2021 SUSTAINABILITY REPORT

First Financial Holding
Taipei Yanping building has obtained the gold-class green building mark.
"Corporate Social Responsibility Report" to "Sustainability Report". The Report transparently disclose the sustainable development strategies, actions, performance and future plans of FFHC and its subsidiaries (the Group), and collect opinions and feedbacks from various stakeholders to adjust the sustainable management policy.

Reporting period
The FFHC 2021 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 2021 (January 1 to December 31, 2021). To better illustrate our latest advances and demonstrate changes in growth, some of the information contained in this Report goes back to 2018 and 2020, 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. All related statistics are calculated based on the general international standard indices, and all financial numbers are denominat-
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Sustainability Reports from past years
First Financial Holding Co., Ltd. (hereinafter referred to as "FFHC" or "the Company") issued the first Corporate Social Responsibility Report (2011, hereinafter referred to as "the Report") in 2012, and has been continuously preparing and issuing the Report for 11 consecutive years. The last issue was in June 2021, and the English version of the Report (2014) has been issued since 2015. In 2022, the Report will be revised in accordance with the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", amended the name of 'Corporate Social Responsibility Report' to 'Sustainability Report'. The Report reports the performance and actions of FFHC with regard to various aspects including economic, social, environmental, and governance for calendar year 2021 (January 1 to December 31, 2021). To better illustrate our latest advances and demonstrate changes in growth, some of the information contained in this Report goes back to 2018 and 2020, there were no cases of restatements of information.

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Chairman's Message

The global economy rebooted following the mass vaccination program, with a new wave of employment and new economic policies. We believe that the finance industry is poised to support the public’s resources and industries in a new wave of economic development.

The company has continued to pursue sustainable development and promote green finance. Our subsidiary, First Bank, has been a signatory of the Equator Principles (EPs) since 2010 and has incorporated climate-related risks into the company’s overall risk management framework. The EPs are a set of international principles that financial institutions follow to promote environmental and social best practices in development projects.

First Bank has also been active in promoting sustainable energy projects. In 2021, the bank approved 122,193 applications totaling NT$306.9 billion. We launched the “Micro Enterprise e-Services” for small and micro businessmen in the “Start-ups,” “Loans for Minor Entrepreneurs” and “Micro Loans for Rural Communities” categories. As of the end of 2021, we have accumulated 136 green buildings, which is equivalent to the annual carbon sequestration of 7.3 Da Fon Reef Park. In addition, First Bank has constructed 17 solar-powered buildings with an annual carbon reduction of 107.9 tons CO2. Between 2015 and 2021, we purchased green electricity and carbon credits, reducing a total of 2,542,900 kWh of electricity, and set a target of producing and using 120 MWh of renewable energy for 2022, to continuously increase use of renewable energy and implement environmental sustainability policies.

Except for the bank, all other subsidiaries performed exceptionally well. First Insurance has provided a million-dollar relief package for customers affected by the COVID-19 pandemic, and First Investment & Securities has expanded its business to new areas.

Looking ahead, we remain committed to promoting sustainable development and environmental protection. We will continue to support the public in various fields, including education, healthcare, and social welfare, and contribute to the creation of a sustainable and prosperous society.
First Securities was selected as "The Best in 2021" by the Taiwan Stock Exchange.

Environmental Performance

- First Bank received the “Master Award” in the “Third National Enterprise Environmental Protection Awards”. The only domestic enterprise won the award for three consecutive years.
- Won the Excellence Award in the “Low-Carbon Product Award Program” of the Environmental Protection Administration, Executive Yuan.
- Received the “Power Saving Performance Award Program - Special Award for Office Building Group” from Yulin County Government.
- Received the “Environmental Volunteer Environmental Medial and Green Procurement of Excellent Private Enterprises and Groups” by the Taipei City Department of Environmental Protection.
- Received the “Energy Saving Benchmark Award - Silver Award” from the Bureau of Energy, Ministry of Economic Affairs.

Social Performance

- Financial institution participant in the “Participation Award for School and Community Financial Education” organized by the FSC for 10 consecutive years, ranked 1st in the “Asset Trust Evaluation of Trust Businesses for the Senior and the Disabled” 5 awards including Excellent Bank in “Amount Category”, “Number of Cases Category” and “Efficiency Category” in the “Reward Program for Accelerated Retail Loans of Domestic Banks”.
- Excellent Award for 2019 Project Total Guarantee Financing Amount, “Relief and Revival Award - Assisting SMEs to obtain the highest amount of financing, assisting the largest number of SME accounts, and assisting the largest number of labor accounts”, First Life Insurance won the “Micro Insurance Business Performance Award”, “Disability Care Award” and “Relief Promotion Award” in the insurance competition organized by the Ministry of the Interior.
- First Bank was awarded the “Best Social Responsibility Award-Auxiliary category” by the Department of Culture.
- Recognized for excellent performance in the “National Insurance Coverage Improvement Plan” for the 26th consecutive year.
- Received the “Group Award of the Social Education Contribution Award” from the Ministry of Education for the second time.
- Won the “Permanent Award-Auxiliary Gold Award” of the 15th Arts & Business Awards from the Ministry of Culture.
- Won the “Taipei City Workplace Gender Equality Certification” by the Department of Labor, Taipei City Government.
- First Bank was awarded “Sports Activists Awards” by the Sports Administration of the Ministry of Education for 3 consecutive years, and was awarded “Gold Sponsorship Award *”, “Bronze Promotion Award” and “Long-Term Sponsorship Award”.
- Received the Third Place Award in the “Buying Power Social Innovative Products and Services Procurement”, which was organized by the Ministry of Economic Affairs.

Projects and Services

- First Securities was recognized by the FSC as “Top 20% of the Fair Customer Treatment Principles Evaluation Rankings”.
- Awarded “SMEG Gold Award - Outstanding Head Office”, “SMEG Gold Award - Superior Performance Award for Managers”, “Key Startup Industry Support Award”, “System, Whole Plant and Engineering Industry Export Syndicated Loan Platform-Excellent Bank” by the Ministry of Economic Affairs.
- Received “Golden Excellence Award” from the Joint Credit Information Center for the 3rd consecutive year.
- Awarded the “Award for Contributors to Assisting in Preventing Fraud Remittances Sent Abroad” from the National Police Agency, Ministry of the Interior.
- Awarded the “Gold Award for Urban Renewal of Unsafe and Old Buildings Trust Innovation Award”, “Gold Award for Cross-Industry Cooperation Innovation Award”, “Quality Award for Employee Welfare Trust Innovation Award” in the first Trust Award and awarded “Digital Business Optimization Award-Gold Award”, “Digital Inclusive Award-Quality Award” and “Digital Information Service Award-Quality Award” in the 1st “Digital Finance Awards” by “Commercial Times”.
- Won the “Excellent Bank Appraisal-the Best New Southbound Contribution Award” by “Excellence Magazine”.

FFHC was selected for inclusion as a constituent in the Dow Jones Sustainability World Index for 4 years in a row, and was also selected for inclusion as a constituent in the Dow Jones Sustainability Emerging Markets Index for the 6th consecutive year.

FFHC won international recognition with the "A" score 3 times in the CDP climate change questionnaire in 2021, the only domestic company that has been ranked “Leadership Level” for 4 consecutive years in financial industry.

