$0.51 in 2020.				
Kirkpatrick Evaluation Level	2017	2018	2019	2020
Response level (L1) : After-course satisfaction questionnaire recovery rate (%)	91.40	88.96	89.80	90.6
Learning level (L2) : Test passage rate (%)	100	100	100	100
Behavior level (L3) : Customer satisfaction survey (%)	71.5	77.4	74.0	83.9
Results level (L4) : Growth rate of the number of policyholders (%)	16.0	19.2	14.6	10.9
Returns level (L5) : First Life Insurance EPS (NT$)	(0.46)	(0.41)	0.63	1.14

2-6 Employee Training and Development

In response to the FSC's bilingual banking policy, First Bank launched online English courses and sponsored employees' participation in foreign language training and tests. First Bank also worked with Time International Language Center, Inc., Kojen English Centers and the Language Training and Testing Center in organizing the foreign language training for personnel of bilingual branches, and organized the "TOEIC +100" foreign language learning program with the distributor of TOEIC tests in Taiwan to help employees increase their scores by 100 points, and provided senior management and overseas personnel with foreign language training.We provided subsidies for 1,484 employees for foreign language training and test fees totaling NT$4.84 million in 2020. As of the end of 2020, 2,458 employees passed English proficiency certification tests such as the LTTC, IELTS, TOEFL, TOEIC, BULATS, and GEPT while 286 employees passed the JLPT and the LTTC's Japanese, Spanish, Korean, and German language certifications. To effectively strengthen Group personnel's knowledge and awareness of anti-money laundering and counter-terrorism financing, FFHC encourages employees to obtain the Certified Anti-Money Laundering Specialist (CAMS) certification. FFHC provided subsidies of NT$1,993,000 in the CAMS membership fees and test fees. As of the end of 2020, 1,507 employees of the Group had obtained CAMS certification. 2,164 employees obtained the anti-money laundering and counter terrorism financing professional certification.

Note: Professional certificates/licenses and number of licensed FFHC employees.Please refer to page 88~89 of the Company's 2020 Annual Repor

We also organized digital finance courses to strengthen employees' digital finance knowledge. In addition to arranging employees to participate in external Fintech training courses and seminars, we also organized digital finance courses. As of the end of 2020, we had organized 15,691 hours of internal FinTech courses for a total of 2,656 participants. To increase the effectiveness of employees' training, we registered a total of 183,225 attendances of employees in internal and external training in 2020, which equals an average of 56.86 hours of training per person.

Average employee training hours and training expenses in past years

Item \ Year	2017			2018			2019			2020		
	♀	♂	Total	♀	♂	Total	♀	♂	Total	♀	♂	Total
Total attendances in training for managers	17,146	14,226	31,372	22,244	18,660	40,904	17,003	15,612	32,615	21,105	19,315	40,420
Total training hours for managers	69,135	55,420	124,555	74,524	63,512	138,036	58,176	54,383	112,559	66,194	59,823	126,017
Average training hours per manager	76.73	70.15	73.66	84.11	81.74	83.01	69.17	67.73	68.47	77.24	73.22	75.28
Total attendances in training for non-managers	70,159	42,295	112,454	89,397	52,804	142,201	74,009	42,381	116,390	90,480	52,325	142,805
Total training hours for non-managers	232,847	141,278	374,125	245,634	150,512	396,146	260,028	150,468	410,496	274,417	159,580	433,997
Average training hours per non-manager	51.94	48.70	50.67	53.17	51.12	52.37	53.18	49.64	51.82	54.33	51.08	53.09
Average employee training hours	54.95			57.89			54.68			56.86		
Average employee training cost (NT$)	7,437			13,760			7,805			5,647		
Total training expenses (NT$10,000)	6,749			12,696			7,466			5,561		

Note 1: Managers refer to employees who assume managerial roles and administrative duties.
Note 2: Training include physical and online courses.
Note 3: We provided NT$73.4 million in subsidies for the membership, test fees, and incentives for the "Certified Anti-Money Laundering Specialist" (CAMS) in 2018. As a result, the total training fees and average training cost was higher.
Note 4: We reduced the number of courses to avoid clustering in 2020 due to the impact of the epidemic. The total training fees and average training cost were therefore lower than the previous years.

Talent retention and diverse welfare

Material Topic :

GRI 401: Employment
GRI 402: Labor/Management Relations
GRI 404: Training and education,
GRI 405: Diversity and Equal Opportunity

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 P65 range of the market (P65 means our standard of compensation is superior to 65% of our competitors). The average salary was increased by 2.4% 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

Item \ Year	2017	2018	2019	2020	Percentage of change(%)
Number of people	7,699	7,585	7,835	8,056	2.82
Average salary (Thousands NTD)	1,114	1,235	1,243	1,208	(2.82)
Median salary (Thousands NTD)	1,022	1,138	1,133	1,103	(2.65)

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

The "Retention and Promotion of Employees" regulation stipulates that employees above grade 5, upon accumulating 3 years of seniority, would be promoted according to number of years in service, performances, sales capability, management capability, leadership qualities and business requirements. In addition, employees' salaries and bonuses are highly correlated to annual evaluations and promotion levels. Annual evaluations directly affect employee bonuses and salaries for that year, as well as salary increment percentage and opportunities for promotion for the next year; Approximately 35% of the special incentive bonus is based on the employee's long-term performance and special contribution.

The calculation of employees' compensation is based on weightage on evaluation as well as seniority and position. Promotion of employees takes into consideration the current position, as well as evaluation scores for the last 1-9 years; the selection of assistant supervisor associates take into account their evaluation scores at the current grade for the past 1-5 years as well. Each weightage is correlated to the employees' long-term performance. 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.

3-2 Talent Retention Measures

To increase employees' willingness for long-term employment, attract and retain quality talents by offering benefits, and encourage employees to start saving for their retirement, the Company began implementing the "employee group annuity insurance" scheme in 2020. Full-time employees who have worked for the Company for more than 6 months are free to opt in for the insurance. The Company provides a fixed amount of subsidies for insurance premiums and the employee participation rate as of the end of 2020 was 92.86%. Employees may claim the annuity benefits upon retirement or collect the value of their insurance policy account in advance when they leave the Company. The value of the policy account with company contribution of insurance premiums shall be determined based on the employee's number of years of enrollment and the contribution ratio described as follows:

Years of enrollment	Value of the policy account with company contribution of insurance premiums and contribution ratio (%)
< 3 years	0
3-6 years	50; Calculated based on the accumulated policy account value of the insurance policy at the time
6 years or more	100; Calculated based on the accumulated policy account value of the insurance policy at the time

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, 93.94% 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:

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

First Life Insurance appropriates retention benefits for employees each month and purchases group annuity insurance based on the preferences of employees to strengthen their economic independence after retirement. As of the end of 2020 a total of 97 employees participated in the program and we appropriated a total of NT$34.36 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 after 2 to 3 years of fund management. The bonus would be given in stages to prevent any loss on the company's end after the award of bonuses.

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.

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 1.51:1. We also use transparent and fair promotion and performance evaluation mechanisms to create a diversified bonus system to provide the young generation with a fair, transparent, and promising future. The retention rate of new employees was 91.83% 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 unpaid leave. We endeavor to enhance corporate sustainability by promoting lifelong employability among employees.

2020 Employee Resignations

End of 2020	Total no. of employees	♀ Less than 30	♀ 30-50 years old	♀ Over 51 years old	♀ Retirement at 65 years	♂ Less than 30	♂ 30-50 years old	♂ Over 51 years old	♂ Retirement at 65 years	Total ♀	Total ♂
Number of employees in Taiwan	9,136	75	167	51	72	56	128	28	59	365	271
Percentage of total employees (%)	92.76	0.76	1.69	0.52	0.73	0.57	1.30	0.28	0.60	3.71	2.75
Number of employees overseas	713	25	29	6	4	7	7	1	0	64	15
Percentage of total employees (%)	7.24	0.25	0.29	0.06	0.04	0.07	0.07	0.01	0.00	0.65	0.15
Total	9,849	100	196	57	76	63	135	29	59	429	286
Percentage (%)	100	1.02	1.99	0.58	0.77	0.64	1.37	0.29	0.60	4.36	2.90
Percentage of employees of the same gender/age	-	9.41	5.70	4.05	-	11.75	6.16	2.39	-	7.26	7.26

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

Item / Year	2017	2018	2019	2020
Resignation rate (%)	8.44	9.81	8.43	7.26
Resignation rate (%)-Excluding retirees	6.79	7.82	7.06	5.89
Voluntary separation rate (%)	6.62	7.54	6.82	5.68
Average recruitment cost (NT$) (Note)	5,473	7,120	8,723	2,491
Total no. of employees	9,075	9,227	9,565	9,849

Note: Average recruitment cost = (recruitment expenses for the entire year/number of new employees) + training expenses ; We canceled all large-scale talent recruitment events in 2020 in response to the impact of the epidemic, which resulted in a significant decline of recruitment cost.

Ratio of open positions filled by internal candidates in past years

Category / Year	2017	2018	2019	2020
Ratio of open positions filled by internal candidates (%)	72.16	79.62	73.84	84.21
Ratio of management positions filled by internal candidates (%)	99.28	98.93	98.63	100
Ratio of non-management positions filled by internal candidates (%)	40.17	33.33	37.16	58.75

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

3-3 Employee Communication and Commitment

To respond to the Company's business development and protect employee rights, the Company complies with the "ILO 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 regulations in the Work Rules and human resource management bylaws. In addition, employees must 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 re-assignment of personnel due to business requirements in writing one week 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 destination 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 1 -3 years of continuous service.(3) 30 days for employees who have continuously served for three years or more.