FFHC’s TCFD report obtained the highest level certification of “LEVEL-5+” by the British Standards Institute (BSI), which is the first case in the financial industry.
PERFORMANCE HIGHLIGHTS IN 2021

**Governance**
- FFHC was selected for inclusion as a constituent in the Dow Jones Sustainability World Index for 4 years in a row.
- FFHC was rated as a top 5% listed company in the TWSE Corporate Governance Evaluation for the 7th time.
- First Securities was recognized by the FSC as "Top 20% of the Fair Customer Treatment Principles Evaluation Rankings".
- Passed the "Taiwan Intellectual Property Management System TIPS Patent and Trademark Class A" double verification by the Industrial Development Bureau, MOEA.
- Acquired financial technology invention patents (34), utility model patents (83), and an invention and utility model patent (1), totaling 118 patents.
- 810,000 iLEO Digital Accounts, ranked 4th among domestic banks.

**Environment**
- FFHC won international recognition with the "A" score 3 times in the CDP climate change questionnaire, and has been ranked "Leadership Level" for 4 consecutive years.
- FFHC’s TCFD report obtained the highest level certification of "Level-5+" by the British Standards Institute (BSI).
- The Green Light Sustainability Program has made donations to a total of 7 social welfare organizations and 19 remote elementary schools, and replaced 6,021 sets of LED lamps, reducing carbon emissions by about 293 metric tons.
- Refurbished 32 self-owned buildings and obtained diamond-class (27), bronze-class (1) and qualified-class (1), gold-class (2 new buildings) and BRE-PASS class (1) green building marks.
- Paperless business and operations reduced carbon emissions by 17,559 tons of CO2e, equivalent to the annual amount of carbon absorption by 45 Daan Parks.

**Society**
- Selected as a constituent stock of "Taiwan High Compensation 100 Index" for 8 consecutive years, and "Taiwan Employment Creation 99 Index" for 12 consecutive years.
- A total amount of NT$84,23 million was invested in social participation.
- Provided a total of NT$36.43 billion in loans to SMEs and became the top lender to SMEs by market share in the domestic banking industry for the 12th consecutive year.
- First Bank men’s table tennis team won 9 gold medals, 17 silver medals, and 25 bronze medals.

**Performance**
- The First Bank women’s table tennis team won 9 gold medals, 17 silver medals, and 25 bronze medals.
- A total amount of NT$866.5 billion in loans to SMEs and became the top lender to SMEs by market share in the domestic banking industry for the 12th consecutive year.
- First Bank men’s table tennis team won 9 gold medals, 17 silver medals, and 25 bronze medals.

**Sustainability**
- FFHC’s TCFD report obtained the highest level certification of "Level-5+" by the British Standards Institute (BSI).
- The Green Light Sustainability Program has made donations to a total of 7 social welfare organizations and 19 remote elementary schools, and replaced 6,021 sets of LED lamps, reducing carbon emissions by about 293 metric tons.
- Refurbished 32 self-owned buildings and obtained diamond-class (27), bronze-class (1) and qualified-class (1), gold-class (2 new buildings) and BRE-PASS class (1) green building marks.
- Paperless business and operations reduced carbon emissions by 17,559 tons of CO2e, equivalent to the annual amount of carbon absorption by 45 Daan Parks.
I. Sustainable Governance Organizational Structure

FFHC’s “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 as members of the Committee. Renamed “Sustainable Development Committee” in March 2022. The Committee set up transcompany 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 convenors, 6 executive directors, and approximately 75 employees split among the various working groups). The Sustainable Development Committee is administrated by the Corporate Governance Section of the Administration Department, and 6 designated employees are responsible for the sustainable development 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. In order to deepen the implementation and execution of the Group’s sustainable development policy, in 2022, ESG comprehensive performance was included in the annual operating performance evaluation items of each subsidiary to ensure the achievement of annual goals in various ESG areas.

The Group also established the “Sustainable Development Policy” and a ‘Guidance on Sustainable Development’ 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, First Bank signed and joined the Equator Principles (EPs) Association in 2020, and the Company submits the Group’s climate change risk assessment result, its mitigation measures and implementation status to the board of directors. We adhere to the Group’s climate change risk assessment result, its mitigation measures and implementation status to the board of directors.

II. Sustainable Development Committee Functions and Team Operation Mechanism

Every year, each working group of the Sustainable Development Committee compiles the ESG Issues of Concern to FFHC stakeholders, then draws up the short-term, midterm, and long-term ESG targets, and drafts action plans and subsidiaries’ annual ESG assessment basic items. These are discussed and revised internally at WG meetings before being submitted to the “Sustainable Development Committee” for review. Approved proposals are then announced for implementation. Progress on each annual goals and action plan is then tracked and reviewed on a quarterly basis by 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 implementation results of sustainable development promotion in 2021 had been reported to the board of directors for future reference in March 2022.
First Financial Holding Sustainable Development Milestones

2011
- Established CSR Committee
- Published first Sustainability Report (2011)
- Revised FFHC CSR Code of Conduct
- Received “Newcomer Award” in the Taiwan Corporate Sustainability Report Awards
- Received Commonwealth CSR Corporate Citizenship Award

2012
- Selected as a constituent stock with AA ESG Rating for category Evaluation (2018)
- FFHC was rated as a top 5% listed company in the Dow Jones Sustainability World Index for five consecutive years.
- Named a constituent stock in the Dow Jones Sustainability Alternative “Emerging Markets Index” for the third consecutive year and DJSI Emerging Markets for 5 consecutive years.
- FFHC was selected for inclusion as a constituent in the Dow Jones Sustainability World Index for the 3rd consecutive year and DJSI Emerging Markets.
- FFHC ranked in the top 5% of Corporate Governance Assessment Program for the 6th time, and also ranked in the top 10% (top four) of the “Finance and Insurance” category of the listed companies.
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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 identify sustainability issues and the corporate sustainability targets. The Group also refers to international sustainability standards and initiatives, such as the GRI Standards, ISO 26000, SDGs (Note 1), TCFD (Note 2), the Equator Principles (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 19 material issues in 3 major dimensions including Governance, Environment and Social. The issues are internalised as the Company’s targets for sustainable development and organized as the basis for drafting reports.

II. Sustainable analysis matrix for issues of concern

The working groups of the ESG Committee collected 10 governance issues, 4 environmental issues, and 6 social issues concerned by stakeholders in accordance with international ESG dimensions including Governance, Environment and Society. The sustainability issues and the impact of sustainability issues on the outside judged by the Group’s senior executives, analyzed and prioritized the material issues, and created a “materiality analysis matrix”. After considering the distribution of sustainability issues in the previous year and the opinions of benchmarking peers and external experts, the order of the Company’s sustainability issues had been adjusted. Finally, from the 20 sustainable issues, 19 issues of medium, high concern and impact were selected as major issues that shall be addressed this year.

After the ESG Committee affairs unit and each team member have identified their influence relationship in the value chain stage, according to SDGs disclosed indicators corresponding to the 27 major themes of the GRI standard and the financial industry, the following 2021 annual and medium- and long-term goals and implementation plans and the subsidiaries’ annual ESG assessment basic items have been set and submitted to the ESG Committee for deliberation and approval, as a guideline for the Group’s sustainable management decision-making, and its implementation results will be communicated with and disclosed to the stakeholders.