The Group's various companies have conducted employee commitment surveys since 2017. The Company seeks to learn about the opinions of employees, their satisfaction of 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:

Item \ Year	2018	2019	2020
Number of questionnaires	8,504	8,792	9,053
Number of returned questionnaires	8,091(Male:3,372/Female:4,719)	8,495(Male:3,487/Female:5,008)	8,896(Male:3,638/Female:5,258)
Recovery rate (%)	95.14	96.67	98.27
Overall commitment (%)	82.39	86.43	92.38
Level of commitment of male employees (%)	84.76	87.91	93.79
Level of commitment of female employees (%)	80.64	85.38	91.43
Main aspects of the questionnaire	• Company policy and culture • Work and healthy lifestyle • Training and development	• Compensation and benefits • Leadership and management • Relationship with colleagues	• Participation in volunteer activities
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 from the survey results in 2019. • Establish internal job rotation mechanisms to provide employees with the opportunities for choosing their desired roles, increase their passion for work, and reduce turnover. The turnover rate of 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 compiles a list of candidates eligible for promotion for reference by overseas units during the annual promotion operations of local hires 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 economic data of each country and revised the salary standards for local hires of 12 branches including the Vancouver, Toronto, Hanoi, Ho Chi Minh City, Phnom Penh, Manila, Vientiane, 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 0.80% for overseas employees in 2020 was thus lower than the 0.98% 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 related benefits. The total employee welfare costs in 2020 amounted to NT$16.13 billion, up 1.04% from 2019. • First Securities Investment Trust convenes regular town hall meetings (meeting of all employees) to increase employees' cohesion and foster interactions. Senior executives give presentations or lectures, and employees can propose suggestions for discussion during the meeting. First Securities Investment Trust convened 3 town hall meetings in 2020 which reduced the turnover rate from 24% in 2019 to 18% in 2020. • All companies hold Employer-Employee Meetings at regular intervals and encourage employees to join the union. The percentage of employees who are members of the union rose from 96.51% to 97.94%.		

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

Employee communication, complaint, and whistleblowing channels

- To strengthen the complaint and communication mechanisms of employees and external entities, the Company and subsidiary companies have established reporting procedures reviewed and passed by the companies' Board of Directors. We also set up hotlines, fax, emails, and other complaint channels and publish them on company websites. The internal audit unit/branch audit manager accept complaints and assign cases to units that have independent power for investigation based on the nature of the cases to effectively process complaints.
- The telephone number and e-mail for employee complaints are posted under the "Stakeholder Communications" section of our corporate website. The "CSR - CSR Report" section also features a stakeholder opinion survey that can also be used as a channel for employee communication and complaints.
- The compliance system at each company requires "the compliance officer should provide improvement suggestions for violations of the law or regulations. Where the improvement suggestion is not accepted by the management and leads to major losses for the company, a report should be prepared and submitted at once, the supervisors/independent directors and Audit Committee notified, and the competent authority informed as well."
- A range of transparent, equal and convenient complaints channels have been established including the "President's Mailbox", "Ideas Mailbox", "Employee Support Hotline", and "Chief Auditor's Mailbox" to ensure complaints are handled properly.
- To facilitate the reporting and handling of sexual harassment cases, "Sexual Harassment Prevention Complaints and Disciplinary Regulations" have been formulated and issued at each company along with the telephone, fax and e-mail for filing sexual harassment complaints. The above information is posted prominently on the corporate website and in the workplace. All employees also undergo training on sexual harassment prevention every year.
- The Company does not tolerate workplace bullying or harassment by any of the Company's senior 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 employee 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.

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.

Consolation payments

- Consolation payment for serious illness or injury
- Consolation payment for major disasters
- Consolation payment on the three major holidays for retired employees
- Consolation 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

Leave regulations that surpass the legal requirement

- 14 days of paid special leave and 30 days of paid sick leave (except for employees on their first year)
- Number of leave days for wedding, funeral, and miscarriage exceeds statutory requirement
- One day of volunteering leave

Employee dormitories and guest houses

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

Health management

- Health exam 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

- 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 hire of sporting venues
- Employee deposit and shareholding trust
- Employee group annuity insurance

Implementation results of employee welfare measures in 2020		
Childbirth and childcare benefits	Marriage	• We encourage employees to build families and raise children. We provide NT$30,000 in marriage allowances and 14 days of marital leave which is superior to regulations specified in the Labor Standards Act. A total of 139 employees applied for the marriage allowance in 2020 which totaled NT$4.17 million. • We encourage single employees to take part in socializing activities for unmarried 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 tocolysis leave, sick leave, personal leave (superior to the half-salary for sick leave and unpaid personal leave specified in the Labor Standards Act), and prenatal checkup leave/paternity leave (5 days). The use of leave is not included in the annual performance evaluation and does not affect promotions. A total of 353 people applied for such leave in 2020 and the average duration was 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$50,000 for the first child, NT$80,000 for the second child, and NT$100,000 for the third child and every child thereafter. Child birth subsidy of NT$14.23 million was disbursed in 2020, contributing to the birth of 1,010 babies.FFHC raised the childbirth subsidy for each child to NT$100,000 starting from 2021. • Maternity leave of 56 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 Headquarters building, First Bank IT building, Zhongshan building, and Bade building which were set the breastfeeding rooms and also certified for excellence by the Taipei City Department of Health in September and were all certified for excellence by the Taipei City Department of Health. All these breastfeeding rooms were used on total 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.
	Childcare (Family care leave personal leave)	• 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 protects the promotion prospects, performance evaluation, and benefits of employees on unpaid parental leave, and offer 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%.
Leisure and care measures	Vacation subsidies	• To help employees take care of both work and family, we implement a family-friendly policy and encourage employees to take leave and arrange tourism and leisure activities. We started the "vacation subsidy program" in 2009 and offer employees a subsidy of NT$3,000 for taking 7 days off and NT$6,000 for taking 10 days off. We added an additional NT$1,000 in travel subsidies to support the Triple Stimulus Voucher in 2020. The Company provided a total of NT$36,491,000 in subsidies in 2020. • The Company established 26 sports and cultural clubs for approximately 1,206 employees and their dependents. Various sports and recreation activities (including table tennis tournament, singing competition, badminton/softball competition, mountain-climbing and hiking, family days) were organized for employees and their dependents to promote a healthy, motivated and optimistic workforce. Up to 13,423 people took part in these events in 2020 and the Company provided NT$14,013,000 in subsidies. • The Company encourages employees to take part in volunteer activities and planned the volunteer leave system in 2020 to allow employees to collect points and exchange them for one day of volunteering leave. The trial program will start in 2021. • Retired employees enjoy group insurance benefits with the same preferential rates as current employees. In addition to organizing regular socializing activities each year, we also invite retired employees to participate in sports, cultural, and health activities organized by the Group (table tennis championships, singing contents, badminton/softball contests, mountain hikes, etc.) to continue to care about the life and physical and mental health of retired employees.
Disease prevention nd care	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

	2020 Total no. of employees on parental leave	2020 No. of applicants for child care leave	2020 No. of returning employees expected (A)	2020 No. of actual returning employees (B)	2019 No. of actual returning employees (C)	2020 No. of employees who returned from child care leave and stayed for at least 1 year (D)	Rein-state-ment rate (%) (B/A)	Retention rate (%) (D/C)
Total - ♀	344	75	89	78	74	66	87.64	89.19
Total - ♂	245	12	10	9	6	6	90.00	100.00
Grand Total	589	87	99	87	80	72	87.88	90.00

Statistics on rate of reinstatement and retention in past years

Item \ Year	2017			2018			2019			2020		
	♀	♂	Total	♀	♂	Total	♀	♂	Total	♀	♂	Total
Reinstatement rate (%)	85.25	86.67	85.40	95.18	81.82	93.62	85.54	100.00	87.10	87.64	90.00	87.88
Retention rate (%)	94.85	100.00	95.28	93.55	90.91	93.27	92.31	88.89	91.95	89.19	100.00	90.00

FFHC Pension Contribution Plans in Past Years

Unit: NT$1,000

Category \ Year	2017	2018	2019	2020
New Pension System	218,426	247,787	274,071	317,994
Old Pension System	377,978	357,919	352,208	327,151
Overseas	16,175	15,969	16,514	18,798

Note: Please refer to page 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 403: 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 employee health risks.

Occupational safety and health management procedures

1. **Evaluate health hazards**
   Review and evaluate the impact of the Company's business activities and work environment on occupational safety and health
2. **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
3. **Supervise and implement plans**
   Implementation of occupational safety and health measures, system certification, and training, and follow up on the implementation status
4. **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 employee 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 in-house physicians actively notify employees with irregularities in their health examination results to receive further check-ups at hospitals. They provide employees with healthcare instructions and recommendations for improvements and follow up on their improvement status. We organized health examinations for 135 senior executives, 24 overseas personnel, and 7,839 employees in 2020 and subsidies amounted to approximately NT$34.94 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 screened to determine their risk rating based on personal risk factors. High-risk employees are provided with telephone interviews and healthcare instructions by the in-house physician. Staff nurses send out e-mails with relevant health information to moderate-to-low-risk employees and notify their supervisors to provide appropriate assistance. 8 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 in-house physician learns about the reasons of symptoms in individual cases, provide suitable recommendations for improvement, and regularly follows up on the improvement status through the telephone 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 in-house physician.

IV. Maternal Employee Health Protection Plan: Female employees, upon learning of their pregnancy and those reinstated within one year of childbirth, jointly fill out the "Health Risk Assessment Form for Pregnant/Postpartum Employees" with their manager to assess the impact 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 "hazard identification and risk assessment for prevention of illegal infringement in the workplace" for all employees each year. The senior management signed and issued the "Written Statement for Preventing Illegal Infringement in the Workplace". The Company creates safe work environments, assigns manpower appropriately, and provide free psychological consultation and other measures to relieve the stress of employees. The representatives of both labor and management established the "Illegal Infringement Complaint Investigation Team" to investigate cases of illegal infringement, implement the Prevention of Illegal Infringement at Work Plan, and reduce the probability of internal or external illegal infringement in the workplace.

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, peer 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

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

Statistical table on related illegal infringement complaints in past years

Item / Year	2017	2018	2019	2020
Illegal infringement (number of cases)	0	0	0	0

2020 employee health risk mitigation measures and effectiveness:

Health risk	Mitigation/ Prevention Measures	Effectiveness
Infectious disease (Note)	Issued e-newsletter to provide health care information	E-newsletters were issued to deliver health information on the prevention and treatment of infectious diseases such as tuberculosis and on seasonal infectious diseases such as influenza and flu-like illnesses. 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	• Maintain 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, visors, face masks, and disinfectants.
	On-site service by nursing personnel	Based on the health examination results, if the workplace has employees who contracted infectious disease, dedicated nursing professionals were invited to provide disease health education at the workplace to improve employees' understanding of the disease and prevention methods.
	Organize disease prevention awareness campaigns	The Company organized COVID-19 seminars and disease prevention awareness campaigns for a total of 790 participants.
Obesity	Organized health promotion activities	We organized the six-month "Healthy Diet" health promotion campaign with a total of 953 participants. The weight control group (BMI≧24) and weight maintenance group lost a total of 751.9 kilograms, and individuals lost up to 15.5 kilograms. The weight control group (BMI<18.5) gained 37.6 kilograms, and individuals gained up to 5.1 kilograms.
	Nutrition Management	Our Company operates an employee cafeteria with professional nutritionists retained to design a menu low in salt and fat. We also have arrangements with organic vegetable farmers to supply fresh and healthy cuisine with Food Traceability certification. Each dish is labeled with its calorie count and the total calorie count of each meal is kept between 600–800 Kcal to take care of employees' dietary health. The average number of diners each day in 2020 was 1,188.
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 business sites to protect employees and customers, and received the "AED Safe Workplaces Certification".
Accidents and injuries	• Increased awarenessthrough internal official documents • Enhanced occupational hazard reporting • On-site instructions by nursing personnel	We reminded employees to pay close attention to safety and traffic conditions on their commutes and official travel. They must be careful when walking at the workplace and should not run or use their mobile phones when walking. They must pay attention to their surroundings to avoid slipping and must hold hand rails and step carefully when going up or down the stairs to avoid accidents.
Mental stress	Appointed the "Teacher Chang Foundation" to provide employees with psychological consultation	We helped employees identify and resolve issues that affect their work performance such as physical or mental stress, adapting to the workplace, and childcare. We provided consultation in 92 cases in 2020.
	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).
Cancer	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 check-ups.
	Promoted the "Low-dose Radiation Tomography Lung Scan" to provide early detection and treatment for lung cancer.early detection and treatment for lung cancer.	We provided employees with consolation fund for serious illness or injuries (27 applicants in 2020). We also set up a "Family Association" and encouraged employees to support and share their healthcare experiences with each other. For individual patients, health professionals made phone calls to check up on seriously ill or injured employees and provide professional healthcare information. 374 expressions of support were conducted during 2020.

Note: COVID-19 disease prevention measures

In response to the COVID-19 epidemic, the Group established the Disease Prevention Emergency Response Team in late January 2020 in accordance with the "Crisis Response Principles". The Group also published the FFHC Emergency Response Measures and Disease Prevention Plan Handbook. The subsidiaries established emergency response teams and established 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.

Strengthen disease prevention and control mechanisms

- Establish a disease prevention information platform and notification and tracking mechanisms
- Prepare all necessary disease prevention supplies
- Supervise and ensure compliance in all workplaces of the Group
- Visitor control and workplace disease prevention management
- Implement disease prevention and employee health tracking

Establish backup mechanisms to ensure uninterrupted operations

- Establish management mechanisms for working from home
- Plan backup units for domestic business units
- Organize separate rotations for office work, remote work, and working from home based on the development of the epidemic

4-2 Workplace Safety

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

1. Implementation of OSH-related Activities and Training

To prevent occupational injuries as well as protect the safety and health of employees, the Company has established an "Occupational Safety and Health Committee" (OSH Committee) in accordance with the "Occupational Safety and Health Act", "Enforcement Rules of the Occupational Safety and Health Act", and the "Management Guidelines for Occupational Safety and Health". The committee will have 7 members comprising of the employer, labor representative and department manager, with 3 members, or 43% coming from the labor union. Conduct quarterly meetings to review various health related issues, prevention of illness and health promotion matters, occupational hazards reports and others. Pay attention to employee health and workplace safety issues, in addition to the regular tracking of the progress of implementing items agreed upon in the meeting such as: safeguarding public safety in the workplace, tracking and management of employee health, supervision of safety and hygiene, and other measures beneficial to improving workplace safety and hygiene management.

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

Item \ Year	2017	2018	2019	2020
No. of meetings	4	4	4	5
Proposals	10	15	10	9

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

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

Item \ Year	2017	2018	2019	2020
Number of Trainees and Training Hours for Workplace Safety and Hygiene Managers	714/8,315	71/2,405	728/7,309	29/645
Number of Trainees and Training Hours for Fire Hazard Prevention Management	650/3,930	69/828	93/1,116	693/4,314
Number of Trainees and Training Hours for Emergency Rescue	31/558	41/738	625/2,640	33/594
Number of Trainees and Training Hours for ISO 45001 Management Systems	-	99/707	50/179	29/645
General employee	3 hours of OSH in-service training over 3 years			

Note: As a result of the epidemic in 2020, except for the necessary annual on-the-job training, sales units assigned personnel to other courses based on necessity, and therefore the number of participants and number of hours were lower than previous years.

● Statistics on health education seminars in past years

Item \ Year	2017	2018	2019	2020
Health-related issues (including physiology, disease, nutrition, diet, current events, and other health issues)	2 sessions / 295 people	3 sessions / 269 people	3 sessions / 762 people	8 sessions / 952 people
Physical and mental health topics	2 sessions / 826 people	4 sessions / 812 people	2 sessions / 91 people	5 sessions / 218 people
Maternity health and Childcare health topics	-	-	2 sessions / 71 people	3 sessions / 69 people
Health promotion activities	2nd session of weight control class was conducted with a total of 66 participants, shredding a total of 66.1 kg	1st session of weight control class was conducted with a total of 41 participants, shredding a total of 32.5 kg	Walkathon 1 session/942 participants with more than 950 million steps and 2,517kg in weight loss	Health promotion activities 1 session/953 participants (weight control group (BMI≧24) and weight maintenance group lost a total of 751.9 kilograms; weight control group (BMI<18.5) gained 37.6 kilograms)

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 training on "occupational safety and health hazard identification" to promote the occupational safety and health management system and reduce the occurrence of accidents. The Company also completed an occupational safety and health "hazard identification inventory" for each unit in 2020 and established systematic management mechanisms for hazard identification, 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 P-D-C-A 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 Control Center and five teams, these being the Engineering Team, Protection Team, Supply Team, Medical Team and Firefighting Team. Each team has a team captain, a deputy captain and several team members (assigned as necessary). In the event of an emergency, they can take the necessary response measures at any time to protect the safety of employees and property in the FFHC headquarters building.

4. 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 15,768 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 1,606 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)who fell ill due to work related causes was 0. The number of employees who were injured on the job was 5.

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

● Overview of occupational injuries in 2020

Gender	Number of people on occupa-tional injury leave	Number of days of occupa-tional injury leave	Occupa-tional injury rate % (Note 1)	Lost day rate % (Note 2)	Disabling injury frequency rate % (FR, Note 4)	Severity of disabling injuries rate % (SR, Note 5)	Number of days absent (excluding leave)	Absentee-ism rate % (Note 6)
♀	28	618	0.47	6.27	1.42	31	10,842	0.73
♂	14	423	0.36	4.29	0.71	22	6,188	0.63
Total	42	1,041	0.43	10.56	2.13	53	17,030	0.69

● Occupational Injuries and absences in past years

Year	2017			2018			2019			2020		
Gender	♀	♂	Total	♀	♂	Total	♀	♂	Total	♀	♂	Total
Occupational injury rate%	0.65	0.22	0.47	0.47	0.43	0.46	0.58	0.37	0.49	0.47	0.36	0.43
Absenteeism rate%	0.26	0.07	0.33	0.82	0.30	0.61	0.66	0.36	0.54	0.73	0.63	0.69

Note:
1. Occupational injury rate: Number of people on occupational injury leave
2. Lost day rate: Days of occupational injury leave/ Work hours * 200,000
3. Total work hours: 19,698,000 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:

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

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

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

6. Absenteeism rate%: Absence Rate Days of leave (Occupational injury + sick leave and menstrual leave)/Total work days.
The increase in the absence rate in 2020 was mainly due to the increase in the number of employees who took extended sick leave due to cancer or fractures. (including the operation + post-operation recovery + checkups + rehabilitation).
7. Atypical employees (including temporary workers and security staff) are excluded because the nature of their work is different from that of full-time employees.

Community Engagement

Material Topic :

GRI 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

5-1 Charitable strategy

Amount Unit: ten thousand

		Solution	2018	2019	2020
Social Care	Commercial benefits	"GLORY+ World Cards" in circulation and the proceeds	2,126 cards/1,767	2,449 cards/1,846	3,071 cards/1,787
		Proceeds from "financing projects for the reconstruction of dangerous and old buildings"	13,700	127,000	3,516
		The senior citizens' easy-care trust and disabled people's care trust	37	22	13
		Proceeds from reverse mortgage "Comfort Loan"	84	163	279
		Income from "Worker Relief Loan" and "Micro-Enterprise e-Services"	–	2,500	23,751
		Income from First Time Home Buyer Mortgage	45,328	43,672	47,634
		Proceeds from loans for small and medium enterprises	1,240,000	1,280,000	1,281,420
		Premium income from micro insurance products	5	5	9
	Social/environmental benefits	Number of beneficiaries in the financial seminars in remote areas, campuses, and communities	6,186	8,991	6,814
		Amount of donations for charity organizations made through First Bank credit cards	43,300	49,500	56,517
		Number of beneficiaries of disadvantaged schoolchil-dren (including rebates from the World Card, breakfast for schoolchildren in remote areas, financial support for disadvantaged schoolchildren, and financial industry scholarship donations) and amount donated	2,289 / 353	2,137 / 432	2,226 / 483
		Purchase of gifts for the charity year-end party and income for the performance of disadvantaged groups	138	124	100
		Number of beneficiary households of donations to the Food Bank and amount	375 / 85	465 / 105	730 / 110
		Number of beneficiaries in overseas charitable activities and amount of donations	200 / 18	1,400 / 129	535 / 75
		Number of beneficiaries in domestic volunteer clinic activities and amount of medical expenses saved	1,426 / 21	1,635 / 25	1,600 / 24

Resolved social and environmental issues

- The wealth gap between urban and rural areas makes it difficult for disadvantaged groups to obtain education resources and financial information and services.
- 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.
- Taiwan's aging society has made the lack of resources for long-term care of the elderly increasingly severe.
- Resolve youth and low birthrate issues and help youths uphold optimism in facing the future.