10. Compile materiality analysis matrix to confirm material issues

Comprehensively considered the degree of concern of 736 stakeholders on sustainability issues and the impact of sustainability issues on the outside judged by the Group’s senior executives, analyzed and prioritized the material issues, and created a “materiality analysis matrix”. After considering the distribution of sustainability issues in the previous year and the opinions of benchmarking peers and external experts, the order of the Company’s sustainability issues had been adjusted. Finally, from the 20 sustainable issues, 19 issues of medium, high concern and impact were selected as major issues that shall be addressed this year.

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11. Survey the level of concern

The ESG Committee team members will then evaluate the “degree of impact of each issue on the Group’s business” and stakeholder feedback, and the Group’s sustainable development strategy for sustainable finance are adopted as the basis for materiality analysis for the identification of 19 material issues in 3 major dimensions including Governance, Environment and Social. The issues are internalised as the Company’s targets for sustainable development and organized as the basis for drafting reports.

12. Analyse sustainability issues’ degree of impact on the outside

A total of 16 senior executives including the members of the ESG Committee (Presidents of FFHC and subsidiaries), WS committee, and executive directors were then asked to evaluate the level of external impact of the 20 sustainability issues on the operations of the Group.

13. Explaination of Differences and Adjustments in Material Issues Compared to 2020

Material Issue Differences Reason for Adjustment

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<thead>
<tr>
<th>Responsible Finance</th>
<th>New change</th>
<th>Reason for Adjustment</th>
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<td>Tax Governance</td>
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<td>Financial Products and Services</td>
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<td>Changed the name of “Customer Service and Privacy Protection” to “Fair Customer Treatment and Privacy Protection”</td>
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<td>Risk management and continuous operation</td>
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<td>Supplier Sustainability Management and Sustainable Procurement</td>
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14. Action

The Sustainability Report is compiled by each ESG Committee member using the guidelines and key materials on the sustainability issues addressed by the ESG Committee and then collated by the administrative unit before being submitted to the Chairman for review.
III. Stakeholder Communication Channels and Results

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Materiality</th>
<th>Communication channel and frequency</th>
</tr>
</thead>
</table>
| Employees            |             | • Monthly/Quarterly: Employee/employee meeting, Employee Welfare Benefit and 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, internal website, "Whistleblower section", "President's mailbox" and "Ideas mailbox" |
|                      |             | • Ad hoc: Find eAcademy digital learning system, Morning/evening business unit meetings |

<table>
<thead>
<tr>
<th>Communication highlights and accomplishments</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Business performance</td>
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<tr>
<td>• Corporate governance</td>
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<tr>
<td>• Tax Governance</td>
</tr>
<tr>
<td>• Risk management and continuous operation</td>
</tr>
<tr>
<td>• Ethical corporate management</td>
</tr>
<tr>
<td>• Investment of money laundering, financial fraud and terrorism financing</td>
</tr>
<tr>
<td>• Information security</td>
</tr>
<tr>
<td>• Responsible Finance</td>
</tr>
<tr>
<td>• Sustainable Financial Products and Services</td>
</tr>
<tr>
<td>• Climate Change Strategy and Management</td>
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<tr>
<td>• Human rights protection</td>
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</table>

| In 2021, 3,044 employees passed English proficiency certification tests such as the LTTC, IELTS, TOEFL, TOEIC, IBILATS, and GEPT while 367 employees passed the SP and the LTTC. Japan, Spanish, Korean, and German language certifications |
| An Employee Commitment Survey was held in 2021, with a result of 91.58% |
| Chosen for inclusion in the Taiwan Employment Creation 99 for the 12th consecutive year |
| Included in the "Taiwan High Compensation 100 Index" for 4 consecutive years |
| 1,552 Employees have obtained the Certified Anti-Money Laundering Specialist (CAMS) certification |
| Received the TCSA Gender Equity Leadership Award for two consecutive years |
| "Taipei City Workplace Gender Equality Certification" issued by the Department of Labor of Taipei City Government |

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 in important company matters.

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 avoid ourselves to improving customer satisfaction.

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 well as promote partners in implementing ESG together.

<table>
<thead>
<tr>
<th>Communication highlights and accomplishments</th>
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<tr>
<td>• Supplier customer treatment and privacy protection</td>
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<td>• Information security</td>
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<td>• Responsible Finance</td>
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<tr>
<td>• Sustainable Financial Products and Services</td>
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<td>• Responsible Finance</td>
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<tr>
<td>• Sustainable Financial Products and Services</td>
</tr>
<tr>
<td>• Community engagement</td>
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<tr>
<td>• Ethical corporate management</td>
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</table>

| First Securities was recognized by the FSC as "Top 20% of the Fair Customer Treatment Principles Evaluation Rankings" |
| Ranked 1st in the "Moral Ethical Treatment of Trust Businesses for the Senior and the Disabled" 5 awards including Excellent Bank in "Amount Category", Number of Cases Category" and "Efficiency Category" in the "Reward Program for Accelerated Relief Loans of Domestic Banks" and "Deyon, Whole Plant and Engineering Industry Report Symbiosis Platform Excellent Bank" |
| First Life Insurance won the "Micro Insurance Business Performance Award", "Disability Care Award" and "Relief Promotion Award" in the insurance competition organized by the FSC and was recognized for excellent performance in the "Increasing National Insurance Coverage Program" for the 26th consecutive time |
| The number one bank in Taiwan in terms of the SME lending market share for 12 years in a row |
| Won "Excellence Award for Financing Amount Growth in New Southbound Countries" and "Excellence Award for the Growth of the Number of Branches Credit Guarantee Applications and Financing Amount" again by Overseas Credit Guarantee Insurance Corporation (OCGIC) |
| "TLED Digital Account" was selected as the 4th "Internet World of Word Star (Digital Account)" of the "DailyView Internet Thermometer" |
| Launched the "Sustainable Performance Linked Loan Project", offering preferential interest rates to companies with improved environmental performance indicators. In 2021, the project approved 20 accounts with a total of NT$411.1 billion |

| Sustainable Financial Products and Services | Low carbon operation and circular economy |
| Sustainable Procurement and Supplier 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 completed in June 2021 |
| Hosted the "Government-owned Financial Businesses' Joint Supplier Assembly - Sustainable Finance Guidance Meeting", working with the Ministry of Finance and the Ministry of Economic Affairs to improve government-owned financial holdings and liabilities to extend the concept of ESG and sustainable development to suppliers and trading customers |
| Established data on 29 categories of suppliers and completed 2,327 supplier surveys |
| Recognition as Benchmark Private Businesses and Groups in Green Purchasing by the Taipei City Government for the 7th consecutive year, while green purchasing amounted to NT$93.59 million |
| 100% of the onshore and offshore fund companies listed in the Group have signed the compliance statement of the "Stewardship Principles" and the "Principles for Responsible Investment (PRI)" respectively |
According to the results of the TWSE Corporate Governance Evaluation, FFHC was rated as a top 3 listed company for the 7th consecutive year. On a corporate stock in the "Taiwan High Compensation 100 Index" for the 7th consecutive year. Included as a constituent of the "FTSE4Good TIP Taiwan ESG Index" for the 5th consecutive year.

First Bank received the "Master Award" in the "Third National Enterprise Environmental Protection Awards".

Assigned by the Ministry of Finance to coordinate the establishment of an ESG initiative for government-owned financial services.

First Financial Holdings' TCFD report obtained the highest level certification of "LEVEL-5+" by the British Standards Institute (BSI), which is the first case in the financial industry.

Awarded the "Award for Contributors to Assisting in Preventing Fraud Remittances Sent Abroad" by the National Police Agency, Ministry of the Interior.