Impact

We promote financial inclusion and incorporate SDGs to take care of young property buyers and ensure 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$45.7 billion in 2020, accounting for 8.24% of overall consumer loans. The amount of ESG-backed retirement trusts for the elderly and disability trusts for customers with physical or mental disabilities reached NT$8.211 billion.

Amount Unit: ten thousand

		Solution	2018	2019	2020
Sports Competition	Commercial benefits	Hiring athletes as official employees and contribution of employees to the Bank's profitability	1,795 (8 employees)	3,655.3 (15 employees)	1,985 (10 employees)
	Social/environmental benefits	Awards won by the First Bank men's table tennis team in Taiwan and abroad (number of medals)	3 gold medals, 5 silver medals, 9 bronze medals	8 gold medals, 16 silver medals, 21 bronze medals	2 gold medals, 1 silver medals, 3 bronze medals
		Rewards won by the First Bank table tennis team in Taiwan and abroad	234	141	24
		Number of participants in the national tennis and table tennis tournaments	1,918	1,881	1,881
		the Ministry of Finance "Unified Invoice Cup for Road Running" invoice award amount	36.28	38.08	36.4

Resolved social and environmental issues

- It is difficult for athletes to find jobs and we provide them with stable job opportunities for them to receive training without worry and make full use of their potential.
- Athletes often suffer from insufficient funding and lack experience in international and large-scale sporting competitions. These deficiencies have affected their performance in the international sports world.

Impact

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.

		Solution	2018	2019	2020
Artistic Cultural Creation	Commercial benefits	Proceeds from loans for the cultural and creative industry	37,700	41,400	44,652
	Social/environmental benefits	Number of borrowers of loans to cultural and creative industry	1,053	1,550	3,464
		Number of borrowers of loans to cultural and creative industry that specialize in film and television	66	90	140
		Number of visitors and economic value in the Taiwan and Taipei Lantern Festivals	13.568 million / 25,800	17.39 million / 380,800	11.82 million / 700,000
		Exhibition venue lease fees and the total value of art works sold of domestic artists	756 / 627	756 / 381	756 / 124
		Total number of participants and income in National Taiwan University Hospital and large-scale concerts	10,000 / 12	10,200 / 13	9,100 / 7

Resolved social and environmental issues

- Provide cutting-edge singers, musicians and vulnerable groups to perform on stage.
- The arts, cultural, and events sectors went downhill due to the serious outbreak of COVID-19. We injected funds into the arts and cultural industries by providing financing and trust services to help the industries develop and transform to weather the crisis.

Impact

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 Upgrades" and "Loans for Young Entrepreneurs and Start-ups in the Cultural and Creative Industries." We sponsored Taiwan Lantern Festival and Taipei Lantern Festival to attract more visitors and create economic output, creating an all-around winning situation for the tourism industry, local governments, and consumers.

Amount Unit: ten thousand

		Solution	2018	2019	2020
Green Care	Commercial benefits	The number of Green Public Welfare Credit Cards (Leezen Card, Yilan Card, and Living Green Card) in circulation and their proceeds	102,553 cards / 4,868	147,548 cards / 4,706	153,367 cards / 3,192
		Related proceeds from urban renewal financing projects	29,000	31,000	16,691
		Green loan proceeds	104,000	111,000	111,348
		Investment proceeds in green bonds	4,500	7,700	11,000
		Five Plus Two Industries" policy (green energy technologies, Asia Silicon Valley, biomedical technologies, defense, smart machinery, new agriculture, and circular economy) related proceeds	112,000	115,000	109,793
		Proceeds from Renewable Energy Creation Loans	1,644.8	1,246	1,356
		Proceeds from investing in solar power plants	–	310	995
	Social/environmental benefits	Number of beneficiaries of environmental education	304	54	38
		Number of trees planted and annual carbon absorption volume	5,385 trees / 40 MT CO_2e	5,631 trees / 56.31 MT CO_2e	130 trees / 1.3 MT CO_2e
		Number of LED lighting equipment installed in the Green Light Program and the reductions in electricity consumption, electric bill, and carbon emissions each year	265 sets / 30,000 kWh / 12/16.62 MT CO_2e	1,184 sets / 118,000 kWh / 47/82 MT CO_2e	1,216 sets / 103,000 kWh / 41/52.27 MT CO_2e
		Carbon emissions reduction in investments in solar power plants	–	11,000 MT CO_2e	56,000 MT CO_2e
		Landowners' proceeds from urban renewal financing projects	–	–	1,838,574
		Environmental benefits from urban renewal financing projects	–	–	997.7 MT CO_2e
		Rebates from Green Public Welfare Credit Cards (Leezen Card, Yilan Card, and Living Green Card)	1,304	1,557	1,478
		Green volunteer participation and number of beneficiaries	1,601 / 4,635	1,606 / 4,422	1,228 / 1,718
		Volunteer service satisfaction rate	–	82.86%	92.28%
		Purchase amount of organic vegetables and fruits	33	28	26

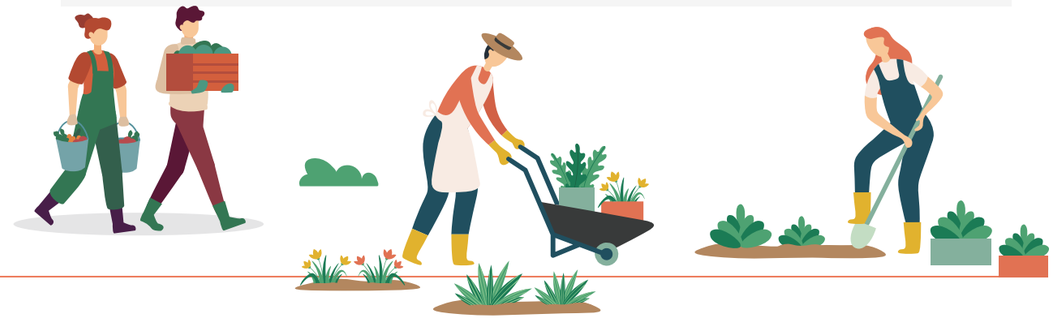
Resolved social and environmental issues

- Insufficient crop yields, farmers apply chemical fertilizers and pesticides to increase yields, and must encourage organic agriculture to slow down the catastrophic damage to the land.
- The reserves of natural resources such as crude oil and natural gas are limited, and they are bound to face the problems of energy depletion and insufficient sustainable energy.

Impact

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$487.4 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 provide One-stop Financial Service for Urban Renewal 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.

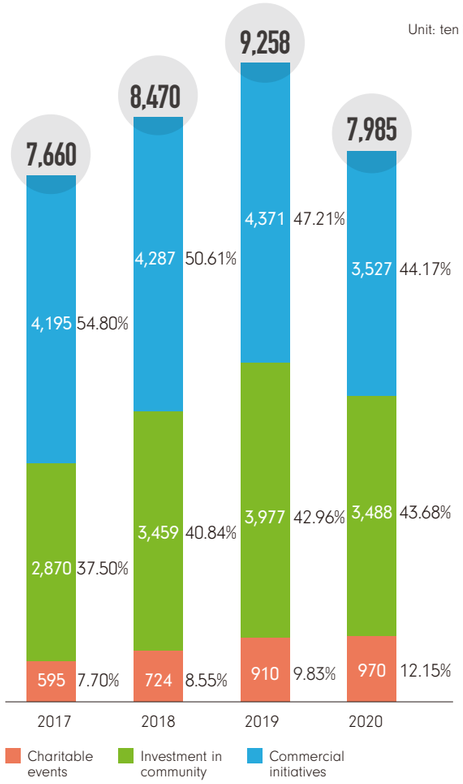
Note: We cut down the number of charity and Green Volunteers events to be hosted due to the impact of the COVID-19 pandemic, resulting in a decrease in commercial, social, and environmental benefits.



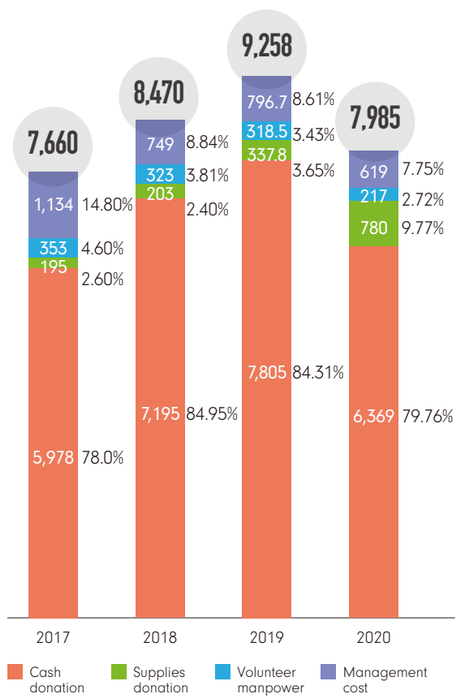
5-2 Benefit evaluation

We respond to the United Nations Sustainable Development Goals (SDGs) and actively uses core functions to help solve social and environmental problems. We continued the four major charitable strategies of "Green Care", "Social Care", "Sports Competition" and "Artistic Cultural Creation" in 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.

● Event type



● Type of resources committed



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 22,688 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 recovered 98.93% of the surveys. 92.28% of the participants have expressed their satisfaction with the events , and set a target of achieving year-over-year growth of 3% starting from 2021 in terms of the number of volunteers.