Won the "Wen-Ming Award - Gold Award" of the "15th Arts & Business Awards from the Ministry of Culture.

First Bank donated 1% of payments made with the World Card totaling NT$913.00 to the "School Education Savings Account" platform of the Ministry of Education, which in turn helped 259 economically disadvantaged schoolchildren.

First Bank donated 3% of payments made with the Yilan Card totaling NT$2,520,000 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.

Won the 5th place in the Smart Customer Service of the "Best Bank Award for Digital Financial Services" by the Global Views Monthly.

Won the "Excellent Bank Appraisal-the Best New Southbound Contribution Award" by "Excellence Magazine".

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.

The "Buying Power Social Innovative Products and Services Procurement" of the Ministry of Economic Affairs.

Published about NT$4.12 million of social innovation organizations' products on the Social Impact platform's "Social Innovation Database" of the Small and Medium Enterprise Administration of the Ministry of Economics; Alumni, and won the third place in the "Buying Power Social Innovative Products and Services Procurement" of the Ministry of Economics Affairs.

Donated NT$84.25 million to social engagement in 2021.

1,559 volunteers participated in 2021, benefiting 17,190 people and 6,045 hours of service.

Communication channel and frequency

Material\issue

Stakeholder

Governments/ competent authorities

Ad has: Participate in seminars, symposiums, public hearings, competitions and exhibitions, and host public engagement activities, activities, and engage with regulatory authorities, development committees, and provide feedback on the regulations and policies of the competent authorities and cooperate with their monitoring and inspection.

Communication highlights and accomplishments

Material\issue

Financial institutions

Ad hoc: Participate in seminars, symposiums, public hearings, competitions and exhibitions, and host public engagement activities, activities, and engage with regulatory authorities, development committees, and provide feedback on the regulations and policies of the competent authorities and cooperate with their monitoring and inspection.

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

Permanent: Establish an effective corporate governance structure, and improve internal control systems.

Ad hoc: Participate in seminars, symposiums, public hearings, competitions and exhibitions, and host public engagement activities, activities, and engage with regulatory authorities, development committees, and provide feedback on the regulations and policies of the competent authorities and cooperate with their monitoring and inspection.

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Reported business overview to the competent authorities every quarter to help the government keep track of the overall financial environment.
Information security

GRI 205: Indirect Economic Impacts
GRI 418: Customer Privacy

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.

Information Security Management
Regulations for FTIs and its Subsidiaries were established to strengthen information management and ensure the security of information systems, equipment, and data.

In addition to the Group’s implementation of working from home mechanisms due to the impact of the COVID-19 pandemic, the application of digital financial channels has been accelerated, and information security issues resulting from insufficient internal security protection capabilities and information security breaches resulting from inadequate security awareness and hacking attacks will lead to losses of the Company and customers.

Opportunities:
The COVID-19 pandemic has driven the overhaul of digital financial channels, providing a safe and stable information security management structure and mechanism.

Implementation of information security engineering exercises and updates information security awareness in daily operations by promoting regulations for social engineering prevention through education and training.

Carry out financial security governance maturity assessment pursuant to the Financial Supervisory Commission’s “Financial Cyber Security Action Plan”, and commissioned external professional consultants to proceed if...

KPI 1: Conduct the review of ISO 27001 Information Security Management System
At least twice a year

KPI 2: Conduct email social engineering exercises
Company
Switching Time
Bank/ Securities
Company
0.5 hours
0.5 hours
1 hour

KPI 3: The time needed for switching from the core information system to the backup center for resuming operations
Company
Switching Time
Bank/ Securities
Company
2 hours
2 hours
1 hour

Business performance

GRI 201: Economic performance

The COVID-19 pandemic has hit the global economy into reverse gear. The Group will plan our overseas business strategy and explore the value of digital design and marketing channels of each subsidiary, respond to the trend toward localization and domestic supplies, and seize business opportunities in the reform of Taiwanese financial management for high-net-worth assets, green energy, and cross-border opportunities. The Group’s competitiveness in sustainable management development has been greatly enhanced.

KPI 1: After-tax net profits budget achievement rate (NT$100 million)
NT$17.049 billion
116%
NT$20.313 billion
151%

KPI 2: The ratio of non-banking subsidiaries profit
8%
10%

The annual growth rate of after-tax net profits continues to increase.
GRI Financial Services Sector Disclosures: Product portfolio Policy
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
FS4: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose
FS5: Monitory value of products and services designed to deliver a specific environmental benefit for each business line

Sustainability Financial Products and Services

Exert the key influence on financial intermediaries, combine core functions, guide capital flow to sustainable development related projects, and improve the benefits of financial products and services to the environment and society.

In order to provide comprehensive financial products and services, and to practice the concept of sustainable development, the "Sustainable Development Policy of First Financial Holding Co., Ltd. (FFHC)" was hereby established, and formulated the Sustainable Trust, Sustainable Investment and Sustainable Insurance Policy accordingly, and incorporates ESG issues into core business activities such as investment, financing, advisory and insurance services.

Risk
The awareness of perpetual financial is on the rise, and consumers are increasingly attaching importance to the impact of financial products and services on the environment and society. If ESG integrated financial products and services are not launched, it may lose relevant business opportunities.

There is no clear definition of sustainable economic activities and sustainable commodities in the current market. It is difficult to objectively quantify the environmental and social benefits of products and services, which may cause companies to exaggerate their sustainable actions and become greenwashing, and resulting in the failure of the financial industry to direct funds to truly sustainable development related projects.

Opportunity
Cooperate with the government’s promotion of the “First Plus Two (5+2)” innovative economic development plan, the financial industry plays an indispensable role, and can seek sustainable businesses and profit opportunities from related industries.

In response to an aging society and declining birth rates, we will provide services with products such as retirement plans and reverse mortgages "Comfort Loans. " These measures will provide retirees with a source of income and support diverse business opportunities.

KPI 1: Number of financing projects for urban renewal and the reconstruction of dangerous and old buildings
10 projects
12 projects
Accumulate 50 projects

KPI 2: Green financing (including green industry, green enterprise and green building) loan balance
NT$85 billion
NT$100 billion
by 2027
NT$120 billion

KPI 3: Number of microfinance policies provided for the economically disadvantaged to gain basic coverage
300 policies
320 policies
By 2027
370 policies

KPI 4: New volume of "Green Consumption Loans"
NT$800 million
NT$2 billion
A total of NT$2.5 billion

KPI 5: Number of new loan accounts of Comfort Loan
80 accounts
160 accounts
Accumulate 650 accounts
GRI 405: Employee Diversity and Equal Opportunity

Corporate governance

- **Risks and Opportunities of Key Impact**
  - **Risk:** The company does not have a sound internal control system or 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 complaint 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.