Northern Region

70 Events in 2020

Loving Volunteers : 24 events
- Tonghua Community Center, Taipei City
- Lengshuikeng-Qingtiangang Trail, Yangming Mountain
- Fushan Elementary School, Wulai
- Yi Kuang Orphanage
- Jen Ji Shiang Social Service Institute (2 events)
- Hua Hsing Children's Home
- Chung Yi Children's Home
- Association of Blind Taiwan
- Rural health clinics in Hualien andPenghu (3 events)
- NTU Dream Come True Concerts (3 events)
- Andrew Food Bank (4 events)
- Yungai Development Center, The First Social Welfare Foundation
- Chong-De Primary School, Xiulin Township, Hualien
- "Get Out and Give" Blood Drive
- Investment primary school
- Trust lecture for families of people with physical or mental disabilities

Financial education activities in schoolds : 23 events
Green Volunteers : 23 events
- Linkou Journey to the West Organic Farm events (18 events)
- Green Finance Camp
- Beach cleanup at Waziwei, Bali (2 events)
- Beach cleanup at the Sea Shell Coast, Danshui
- Helping small farmers to harvest 600 kg of sweet potatoes

Taoyuan-Hsinchu-Miaoli Region

17 Events in 2020

Loving Volunteers : 5 events
- Hua Kuang Social Welfare Foundation - Chieh Tzu Community Support Service Center
- Dexin Service Center, Good Shepherd Social Welfare Foundation
- Tinfun Home for Individuals with Development Disabilities
- Wufeng village, Hsinchu County
- Miaoli Branch Office, Taiwan Fund for Children and Families

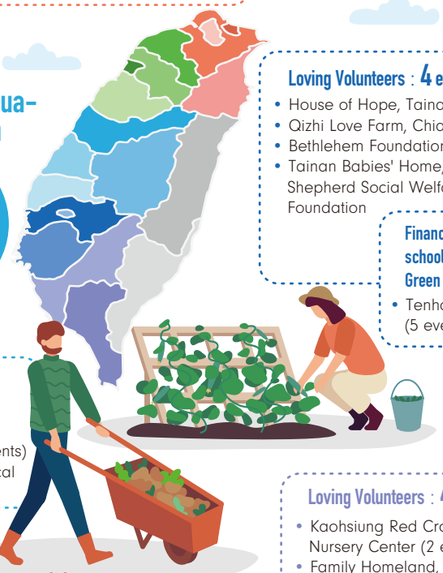
Financial education activities in schoolds : 12 events

Taichung-Changhua-Nantou Region

16 Events in 2020

Loving Volunteers : 4 events
- Central Region Children's Home, Ministry of Health and Welfare
- Tsu-Hsin Children's Home
- Bankers on Campus
- Enhuei Children and Juvenile Center, Changhua County

Financial education activities in schoolds : 6 events
Green Volunteers : 6 events
- LadyBird Organic Farm events (5 events)
- Planting trees in Zhuzaikeng Ecological Park



Yunlin-Chiayi-Tainan Region

14 Events in 2020

Loving Volunteers : 4 events
- House of Hope, Tainan
- Qizhi Love Farm, Chiayi
- Bethlehem Foundation, Tainan
- Tainan Babies' Home, Good Shepherd Social Welfare Foundation

Financial education activities in schoolds : 5 events
Green Volunteers : 5 events
- Tenha Organic Farm, Tainan (5 events)

Kaohsiung-Pingtung Region

15 Events in 2020

Loving Volunteers : 4 events
- Kaohsiung Red Cross Nursery Center (2 events)
- Family Homeland, Pintung
- Jin Tan Primary School, Linyuan, Kaohsiung

Financial education activities in schoolds : 7 events
Green Volunteers : 4 events
- Kaohsiung An Hsin Home Organic Education Farm (4 events)

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

Year	Hours	Participants	Beneficiaries
2011	2,140 hours	535 people	1,148 people
2012	2,484 hours	621 people	2,001 people
2013	6,804 hours	1,701 people	4,073 people
2014	11,464 hours	2,866 people	6,556 people
2015	12,024 hours	3,006 people	6,774 people
2016	12,896 hours	3,052 people	10,565 people
2017	13,440 hours	3,128 people	12,421 people
2018	11,749 hours	2,888 people	15,446 people
2019	11,723 hours	2,872 people	19,027 people
2020	8,059 hours	2,019 people	13,591 people
Cumulative total	92,783 hours	22,688 people	91,602 people

Loving Volunteers 43 events
Including Ho Chi Minh 1 event Phnom Penh 1 event

Green Volunteers 38 events

Financial education activities in schoolds 53 events

Total 134 charity events in 2020

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.

Services	2018	2019	2020
Financial education and promotion in rural areas, schools, and communities	Session: 51 Number of Participants: 5,373	Session: 66 Number of Participants: 8,077	Session: 53 Number of Participants: 5,363
Promotion in rural areas by volunteers	Session: 14 Beneficiary: 352	Session: 6 Beneficiary: 272	Session: 5 Beneficiary: 316
Volunteer services incorporated with the promotion of retirement trusts and disability trusts for customers with physical or mental disabilities	Session: 1 Number of Participants: 29	Went to Songnian University and rural areas in New Taipei City to promote retirement trusts, financial planning for the elderly, and property protection measures Session: 6 Beneficiary: 365	• Volunteers went to Wufeng aboriginal village, Hsinchu County. In addition to donating daily necessities to solitary elderly people and disadvantaged residents, they also promoted retirement trusts and provided villagers with planning for retirement and disability care to prevent elder fraud. Beneficiary: 150 • Xingfu Shelter, Taipei Autism Children Social Welfare Foundation. Beneficiary: 35
"Investment Primary School - Wealth Management Number One"	Session: 1 (Taipei Family Helper Center and TCWC Children Home) Beneficiary: 29 children	Session: 1 (Taipei Family Helper Center and TCWC Children Home) Beneficiary: 33 children	Session: 1 (Taipei Family Helper Center) Beneficiary: 24 children
Investment checkup seminar in rural communities	Session: 5 Number of Participants: 157	Session: 5 Number of Participants: 171	Session: 6 Number of Participants: 365
Online wealth management workshop	Session: 46 Number of Participants: 1,419	Session: 45 Number of Participants: 1,946	Session: 69 Number of Participants: 3,697

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 Tainan

In November 2020, a red truck carrying delicious toasts, eggs, and mayonnaise arrived at the House of Hope of Galilee Mission in Tainan 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 Galilee 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 cakes 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 fire safety facilities and teaching equipment, including second-hand computers, projectors, and printers, to the House of Hope. With donations, children can grow up with ease and learn happily.

Social Care

Disadvantaged Assistance

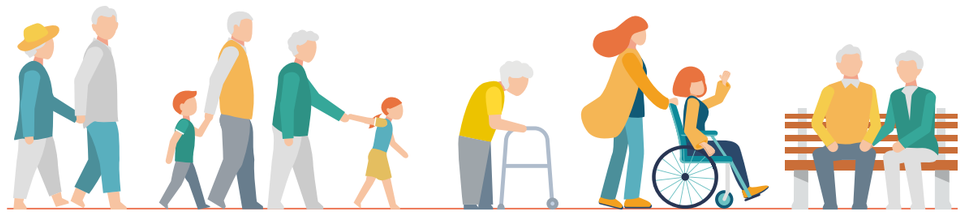
- First Bank Culture & Education Foundation donated 1‰ of payments made with the First Bank World Card to the "School Education Savings Account" platform of the Ministry of Education. The platform sponsors education, school lunches, and after-school classes for disadvantaged schoolchildren in remote 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$964,000.
- 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 6 years and assisted 9,825 students from needy families.
- We worked with the Charity Trust Planet Education Foundation to continue to implement the "Care for Disadvantaged Schoolchildren Project". We have assisted a total of 486 disadvantaged schoolchildren in Ankeng, Zhongzheng, and Erchong Elementary Schools for 10 consecutive years and provided education assistance programs to 3,352 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 "Tanan Elementary School" in remote areas of Nantou County and the baseball team of Chong-Syue Elementary School in Tainan City and provided breakfast to 120 disadvantaged schoolchildren and baseball players for the entire year.
- We invited family members from Xingfu Shelter of Taipei Autism Children Social Welfare Foundation to attend the "Trust 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 Mennonite Christian Hospital and Taipei Medical University Hospital Feng Hsin Medical Youth Service Group to organize 3 free clinics in Wanrong and Zhuoxi Township in Hualien and Huxi Township in Penghu for the 5th straight year. We also sponsored the medical expenses for the 20 free clinics provided by Mennonite Christian Hospital, 4 Gatherings for Patients with liver diseases, and 25 free clinics provided by Taipei Medical University Hospital Feng Hsin Medical Youth Service Group. The free clinics benefited 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.



Social Care

Charitable donation

- A total of NT$565 million was donated charity organizations through First Bank credit cards.
- We organized 133 public welfare year-end parties in which we invited disadvantaged groups to perform and purchased gifts with public welfare and environmentally friendly philosophy. The total expenses for gifts and performances was NT$1.0 million.
- We sponsored Andrew Food Bank's Lunar New Year's Dishes for Poor Children program for the 4th consecutive year. The program benefited 360 disadvantaged households in 2020 and we have accumulated NT$2.55 million in donations.
- We donated 370 packages of the New Year's loving dishes to Zhongqin Borough in Taipei City, benefiting solitary elderly people and low-income households.
- We donated 159 packages of the New Year's loving dishes to solitary elderly people living in Zhongzheng 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 Xinyi 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 benefited from the donations.
- 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 Xinyi 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$870,000.
- We donated NT$110,000 to the Queensland Government of Australia for helping the government in rebuilding after the bushfires.

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 donated them to 6 elementary schools in rural areas, including Penglai Elementary School in Yilan, Taushan Elementary School in Hsinchu, Sinapalan Elementary School and Tanan Elementary School in Nantou, and Saijia Elementary School and Cing-Ye Elementary School in Pingtung. We also bought 2,040 kg of pomelos and 3,900 kg of bananas and donated them to 56 social welfare groups and schools across Taiwan.
- To give thanks to frontline epidemic prevention workers for their efforts, we donated epidemic prevention supplies to Hualien's Mennonite Christian Hospital. The supplies included 2 infrared thermometers, a thermal imaging temperature scanner, and full body protection suit and isolation gowns.
- We donated a medium-sized bus TOYOTA Coaster to National Taiwan University Cancer Center to improve shuttle bus efficiency and ensure quality and safe driving. It is expected that more than hundreds of thousands of people will use this shuttle bus each month.
- Due to the lack of medical resources and the concept of epidemic prevention measures among local people in Cambodia, we donated 10,000 medical masks, 900 protective suits, and US$50,000 for the country to purchase COVID-19 vaccines.

Love knows no distance, Heartwarming concert

- We invited the Atayal Traditional Choir from Fushan Elementary School in New Taipei's Wulai, Bo-Yi Wu, a band Yishgen Chengnuo to an online concert "Love Knows No Distance." The concert, conducted for video shooting without a live audience, cheered everyone up during the pandemic.
- We hosted "I Love My Office – Music Festival to Prevent the Epidemic" to bring music to the office building. We invited the Four of Hearts, a band of musicians with physical disabilities, to perform on the first floor of the headquarters and the Department of Business to give employees and members of the public a unique music festival. About 100 people participated in the music festival.

Green Care

Environmental Education Promotion

- The Green Finance Education Hall at Wanhua Branch 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. We hosted 18 sessions of courses on environmental education targeting enterprises, government agencies, and schools, with a total of 486 people participated.
- We organized 2 sessions of "Green Finance Camp," with environmental education and DIY green and organic products. Moreover, we helped children build basic wealth management concepts and learn about the work environment and role of banks through the "Financial Primary Schools." A total of 10 volunteers and 38 children participated.
- Since 2014, FFHC has coordinated with all company locations of Bank, Securities, Securities Investment Trust, Life Insurance, and AMC subsidiaries to turn off the lights for one hour on the evenings of "Earth Hour" (March 28) and "Earth Day" (April 22).

Green Volunteers

- We organized 38 Green Volunteer events to support organic farms, protect coastlines, plant trees for carbon reduction, adopt contract growers, implement the Green Light Sustainability Program and other Green Volunteer activities. We invested a total of NT$1,107,613 and harvested and purchased 2,340kg of organic vegetables. We also purchased nearly 600kg of organic red sweet potatoes of "Tainung No. 66".
- We planted about 130 saplings in Zhuzaikeng Ecological Park in Taichung City to celebrate Arbor Day. We have planted a total of 5,761 saplings from 2016 to 2020, which equaled a reduction of approximately 57.61 metric tons of CO_2e every year.
- We partnered with "Taiwan Indigo Dye Association" to organize "Campus Environment Educational Lectures – The Beauty of National Parks in Taiwan." The lectures helped schoolchildren connect with, learn about, and further take action to protect nature, benefiting a total of 1,758 schoolchildren.
- We hosted 3 beach cleanup activities "I Love Beautiful Oceans." 140 volunteers picked up a total of 287 kg of fishery waste, general waste, and driftwood.

Green Cooperation

- We allocated 2‰ of transactions with the First Bank Living Green Card totaling NT$1.16 million and NT$270,000 from FFHC to work with suppliers and customers in providing 5 elementary schools in rural areas with 1,216 sets of LED lighting equipment. These schools were Daxi Elementary School and DaLi Elementary School in Yilan's Toucheng Township, Xian Ming Elementary School in Sanxing Township, Penglai Elementary in Suao Township, and Chong-De Primary School in Hualien County's Xiulin Township. We estimate that the replacement would reduce about 103,000 kWh of electricity, cut electricity costs by approximately NT$410,000, and reduce 52.3 metric tons of CO_2e each year.
- First Bank donated 0.6% from transactions paid using the Leezen card, which amounted to NT$10.90 million, towards the "Tze-Xin Organic Agriculture Foundation" and the "Bliss and Wisdom Foundation of Culture and Education." The donations help provide guidance on organic certification of agricultural products, promotion of organic vegetarian school meals, clean-up of water sources and enhancing spiritual education.
- The First Bank donated 3‰ of the Yilan Card to the Yilan County Government for 2.508 million dollars, which was used for social welfare and tree planting and tree protection.
- We donated 154 computers to social welfare groups, including Triple-E Institute, Pingtung Heart-ease Grass Care Association, Belize Educational Service Group of National Tsing Hua University, and ASUS Foundation to enrich the educational resources for disadvantaged students living in rural areas and reduce the gap between urban and rural areas. So far, we have donated 1,331 computers in total.

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.

Sport support

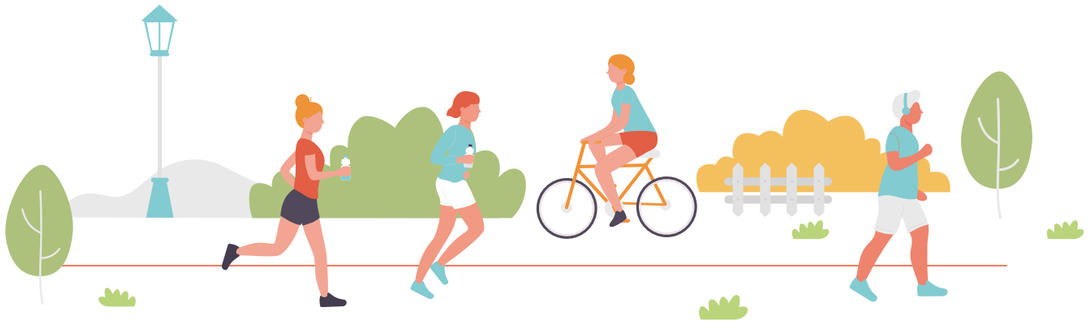
- We have organized national table tennis tournaments for 12 consecutive years, sponsored Taiwan's weightlifting team for the Olympics and Football Association, and supported and helped disadvantaged schoolchildren with a specialty in sports. We received the "Sports Activists Awards - Gold Sponsorship and Long-Term Sponsorship Award" from the Ministry of Education for 2 consecutive years.

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 Sinfu Buddhist Social Welfare and Charity Organization, Lan-Chui Social Welfare Foundation, St. Camillus Center for Intellectual Disability, Tzih Huai Home of Tzih Huai 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.



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.

Light up Life on the First Dream Stage

- Since 2011, we have cooperated with the National Taiwan University Hospital to hold a caring concert, allowing talented people with physical and mental disabilities to show their talents and self-confidence. Over the past 10 years, 56 concerts have been held, inviting 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.

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.

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.

Supporting local art and cultural traditions

- The first and second floors of the FFHC headquarters building was transformed into an art space in 2011. The space allows local artists to exhibit their art for free. A total of 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.

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.

Finance innovation and inclusiveness

Material Topic :

GRI guidelines and financial services sector disclosure standards: Product portfolio

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

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

FFHC supports the United Nations Sustainable Development Goal SDG 8.2 for "achieve higher levels of economic productivity through diversification, technological upgrading and innovation" and SDG 8.10 "strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all". We are committed to providing diverse digital finance services through application innovation technologies and providing online banking and mobile banking app FinTech services to least developed countries. FFHC also integrated various online businesses, smart customer services, and open API connections with big data, cross-industry alliances, and differentiated services to optimize the user interface and functions and provide customers with a more diverse and smooth digital finance experience with the aim of becoming customers' top choice and a leading brand in the market.

6-1 Optimize service procedures on digital channels

First Bank independently developed the "iLEO Digital Account" which upholds the core values of "simplicity, innovation, and thoughtfulness". The account target digital natives.

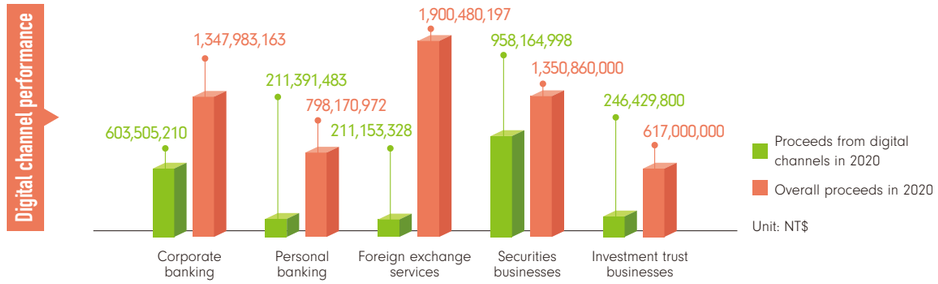
First Bank leads digital trends and attracts new customers. In terms of customer base composition, office workers between the ages of 20 and 44 account for the largest share. The average age of current users is 36, with women accounting for 57% of the total. Customers are only required to complete the online account opening application and download the exclusive "iLEO app" to gain access to a comprehensive digital financial account with multiple functions such as NTD and foreign currency deposits, funds and wealth management, and credit card services.

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.

iLEO launched the innovative patented swipe transfer function and the popular brand-new interface. It also created innovative functions such as horoscope investment, credit loan, and dream come true account for iLEO's digital account customers. For instance, the online loan platform "iLEO Bucket of Gold" provides rapid year-round online credit loan applications and drawdown services for loans from NT$30,000 to NT$3,000,000 to continue to enhance services and broaden the product range. More than 570,000 iLEO Digital Accounts have been opened since its launch and First Bank ranked fourth among domestic banks in 2021 Q1 in terms of the number of new digital accounts. The iLEO app was downloaded over 234,000 times in 2020 which was a 117% increase from 2019.

First Securities "e-account opening" upheld its "three noes and one zero" features which require "no over-the-counter procedures, no closing time, no bank visit, and zero account opening documents to fill out". It only takes three steps and five minutes to complete the application and procedures from account opening to setting settlement bank, TDCC e-Passbook application, and electronic transaction password delivery can be completed digitally. The service has helped customers experience new digital financial services with ease and 11,472 people have opened accounts as of the end of 2020.

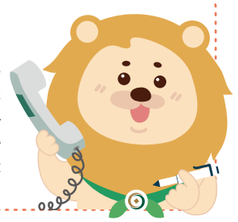
First Life Insurance continues to improve the functions of "e-Services" app mobile service platform to allow the user to view all functions on one page. The app provides the insured with rapid policy search, online changes, and convenient and practical personalized functions to increase their usage rate.



6-2 Smart Applications

Smart Customer Services

In response to the digital transformation in the traditional finance industry, First Bank launched smart robots on the customer service center to jointly provide 24-hour real-time services with customer service personnel. The service uses natural language processing and machine learning technologies to integrate bank business knowledge with artificial intelligence platforms so that customers can use the Internet and mobile devices to enter text or audio to communicate with smart robots. The simple interface and human-friendly interactions shorten service waiting time and increases service efficiency. As of the end of 2020, users have used the "smart customer services" 278,501 times and the accuracy rate of responses was 94.5%.



Smart wealth management

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 15% 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 table, 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 "e-speed loan" which provides online calculation of loan limits and application services. It also used AI appraisal models for customers to immediately calculate mortgage limits and interest rate by entering the address of the real estate in the mortgage and basic personal information online. A total of 30,368 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 high-tech banking and boosting the prevalence of digital technology, First Bank has set up physical branches to provide local people with traditional financial services such as deposits, 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 bound to mobile payment.