- **KPIs**
  - **KPI 2:** Reporting the execution status of ethical corporate management to the Board of Directors
    - **2021 Goals**
      - At least twice a year
    - **2022 Goals**
      - At least twice a year

GRI 405: Employee Diversity and Equal Opportunity

- **KPI 4:** The quality of information disclosure on ESG
  - **2021 Goals**
    - The number of board seats for any gender directors reaches at least 1/3 (5 seats)
  - **2022 Goals**
    - Continue to implement the diversity and independence of the Board of Directors

Corporate Governance

- **KPI 3:** Board diversity
  - **2021 Goals**
    - The number of board seats for any gender directors reaches at least 1/3 (5 seats)
  - **2022 Goals**
    - Continue to implement the diversity and independence of the Board of Directors

---

**KPIs**

- **KPI 1:** The quality of information disclosure on ESG
  - **2021 Goals**
    - Average score > 4 points
  - **2022 Goals**
    - Professional institutions to evaluate the performance of the Board of Directors

---

**Policy**

- **Training completion rate for ethical management training**
  - **2021 Goals**
    - 100%
  - **2022 Goals**
    - 100%

---

**Medium/Long-Term Goals (2023-2027)**

- **KPI 1:** Implement ethical management, avoid complaint 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.
  - **2021 Goals**
    - At least twice a year
  - **2022 Goals**
    - At least twice a year

---

**Risks and Opportunities**

- **Risk:** The company does not have a sound internal control system or 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 complaint 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.
GRI 419: Socioeconomic Legal Compliance

**Risk Management and Continuous Operation**

**GRI specific Issue and Prevention of money laundering, financial fraud, and terrorism financing**

**Risk Management and Continuous Operation**

- Formulate the Company’s risk management policies, guidelines, and procedures.
- Incorporate money laundering prevention measures into risk management practices.
- Formulate the Company’s risk management policies and procedures as part of its risk management and handling of risks.
- Establish crisis response teams to handle various pandemics.

**Material and Healthy Risks and Management**

- Evaluate the implementation status for legal compliance of each company and the results of 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.

**Plan overall operation strategies, risk management policies and guidelines, and draft operation plans, risk management procedures, and implementation guidelines.**

**Risk:**
- **Risk management and supervision requirements derived from digital transformation, including personal data protection, information security, and money laundering prevention and control, affect the company operation.
- Failure to quickly resolve business crisis events and return operations in a timely manner will affect the sustainable operation of the company.

**Key Point**

- The Board of Directors of the Company is the highest-ranking body responsible for implementing risk management and establishing an internal control system to ensure continuous and effective operations.

**Responsible Unit**

<table>
<thead>
<tr>
<th>Materiality to Operations</th>
<th>Policies</th>
<th>Commitment</th>
<th>Action</th>
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<tbody>
<tr>
<td>medium</td>
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**Key Impact**

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**Key Policies**

<table>
<thead>
<tr>
<th>KPI</th>
<th>2021 Goals</th>
<th>Completion Milestone</th>
<th>2022 Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI 1</td>
<td>Double leverage ratio and (DLR) and Group capital adequacy ratio (CAR)</td>
<td>❌ &lt;120%</td>
<td>&lt;120%</td>
</tr>
<tr>
<td>KPI 2</td>
<td>First Bank capital adequacy ratio (CAR) and Tier 1 capital ratio</td>
<td>Tier 1 &gt; 11.25%</td>
<td>tier 1 &gt; 11.25%</td>
</tr>
<tr>
<td>KPI 3</td>
<td>First Bank ordinary share equity ratio and leverage ratio</td>
<td>Ordinary share equity ratio &gt;9.75%</td>
<td>Ordinary share equity ratio &gt; 10.25%</td>
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<tr>
<td>KPI 4</td>
<td>Strengthen legal compliance and internal control and internal audit synergy</td>
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**Prevention of money laundering, financial fraud, and terrorism financing**

**GRI specific Issue and Prevention of money laundering, financial fraud, and terrorism financing**

**The implementation of relevant regulations concerning Anti-Money Laundering (AML/CFT) can reduce operating risks, avoid material penalties, benefit international business expansion, and increase the scale of operations.**

**Risk:**
- If the Company fails to comply with operating procedures for the prevention of money laundering, financial fraud, and terrorism financing, it will suffer major penalties, which will damage the company’s image and business development.

**KPI 1**
- Commission external professional institutions to verify the effectiveness of the AML system

**KPI 2**
- Number of financial education and promotion held

**KPI 3**
- The domestic and international affiliation rate of supervisors and employees from the domestic AML responsible unit

**Value Chain Stage and Relations**

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GRI 417: Marketing and Labeling
GRI 418: Customer Privacy
GRI 419: Socioeconomic Legal Compliance

Implement the protection of consumer interests, comply with the Personal Data Protection Act and the EU’s General Data Protection Regulation (GDPR) to protect customer privacy, and increase customer satisfaction to deepen customer loyalty and maintain a competitive advantage in the market and avoid material penalties and loss of business regulation.

Establish a core corporate culture with “Fair Customer Treatment”, ensure the transparency and safety of information with respect to the products and services, and treat each customer in a fair and reasonable manner.

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 “Personal Information Protection Policy Subsidiary” 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 customer 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. Designed indicators of Fair Marketing and financial exploitation are monitored and enforced in operations of Compliance Risk Assessment (CRA) and Institutional Risk Assessment (IRA) for money laundering and terrorist financing activities. In addition, customer complaints and disputes arising from improper marketing or other violations of vulnerable customers are included in the annual assessment items.

In order to implement the protection and management of personal data, the Company periodically conducts education and training to strengthen the promotion of related business and the expertise of business personnel.

Establish the “THFC Operating Guidelines for Responding, Processing, Reporting, and Investigating Unusual/Unusual Personal Information Incidents” to strengthen the Group’s emergency response and preventive mechanisms for material personal information incidents.

Establish the “FFHC Training Completion Rate” training program.

FS16. Initiatives to enhance financial literacy by type of beneficiary
FS15. Policies for fair design and sale of financial products and services
FS14. Initiatives to improve access to financial services for disadvantaged people
FS13. Policies for fair design and sale of financial products and services
FS12. Initiatives to enhance financial literacy by type of beneficiary
FS11. Policies for fair design and sale of financial products and services
FS10. Initiatives to enhance financial literacy by type of beneficiary
FS09. Policies for fair design and sale of financial products and services
FS08. Initiatives to enhance financial literacy by type of beneficiary
FS07. Policies for fair design and sale of financial products and services
FS06. Initiatives to enhance financial literacy by type of beneficiary
FS05. Policies for fair design and sale of financial products and services
FS04. Initiatives to enhance financial literacy by type of beneficiary
FS03. Policies for fair design and sale of financial products and services
FS02. Initiatives to enhance financial literacy by type of beneficiary
FS01. Policies for fair design and sale of financial products and services

Risks and Opportunities of Key Impact

Responsibility Unit

Medium/Long-Term Goals (2019-2021)

KPI 1: First Bank, First Securities, First Securities Investment Trust, and First Life Insurance conduct customer satisfaction surveys (%)

KPI 2: First Bank, First Securities, First Securities Investment Trust, and First Life Insurance conduct customer net promoter score (points)

KPI 3: Training completion rate of the “Personal Data Protection Act” training program

KPI 4: Training completion rate of the “Principles for Fair Treatment of Customers in the Financial Services Industry” at First Bank, First Securities, First Securities Investment Trust, and First Life Insurance

Value Chain Stage and Relations

Materiality to Operations

Policies

Action

Commitment

Risks and Opportunities of Key Impact

Partners, Value Chain Stage, and Relations

GRI Financial Services Sector Disclosures: Local Community
GRI Fair Value Creation
GRI 2020 Sustainability

Note 1

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, resulting in penalties imposed by the competent authority and impact on customers’ trust in the Company. The difficulty of personal data protection will increase with the continuous development of emerging technologies, which may easily affect the rights and interests of customers such as the violation of customer privacy or loss of customer data, etc.

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 issues and protect customers’ rights, thereby obtaining customer trust and higher customer satisfaction.
FS1: Policies with specific environmental and social components applied to business lines

GRI specific materials society.

the environment reduce the issues and development sustainable importance to attach stakeholders financial core identifying finance. In institutions to sustainable international ment trend of the develop-

• Establish sustainable responsible investment, and sustainable insurance policies to incorporate ESG into the development of operating procedures of core businesses such as investment, financing, underwriting, and insurance, thereby guiding customers and investors to implement responsibilities for protection and social sustainability. Integrate ESG factors into voting and product review mechanisms to implement requirements in the Stewardship Principles and exercise the fiduciary duties of a good administrator.

• Following the great importance to the role of financial institutions as key financial intermediaries and facilitators, we integrate ESG into our business processes such as investment, financing, advisory and insurance, and safeguard the sustainable environment and society.

• Attach great importance to the role of financial institutions as key financial intermediaries and facilitators, we integrate ESG into our business processes such as investment, financing, advisory and insurance, and safeguard the sustainable environment and society.

Risk:

• Investors are paying more attention to the issue of sustainable operation. If the financial industry does not implement relevant systems, it may be difficult to gain investor recognition. Once the financial industry has been placed on the non-investment list for violating social responsibility, it may further increase the risk of operational losses.

• As domestic and international ESG-related laws and regulations become more stringent, if the financial industry fails to carefully manage ESG risks of customers and investees, it may further increase operational and profit risks.

Opportunity:

• By implementing responsible investment and due diligence, it can help investors make informed decisions. If the financial industry has been placed on the non-investment list for violating social responsibility, it may further reduce the risk of bad debts, improve the income, and comprehensively maintain the quality of the Group’s assets.

FS3: Processes for monitoring clients’ implementation of and compliance with environmental and social requirements included in agreements or transactions

KPI 1: Statistically communicate with clients and investee companies on the types of ESG issues, negotiation results and industry proportions, etc.

100% 100% 100%

KPI 2: Abide by the Equator Principles, correspond by operating procedures, and support measures for prior communication with customers.

100% (Total: 3)

KPI 3: The ratio of attendance at shareholders’ meetings of listed OTC companies

≧90% ≧90% ≧90%

KPI 4: The ratio of the onboard and offshore fund companies that signing the compliance statement of the “Stewardship Principles” and the “Principles for Responsible Investment (PRI)” respectively

Domestic: 100% Overseas: 90%
Domestic: 100% Overseas: 90%
Domestic: 100% Overseas: 90%
**Low-carbon operations and circular economy**

**GRI302: Energy**
**GRI32: Emissions**
**GRI301: Environmental Compliance**

In line with "Taiwan’s Pathway to Net-Zero Emissions in 2050" policy and the risks and opportunities of climate change, the Group shall mitigate and adjust their actions simultaneous-ly, reduce GHG emissions to alleviate the impact on the environment, and seize corresponding business opportunities by promoting the circular economy.

- **To ensure environmental and social responsibility for the sustainable development of the environment and adopts operational strategies to cut greenhouse gas emissions and reduce waste.** The Group also facilitates the transformation toward a low carbon economy.

- **To be in line with "Taiwan’s Pathway to Net-Zero Emissions in 2050" target, a Science Based Target (SBT) has been set up to control the temperature rise well below 2°C (RCP 8.5), i.e. the total carbon emissions of categories 1 and 2 from 2022 to 2050 must be reduced by 25% each year compared to that of the previous year.**

- **Hold the "Competition Plan for Carbon Management Competition of Domestic Business Units" to verify the reduction targets of domestic business units, and the ranking of the achievement rate of carbon emissions reduction targets was completed in 2021, and outstanding units were announced and 18 awards were provided as rewards.** As for those business units that have not reached the carbon reduction target have proposed carbon reduction plans.

- **FFHC has adopted different ISO Environmental 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.

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**Value Chain Stage and Relations**

<table>
<thead>
<tr>
<th>Value Chain Stage and Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note 3 Old Assets</td>
</tr>
<tr>
<td>Note 4 Front-end Financial Services</td>
</tr>
<tr>
<td>Note 5 Back-end Financial Services for Customers</td>
</tr>
</tbody>
</table>

**GRI Financial Services Sector Disclosures: Product portfolio**
**FS4: Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI 1</td>
<td>Whole Group's category 1 and 2 emissions (metric tons CO2e)</td>
<td>350 metric tons CO2e</td>
<td>557 metric tons CO2e</td>
</tr>
<tr>
<td>KPI 2</td>
<td>Whole Group resource recovery amount</td>
<td>Accumulate ≥167.89 metric tons</td>
<td>≥179.31 metric tons</td>
</tr>
<tr>
<td>KPI 3</td>
<td>Number of existing buildings obtaining Green Building Mark</td>
<td>29 buildings</td>
<td>Accumulate 34 buildings</td>
</tr>
<tr>
<td>KPI 4</td>
<td>Total kWh of purchased and used renewable energy</td>
<td>500,000 kWh</td>
<td>1,657 million kWh</td>
</tr>
<tr>
<td>KPI 5</td>
<td>The Group's total water consumption</td>
<td>&lt;30.84 million liters</td>
<td>&lt;214.8 million liters</td>
</tr>
<tr>
<td>KPI 6</td>
<td>Whole Group garbage removal volume</td>
<td>&lt;289.93 metric tons</td>
<td>&lt;287.7 metric tons</td>
</tr>
</tbody>
</table>
Embrace emerging risks of climate change, impact the financial industry, and allocate capital in a way that may be exposed to climate change risk. Effective climate change management can help companies identify and quantify the financial impact of climate change risks, as well as assess the feasibility of introducing SBTs. Companies can also evaluate the operational performance of their activities and operations, and thereby reduce the cost of climate change.

- Conduct climate change and environmental sustainability engagement with stakeholders, identify customer groups sensitive to climate change, and evaluate the climate risks faced by the company.
- Incorporate the climate change risk into the risk management policy, and report to the Board of Directors. Continue to identify the impact of climate change and transition risks on the company’s business operations, and provide the funding required for pollution prevention, green transportation, green building/green factory, and other measures for improving the environment.

- The Company’s immediate risks include climate change, extreme temperature changes, and extreme precipitation, which may cause direct or indirect financial impacts. In extreme conditions, the company may face severe financial risks.

- Conduct climate change and environmental sustainability engagement with stakeholders, identify customer groups sensitive to climate change, and evaluate the climate risks faced by the company's assets, employees, and core competencies to help achieve a response mechanism.

- The company can introduce science-based targets (SBTs) for carbon reduction, measure the financial impact of climate change risks, and thereby reduce the cost of climate change.

- Incorporate the climate change risk into the risk management policy, and report to the Board of Directors. Continue to identify the impact of climate change and transition risks on the company’s business operations, and provide the funding required for pollution prevention, green transportation, green building/green factory, and other measures for improving the environment.

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- The company can introduce science-based targets (SBTs) for carbon reduction, measure the financial impact of climate change risks, and thereby reduce the cost of climate change.
GRI 204: Procurement practices
GRI 414: Supplier Social Assessment
GRI 401: Employment
GRI 402: Labor/Management Relations
GRI 404: Training and Education
GRI Financial Services Sector Disclosures: Product portfolio

**Sustainable Procurement and Supplier Management**

- Reduce environmental or human rights risks caused by the supply chain through sustainable procurement and supplier management, so as to reduce the company's operational and goodwill risks.