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 iPASS and launched the "LINE 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 prize 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 Far 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 , Cosmed ,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 assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of FFHC only for the purposes of assuring its statements relating to its 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 Account Ability 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 sustainability programmes and performances during 2020. The sustainability report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the FFHC and the sample taken. We believe that the 2020 economic, social and environmental performance information are correctly represented. The sustainability performance information disclosed in the report demonstrate FFHC's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that FFHC's description of their approach to AA1000AS 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 FFHC publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of FFHC and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the FFHC's management and performance. In our professional opinion the report covers the FFHC's material issues.

Responsiveness

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

Impact

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

Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, FFHC and BSI have agreed upon to include in the scope. In our view, the data and information contained within First Financial Holding 2020 Annual Sustainability Report are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmation.

GRI Sustainability Reporting Standards (GRI Standards)

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

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

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

Competency and Independence

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

AA1000
Licensed Assurance Provider
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Statement No: SRA-TW-2020063
2021-05-11

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

...making excellence a habit.™

Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Ni-Hu Dist., Taipei 114, Taiwan, R.O.C.

A Member of the BSI Group of Companies.

Independent Limited Assurance Report

PWCM20000588

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 Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China, to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria, and issue a limited assurance report.

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, information systems (if any), and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and
- 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

Chang, Jui-Ting
Partner
July 13, 2021

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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-CB-230a.1, and based on First Financial Holding CO., LTD's (hereinafter referred to as the "FFHC") Information Security Incident Management Regulations, the total number of data breaches that occurred in 2020. Data breach 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-CB-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, 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-CB-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:
- Exclude 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.
- 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 the first point in the technical protocol of SASB FN-CB-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 wasn'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-CB-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.

The scope of this monetary loss is the Companies' litigation caused by violation of the above laws or regulations, which were closed (Note) and recorded in 2020 in accordance with IFRS' "Framework for the Preparation and Presentation of Financial Statements" as well as provision in accordance with IFRS 37 (IAS 37), excluding legal and other fees and expenses incurred by the Company in its defense.

Note:
The definitions of closed cases include:
1. A ruling is rendered in the third-instance court.
2. The plaintiff and defendant reached a settlement.
3. The plaintiff withdrew the suit.

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 at 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 recused. • 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 Ethical 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-CB-510a.1, the company's policies and procedures for disclosing whistle-blower 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.

No.5	Pg.84

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.

No.6	Pg.84

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

Comparison Table of the Indicators in the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) in 2020

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

GRI 102: General Disclosures 2016		Chapter Description	Pg.
Disclosure	Description		
102-1	Name of the organization	Business performance	P36
102-2	Activities, brands, products, and services		
102-3	Location of headquarters		
102-4	Location of operations		P37
102-5	Ownership and legal form	Corporate governance	P41
102-6	Markets served	Business performance	P37
102-7	Scale of the organization	Business performance Talent recruitment and skills development	P36-37 P123-124
102-8	Information on employees and others workers	Talent recruitment and skills development	P123-125
102-9	Supply chain	Low-carbon operation and circular economy	P111-114
102-10	Significant changes to the organization and its supply chain	Business performance Low-carbon operation and circular economy (No significant changes)	P36-37 P111-114
102-11	Precautionary principle or approach	Risk management	P46-53
102-12	External initiatives	Business performance Sustainable finance	P39 P66-67
102-13	Membership of associations	Business performance	P39
102-14	Statement from senior decision-maker	Chairman's Message	P4-5
102-15	Key impacts, risks, and opportunities	Stakeholder Communication and Materiality Analysis Sustainable finance Climate change strategy and management	P12-17 P66-85 P94-100
102-16	Values, principles, standards, and norms of behavior	Ethical corporate management	P54-56
102-17	Mechanisms for advice and concerns about ethics		P54-56
102-18	Governance structure	Corporate governance	P41-43
102-19	Delegating authority	Sustainable Governance Operation	P10
102-20	Executive-level responsibility for economic, environmental, and social topics		
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Communication and Materiality Analysis	P12-13
102-22	Composition of the highest governance body and its committees	Corporate governance	P43
102-23	Chair of the highest governance body	Our corporate Chairman is Ms.Ye-Chin Chiou/President is Ms. Fen-Len Chen	-
102-24	Nominating and selecting the highest governance body	Corporate governance	P40
102-25	Conflicts of interest		P42
102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainable Governance Operation	P10
102-27	Collective knowledge of highest governance body	Corporate governance	P43
102-28	Evaluating the highest governance body's performance		P40
102-29	Identifying and managing economic, environmental, and social impacts	Stakeholder Communication and Materiality Analysis Corporate governance	P12-17 P41-43
102-30	Effectiveness of risk management processes	Sustainable Governance Operation Risk management	P10 P48-53

GRI 102: General Disclosures 2016		Chapter Description	Pg.
Disclosure	Description		
102-31	Review of economic, environmental, and social topics	Stakeholder Communication and Materiality Analysis	P12-13
102-32	Highest governance body's role in sustainability reporting		P12-17
102-33	Communicating critical concerns		
102-35	Remuneration Policies	Corporate governance	P44
102-36	Process for determining remuneration		
102-40	List of stakeholder groups	Stakeholder Communication and Materiality Analysis	P12-17
102-41	Collective bargaining agreements	Human rights	P121
102-42	Identifying and selecting stakeholders	Stakeholder Communication and Materiality Analysis	P12-17
102-43	Approach to stakeholder engagement		P14
102-44	Key topics and concerns raised		P14-17
102-45	Entities included in the consolidated financial statements	Business performance Corporate governance	P38 P46
102-46	Defining report content and topic boundaries	Stakeholder Communication and Materiality Analysis	P12-13
102-47	List of material topics		P18-35
102-48	Restatements of Information	Report information	P2
102-49	Changes in reporting	Stakeholder Communication and Materiality Analysis	P13
102-50	Reporting period	Report information	P2
102-51	Date of most recent report		
102-52	Reporting cycle		
102-53	Contact point for questions regarding the report	Report information	P3
102-54	Claims of reporting in accordance with the GRI Standards		P3
102-55	GRI content index		P170-174
102-56	External assurance		P3
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	Stakeholder Communication and Materiality Analysis	P18-35
103-2	The management approach and its components	Sustainable Development Goals	P18-35
103-3	Evaluation of the management approach		

Topic-Specific Standards			Chapter/Description	Pg.
GRI 200: Economic Topics 2016 (With the exception of GRI 207 which is the 2019 version, the other GRI standards are based on the 2016 version)				
Series	Disclosure	Description		
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	Business performance Corporate governance Sustainable finance Community engagement	P38-39 P46 P73-74、P77-83 P145-148
	201-2	Financial implications and other risks and opportunities due to climate change	Sustainable finance Climate change strategy and management	P67-73 P94-100
	201-3	Defined benefit plan obligations and other retirement plans	Talent retention and diverse welfare	P136-138
	201-4	Financial assistance received from government	NA	-
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Human rights	P120、P131 P133
	202-2	Proportion of senior management hired from the local community	Talent recruitment and skills development	P120、P123
GRI 203: Indirect economic impacts	203-1	Infrastructure investments and services supported	Sustainable finance Finance innovation and inclusiveness	P74-76 P156-160
	203-2	Significant indirect economic impacts	Sustainable finance Climate change strategy and management Community engagement	P74-76、P78-83 P98 P145-147
GRI 204: Procurement practices	204-1	Proportion of spending on local suppliers	Low-carbon operation and circular economy	P113
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	Risk management	P46
	205-2	Communication and training about anti-corruption policies and procedures	Ethical corporate management	P54-P56
	205-3	Confirmed incidents of corruption and actions taken		P56
GRI 207: Tax 2019	207-1	Approach to tax	Corporate governance	P45
	207-2	Tax governance, control, and risk management		
	207-3	Stakeholder engagement and management of concerns related to tax		
	207-4	Country-by-country reporting		P46

GRI 300: Environmental Topics 2016			Chapter/Description	Pg.
Series	Disclosure	Description		
GRI 302: Energy	302-1	Energy consumption within the organization	Low-carbon operation and circular economy	P104
	302-2	Energy consumption outside of the organization		P105
	302-3	Energy intensity		P104
	302-4	Reduction of energy consumption		P101-107
	302-5	Reductions in the energy requirements of products and services		P105-109
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Low-carbon operation and circular economy	P104
	305-2	Energy indirect (Scope 2) GHG emissions		
	305-3	Other indirect (Scope 3) GHG emissions		
	305-4	GHG emissions intensity		
	305-5	Reduction of GHG emissions		P103-104
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		P104
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Low-carbon operation and circular economy	P104

Topic-Specific Standards			Chapter/Description	Pg.
GRI 400: Social Topics (With the exception of GRI 403 which is the 2018 version, the other GRI standards are based on the 2016 version)				
Series	Disclosure	Description		
GRI 308: Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	Low-carbon operation and circular economy	P111-114
	308-2	Negative environmental impacts in the supply chain and actions taken		P111-114
GRI 401: Employment	401-1	New employee hires and employee turnover	Talent recruitment and skills development Talent retention and diverse welfare	P125 P133
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent retention and diverse welfare	P136-138
	401-3	Parental leave		
GRI 402: Labor/Management relations	402-1	Minimum notice periods regarding operational changes	Human rights	P134
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	Occupational Safety and Health	P143
	403-2	Hazard identification, risk assessment, and incident investigation		P139
	403-3	Occupational health services		P139-144
	403-4	Worker participation, consultation, and communication on occupational health and safety		
	403-5	Worker training on occupational health and safety		
	403-6	Promotion of worker health		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8	Workers covered by an occupational health and safety management system		P143
	403-9	Work-related injuries		P144
	403-10	Work-related ill health		P139-140、P144
GRI 404: Training and education	404-1	Average hours of training per year per employee	Talent recruitment and skills development	P130
	404-2	Programs for upgrading employee skills and transition assistance programs		P126-130
	404-3	Percentage of employees receiving regular performance and career development reviews	Corporate governance Talent recruitment and skills development	P44 P131
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	Corporate governance Talent recruitment and skills development	P41-42 P123-124
	405-2	Ratio of basic salary and remuneration of women to men	Human rights	P120
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Human rights	P118-119
GRI 407: Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Low-carbon operation and circular economy Human rights	P111-114 P117-119
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor		
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		
GRI 410: Security practices	410-1	Security personnel trained in human rights policies or procedures	Human rights	P117-119
GRI 411: Rights of indigenous peoples	411-1	Incidents of violations involving rights of indigenous peoples		
GRI 412: Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments		
	412-2	Employee training on human rights policies or procedures		
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Sustainable finance Human rights	P70、P72、P77 P117