**Formulate the “Supplier Management Guidelines” as a policy and guiding principle for the management of the group, requiring suppliers to abide by the International Bill of Human Rights, laws, international and local laws, and corporate social responsibility regulations, and other international initiatives.**

- By introducing the “ISO 20400 Sustainable Procurement – Guidance”, establish suppliers periodically monitoring items and quantify the performance, and carefully select qualified suppliers in accordance with the “Supplier Management Guidelines”. Comply with local laws and cooperate with suppliers who have agreed to the “Declaration on Human Rights and Environmental Sustainability Clauses” to periodically audit whether suppliers are subject to environmental, occupational health, safety, labor laws, monitory violations. Monitor suppliers that have penalized for violation of environmental protection regulations and require them to submit improvement plans or terminate business relations.

- Obtain 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” and other relevant documents. Clearly stipulate the risk of violation of relevant clauses, and require suppliers to submit improvement plans or terminate business relations.

**Risk**

- Some suppliers are monopolist or oligopolist or are only agents and importers in the domestic market. The company cannot audit whether their production processes are environmentally friendly or low-carbon, and it is also difficult to negotiate with manufacturers.

- Not all product items have suppliers with green label, making it difficult to increase the green purchasing ratio.

**Opportunity**

- Procurement of energy-saving and water-saving products with green labels will effectively reduce operating costs.

- The company conducts climate change and environmental sustainability engagement with suppliers, building a circular economy, hopes to transform suppliers, to create sustainable business opportunities and exert the financial influence.

**Talent recruitment and skills development**

- In response to global business environment changes and corporate sustainability implementation, talent recruitment from diverse backgrounds, and employees upskilling and retraining is the cornerstone to maintaining corporate competitiveness.

- Cultivate overseas training introduction of financial digital technology and changes in laws and regulations, the financial industry urgently needs the input of cross-border talents such as AI, digital technology and sustainable development. The lack of professional talent cultivation and transformation will affect long-term operational development and profitability.

- The training and development activities lead to stringent laws and regulations and rising regulatory risks.

- The poaching of professional talent in overseas business by competitors has reduced the loss of mid-to-senior executives, causing a talent management crisis in the company.

- The declining birthrate, the tide of retirement and the development of digital technology have changed the financial service model. Each labor-intensive manual process requires high wage and skill, and the replacement of digital technology by machines is difficult.

- The rapid expansion of overseas bases provides opportunities for sustainable development among employees by accepting regular talents and providing them full use of their skills and abilities. The declining birthrate, the tide of retirement and the development of digital technology have changed the financial service model. Each labor-intensive manual process requires high wage and skill, and the replacement of digital technology by machines is difficult.

- Encountering the impact of the pandemic, continuous professional talent retention and maintenance of corporate capabilities is urgent. The sudden impact of the pandemic, which can quickly accumulate regulatory risks.

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- The poaching of professional talent in overseas business by competitors has reduced the loss of mid-to-senior executives, causing a talent management crisis in the company.

**Employee Competency**

- The company’s employees display professional skills, and the percentage of employees with relevant qualifications has improved. The rapid expansion of overseas bases provides opportunities for sustainable development among employees by accepting regular talents and providing them full use of their skills and abilities. The declining birthrate, the tide of retirement and the development of digital technology have changed the financial service model. Each labor-intensive manual process requires high wage and skill, and the replacement of digital technology by machines is difficult.

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GRI 403: Occupational Safety and Health

Employees are the core of the company’s performance. Establishing a friendly working environment with diversity and mutual respect, so as to reduce the loss of talents. Promote a friendly working environment with tolerance for diversity and provide a fair, reasonable, and competitive working environment and remuneration policies.

- The retirement wave leads to higher turnover among employees. If the company cannot retain talent, it will encounter a gap in manpower.
- Along with the development of digital technology, automation has gradually replaced traditional manpower. In response to future manpower needs and transformations in work patterns, the flow of FITECH talents and the cost of employment will both increase.
- If there is no fair, transparent, reasonable, and competitive compensation and benefit system, the company may encounter talent loss.

Opportunities:
- 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.
- Indepth understanding of employee needs through commitment surveys can help to improve employee satisfaction and increase employee retention.

Risks and Opportunities

<table>
<thead>
<tr>
<th>KPI</th>
<th>2021 Goals</th>
<th>Completion Rate</th>
<th>2022 Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI 1: Absenteeism rate (%)</td>
<td>1%</td>
<td>0.5%</td>
<td>0%</td>
</tr>
<tr>
<td>KPI 2: Number of business units with healthy workplace certification</td>
<td>60 business units</td>
<td>100%</td>
<td>Maintain the validity of the healthy workplace and safety place certification</td>
</tr>
<tr>
<td>KPI 3: “Abnormal Workload-Triggered Diseases Prevention Plan” protection rate</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>KPI 4: The protection rate of the “Maternal Health Protection Plan”</td>
<td>82%</td>
<td>82%</td>
<td>By 2023 84%</td>
</tr>
<tr>
<td>KPI 5: The rate of outpatient visits for those with serious health issues shown on medical check-up reports</td>
<td>70%</td>
<td>70%</td>
<td>By 2024 74%</td>
</tr>
</tbody>
</table>
Human rights protection

| GRI 405: Employee Diversity and Equal Opportunity |
| GRI 407: Freedom of Association and Collective Bargaining |
| GRI 408: Child Labor |

Comply with regulations in connection to labor and human rights and universal declaration of human rights, such as gender equally, the right to work and the prohibition of discrimination, and formulate relevant management policies and procedures. We ensure that employees are paid internationally recognized labor rights. All business relief follow local laws and regulations on human rights. The workplace and remuneration policies are just, fair, and reasonable.

Promoting gender equality and non-discrimination and ensuring the right to work are not only companies' responsibilities to safeguard human rights but also the basic principles that all valued individuals.

Follow internationally recognized human rights standards such as the United Nations Global Compact, United Nations Guiding Principles on Business and Human Rights, formulate human rights related commitments. Ensure that employees are entitled to internationally recognized labor rights, and provide a grievance mechanism to ensure that the complaint processing is fair and transparent. Review Company's operations, value chains and other related activities through human rights due diligence and risk mitigation mechanisms, identify and assess potential human rights risks, formulate improvement implementation results.

Risks and Opportunities of Key Impact

- Fail to protect labor rights and keep that gender equality and assist talent recruitment and retention. It may even impact the Company's business reputation and brand image and cause the Company to low 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.

Employee Engagement KPIs 2021 Goals 2022 Goals Medium/Long-Term Goals (2023-2027)

<table>
<thead>
<tr>
<th>KPI</th>
<th>2021 Goals</th>
<th>Completion Rate</th>
<th>2022 Goals</th>
<th>Completion Rate</th>
<th>Medium/Long-Term Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI 1: Reduce the incidence of &quot;illegal infringement Cases in the Performance of Others&quot;</td>
<td>0.25%</td>
<td>100%</td>
<td>0.25%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>KPI 2: Establish sexual harassment complaint hotline and email to properly handled reported cases</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KPI 3: Ratio of base salary between female and male employees</td>
<td>1.1</td>
<td>100%</td>
<td>1.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KPI 4: Training completion rate for human rights protection</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KPI 5: Training hours per person for sexual harassment prevention and gender equality</td>
<td>1 hour</td>
<td>100%</td>
<td>1 hour</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Community engagement

Combining core competences to integrate knowledge management, employees, customers and suppliers, and promote strategic organizational social and environmental issues.


Mental Health

Uphold the spirit of "Local Community" by local businesses.