Topic-Specific Standards			Chapter/Description	Pg.
GRI 400: Social Topics (With the exception of GRI 403 which is the 2018 version, the other GRI standards are based on the 2016 version)				
Series	Disclosure	Description		
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	Low-carbon operation and circular economy	P111-114
	414-2	Negative social impacts in the supply chain and actions taken		
GRI 415: Public policy	415-1	Political contributions	NA	-
GRI 417: Marketing and labeling	417-1	Requirements for product and service information and labeling	Customer service and privacy protection	P58-59
	417-2	Incidents of non-compliance concerning product and service information and labeling		
	417-3	Incidents of non-compliance concerning marketing communications		
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer service and privacy protection	P59
GRI 419: Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Risk management	P47

GRI Financial Services Sector Supplement

Index	Description	Chapter/Description	Pg.
Aspect: Product Portfolio			
FS1/DMA	Policies with specific environmental and social components applied to business lines	Corporate governance Risk management Customer service and privacy protection Sustainable finance Climate change strategy and management	P45 P48-49 P57 P66 P94
FS2/DMA	Procedures for assessing and screening environmental and social risks in business lines	Sustainable finance Climate change strategy and management	P67-73 P111-114
FS3/DMA	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Sustainable finance	P67-73
FS4/DMA	Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Sustainable finance Low-carbon operation and circular economy	P67 P111
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Sustainable finance Community engagement	P74-76、P78-83 P156-160
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose		
Aspect: Active ownership			
FS11	Percentage of assets subject to positive and negative environmental or social screening	Sustainable finance	P74、P78
Aspect: Local communities			
FS14	Initiatives to improve access to financial services for disadvantaged people	Sustainable finance Community engagement Finance innovation and inclusiveness	P84-85 P150-152 P156-160
FS15/DMA	Policies for fair design and sale of financial products and services	Customer service and privacy protection	P57-58
FS16/DMA	Initiatives to enhance financial literacy by type of beneficiary	Customer service and privacy protection Community engagement	P61 P150-151

United Nations Global Compact Principles

Classification	Content	Disclosure	Chapter	Pg.
Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	●	Human rights	P116-117
	Principle 2: Make sure that they are not complicit in human rights abuses.	●	Sustainable finance Low-carbon operation and circular economy	P70、P72 P111-114
	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	●	Human rights	P116、P117 P119、P121
Labor	Principle 4: The elimination of all forms of forced and compulsory labor	●	Human rights	P117-119
	Principle 5: The effective abolition of child labor	●		
	Principle 6: The elimination of discrimination in respect of employment and occupation	●		
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	●	Climate change strategy and management Low-carbon operation and circular economy	P92-100 P101-111
	Principle 8: Undertake initiatives to promote greater environmental responsibility	●	Sustainable finance Climate change strategy and management Low-carbon operation and circular economy	P74-75、P78-81 P94-100 P111-114
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	●	Sustainable finance Community engagement Finance innovation and inclusiveness	P73-75、P78-81 P153 P152-160
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	●	Ethical corporate management	P54-P56

ISO 26000 Index Content Index

Major Issues		Disclosure	Chapter	Pg.
Organizational governance	Due diligence	●	Sustainable Governance Operation	P10
Human rights	Compliance audits to prevent risks due to human rights issues	●	Human rights	P1117-119、P122
	Human rights risks situations	●		P117-119
	Avoidance of complicity	●	Ethical corporate management	P54-56
	Resolving grievances	●	Talent retention and diverse welfare Human rights	P134-135
	Discrimination and vulnerable groups	●		P117-119
	Civil and political rights	●		P117-119、P121
	Economic, social and cultural rights	●	Talent retention and diverse welfare Community engagement	P136-138 P145-155
	Fundamental principles and rights at work	●	Human rights	P117-120
Labor Practices	Employment and employment relationships	●	Talent recruitment and skills development	P122-123
	Conditions of work and social protection	●	Human rights Talent recruitment and skills development	P117-122 P134-135
	Social dialogue	●	Community engagement	P145-155
	Health and safety at work	●	Occupational Safety and Health	P142-144
	Human development and training in the workplace	●	Talent recruitment and skills development	P126-131

Major Issues		Disclosure	Chapter	Pg.
The Environment	Prevention of pollution	●	Low-carbon operation and circular economy	P101-111
	Sustainable resource use	●		P105-108
	Climate change mitigation and adaptation	●	Climate change strategy and management	P96-97
	Protection of the environment, bio-diversity and restoration of natural habitats	●	Community engagement	P149、P153
Fair Operating Practices	Anti-corruption	●	Ethical corporate management	P54-56
	Responsible political involvement	●		
	Fair competition	●		
	Promoting social responsibility in the value chain	●	Stakeholder Communication and Materiality Analysis	P12-35
	Respect for property rights	●	Ethical corporate management	P54
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	●	Customer service and privacy protection	P57-59
	Protecting consumers' health and safety	●	Community engagement	P152
	Sustainable consumption	●	Sustainable finance	P78-81
	Consumer service, support, and complaint and dispute resolution	●	Customer service and privacy protection	P60-61
	Consumer data protection and privacy	●		P59
	Access to essential services	●	Customer service and privacy protection Sustainable finance Prevention of money laundering, financial fraud and terrorism financing Finance innovation and inclusiveness	P57-158 P74-75、P78-84 P86-90 P156-160
	Education and awareness	●	Customer service and privacy protection Sustainable finance Community engagement Finance innovation and inclusiveness	P61 P78-81、P85 P148-155 P156-160
Community Involvement and Development	Community participation	●	Customer service and privacy protection Sustainable finance	P61 P85
	Education and culture	●	Community engagement	P148-155
	Employment creation and skills development	●	Talent recruitment and skills development Community engagement Finance innovation and inclusiveness	P120、P127-130 P150-151 P156-160
	Technology development	●	Finance innovation and inclusiveness	P156-160
	Wealth and income creation	●	Customer service and privacy protection Sustainable finance	P61 P83
	Health	●	Talent retention and diverse welfare Occupational Safety and Health Community engagement	P136-137 P140–141 P150-151、P155
	Social investment	●	Community engagement	P145-155

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

Index	Description	Chapter/Description	Pg.
Financial Institutions	Listed companies within the financial and insurance industry shall disclose their management approaches, topic-specific disclosures and their reporting requirements for major topic on sustainable finance. Their reporting requirements shall include, at least, products and services designed by individual operating units to create benefits for the society or environment.	Sustainable Development Goals Sustainable finance Low-carbon operation and circular economy Community engagement Finance innovation and inclusiveness	P18-35 P66-85 P101-114 P145-155 P156-160
Public Companies	The content of the Corporate Social Responsibility Report of public companies shall cover the relevant assessments of risks in environmental, social, and corporate governance issues, and establish relevant performance indicators to manage material issues that have been identified.	Stakeholder Communication and Materiality Analysis Sustainable Development Goals	P18-35
	Public companies shall disclose the number of full-time non-management employees, the average and median salary of full-time non-management employees, and the difference of the three statistics compared to the previous year.	Talent retention and diverse welfare	P131
	Public companies shall disclose the implementation of corporate governance toward climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, evaluate, and manage climate-related risks, and indicators and goals for the evaluation and management of climate-related issues.	Sustainable Development Goals Sustainable finance Climate change strategy and management Low-carbon operation and circular economy	P26-29 P76 P94-100 P110-114

Comparison table of the six principles of the UN Principles for Responsible Banking (PRB)

Item	Chapter/Description	Pg.
Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks	Stakeholder Communication andMateriality Analysis Sustainable finance	P12-35 P66
Principle 2: Impact & Target Setting We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.	Sustainable Development Goals	P18-35
Principle 3: Clients & Customers We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.	Sustainable finance Community engagement	P66-85 P152-153
Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.	Stakeholder Communication and Materiality Analysis Sustainable finance Low-carbon operation and circular economy Community engagement	P12-17 P67-73、P76-77 P111-114 P149-155
Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking.	Sustainable Governance Operation Sustainable Development Goals	P10 P18-35
Principle 6: Transparency & Accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.	Sustainable Governance Operation Stakeholder Communication and Materiality Analysis Sustainable Development Goals	P10 P12 P8-35

SASB Sustainability Disclosure Topics & Accounting Metrics Content Index

TOPIC	CODE	ACCOUNTING METRIC	Chapter/Description	Pg.
Data Security	FN-CB-230a.1	• Number of data breaches • Percentage involving personally identifiable information (PII) • Number of account holders affected	Customer service and privacy protection	P59
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	Customer service and privacy protection Information security	P59 P62-65
Financial Inclusion & Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Sustainable finance	P84
	FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	Relevant information will be further disclosed in the future.	-
	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Relevant information cannot be collected yet.	-
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers		-
Incorporation of Environ-mental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	Relevant information will be further disclosed in the future.	-
	FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Sustainable finance	P67-71 P76
Business Ethics	FN-CB-510a.1	Total amount of monetary losses 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	Ethical corporate management	P55
	FN-CB-510a.2	Description of whistleblower policies and procedures		P55
Systemic Risk Management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	First Bank is not G-SIB, so this metric is not applicable.	-
	FN-CB-550a.2	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	Relevant capital adequacy management is disclosed on page 145 of the 2020 financial statements.	-
Activity Metrics	FN-CB-000.A	Number and value of checking and savings accounts by segment: personal and small business	Sustainable finance	P84
	FN-CB-000.B	Number and value of loans by segment: personal, small business, and corporate		

First Financial Holding Sustainability Report 2020

Publish Institution : First Financial Holding Co., Ltd.
ADD : 18F, No. 30, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City
TEL : + 886-2-2311-1111
FAX : + 886-2-2311-9691
Website : https://csr.firstholding.com.tw/en/csr_report.html
Publish Date : 2021.7

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This Report was printed using recycled paper and ecologically friendly toner.

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This report uses eco-friendly paper that does not contain heavy metals and environmentally friendly inks that improve the earth's ecological environment.

Publish Date: 2021.7
Printed in Taiwan 2021