- "Green Light Sustainability Program" and "Local Sustainability Program" and "Local Workshops" and "Local Social Care" and "Local Sports Competition" and "Local Cultural Creation.*
- "Green Light Sustainability Program" and "Local Sustainability Program" and "Local Workshops" and "Local Social Care" and "Local Sports Competition" and "Local Cultural Creation.*
- "Green Light Sustainability Program" and "Local Sustainability Program" and "Local Workshops" and "Local Social Care" and "Local Sports Competition" and "Local Cultural Creation.*
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- "Green Light Sustainability Program" and "Local Sustainability Program" and "Local Workshops" and "Local Social Care" and "Local Sports Competition" and "Local Cultural Creation.*

Strategic

- The COVID-19 pandemic still runs rampant globally. The pandemic causes economies stagnation, imposes higher operational risks to companies, and makes it harder for disadvantaged groups and families to obtain resources. It requires thorough consideration and plans to achieve a win-win situation through leveraging companies' core competences in the financial industry to leverage limited resources that companies have while obtaining support from stakeholders.
- 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, cultural endeavors can also promote the philosophy of sustainable finance. Moreover, the cultural competences 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.

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

GRI Financial Services Sector Disclosures: Local community

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
FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by program
FS8 Monetary value of products and services designed to deliver a specific environmental benefit by program
FS14 Initiatives to improve access to financial services for disadvantaged people
FS16: Initiatives to enhance financial literacy by type of beneficiary

<table>
<thead>
<tr>
<th>KPI</th>
<th>2021 Goals</th>
<th>Completion Rate</th>
<th>2022 Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPI 1. Cumulative number of cards bound to mobile payment</td>
<td>500,000</td>
<td>93%</td>
<td>650,000 by 2023</td>
</tr>
<tr>
<td>KPI 2. Utilization rate of electronic channels</td>
<td>84%</td>
<td>104%</td>
<td>88%</td>
</tr>
<tr>
<td>KPI 3. Cumulative number of FiTech patents obtained</td>
<td>108 patients</td>
<td>109%</td>
<td>125 patients by 2023</td>
</tr>
<tr>
<td>KPI 4. Number of credit cards online application</td>
<td>60,000</td>
<td>167%</td>
<td>80,000 by 2023</td>
</tr>
<tr>
<td>KPI 5. The percentage of electronic transactions of First Securities</td>
<td>72.5%</td>
<td>103%</td>
<td>75%</td>
</tr>
<tr>
<td>KPI 6. The growth rate of electronic transactions of First Securities Investment Trust compared to the previous year</td>
<td>2%</td>
<td>2.59%</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Note 1:** Product marketing and sales
**Note 2:** Loans and investments
**Note 3:** Digital financial services and backoffice operations
**Note 4:** Replaced old machinery and equipment, waste disposal, and resource recycling
In 2021, the global economy was recovering from the recession caused by the pandemic. The Group paid attention to the market demand and business opportunities arising from the pandemic, and assisted small and medium enterprises affected by the pandemic to obtain funds and transform to upgrade. The Bank ranked first among government-owned banks in the Worker Relief Loan it undertook and its “small and medium enterprise loan” business ranked first for the 12th consecutive year in Taiwan. In addition, Investment Trust obtained an discretionary investment quota of NT$8 billion from the Bureau of Labor Funds and ranked first for the 12th consecutive year in Taiwan. In addition, Investment Trust obtained the Worker Relief Loan it undertook and its “small and medium enterprise loan” business funds and transform to upgrade. The Bank ranked first among government-owned banks in the Worker Relief Loan. In terms of financial performance, all subsidiaries had double-digit growth compared to 2020, driving FFHC’s profit to a record high, and non-bank subsidiaries’ profit structure accounted for 12%, demonstrating the result of the Group’s continuous optimization of profit structure.

In addition to financial performance, First Financial Holding Co., Ltd., FFHC adheres to the business philosophy of “Building Ethical Governance for a Sustainable Future”, implements sustainable development strategies in corporate operations, and has been selected as the well-known Dow Jones Sustainability Index (DJSI) for consecutive years, included as constituent stock of the “TSX4Good Emerging Index”, and is the only financial industry in Taiwan that has been ranked at the “Leadership Level” for four consecutive years in the CDP questionnaires for climate change.

Our operations are located across four continents: the America, Asia, Europe, and the Oceania. All around the major financial centers, it has long-term assists in providing financing services for Taiwanese core enterprises and overseas related companies, and supports enterprises in building a global business map. Among them, the subsidiary First Bank has a total of 18 operating locations in 10 ASEAN countries (including the least developed countries such as Myanmar, Cambodia, and Laos). In addition to the upcoming opening of the Frankfurt branch in Germany in 2022, the bank will also continue to evaluate the establishment of overseas bases in Europe, the United States and the key regions of the new southbound policy, and dynamically adjust its global layout strategy and regional business development direction.

First Financial Holding Co., Ltd. Basic Information

<table>
<thead>
<tr>
<th>Features</th>
<th>Digital Transformation</th>
<th>New Products</th>
<th>Business sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Our Group’s 45 overseas offices cover Europe, Asia and Oceania, and supports the majority of small and medium enterprises in the region.</td>
<td>• The Bank’s iLeo account becomes the fourth-largest digital account in the market.</td>
<td>• Online Insurance Identity Verification Platform for Sole Proprietorship, Enterprise, and Individual</td>
<td>• Win the “Top 5% and Improving” in the Corporate Governance Evaluation for the 7th consecutive year.</td>
</tr>
<tr>
<td>• Number of small and medium enterprise loans newly approved amounted to 30,427, amounting to NT$129.642 billion.</td>
<td>• Online Insurance Identity Verification Platform for Sole Proprietorship, Enterprise, and Individual</td>
<td>• Securities promotes online account opening APP and strengthens electronic trading platform.</td>
<td>• The Bank cooperates with Joinvest Co., Ltd. on the “Group Buy Platform for Bonds” and made three group purchases.</td>
</tr>
<tr>
<td>• Investment Trust obtained an discretionary investment quota of NT$8 billion from the Bureau of Labor Funds and management consulting actively raised the green energy fund, furthermore, following the trend of digital transformation, the Bank’s iLeo account becomes the fourth largest digital account in the market, and the “Online Insurance Identity Verification Platform for Sole Proprietorship, Enterprise, and Individual” has been launched for bailiff loans to improve operational efficiency.</td>
<td>• Online Insurance Identity Verification Platform for Sole Proprietorship, Enterprise, and Individual</td>
<td></td>
<td>• The Bank launched the “Financial Management 2.0” high-efficiency wealth management and the “Trust 2.0” comprehensive trust business.</td>
</tr>
<tr>
<td>• The group’s annual report for the fourth consecutive year in the CDP questionnaires for climate change.</td>
<td>• Online Insurance Identity Verification Platform for Sole Proprietorship, Enterprise, and Individual</td>
<td></td>
<td>• Won the “Top 5% and Improving” in the Corporate Governance Evaluation for the 7th consecutive year.</td>
</tr>
</tbody>
</table>

GRI: 201

First Financial Holding Co., Ltd. Basic Information

Head office address: No. 30, Sec. 1, Chiangkang Rd., Taipei City
Paid-in capital: NT$129.642 billion
Assets: NT$3.74 trillion
Number of employees: 9,969
Business category: Financial services
Stock code: 2892

Factors

1-1 Operating regions and countries

Our Group’s overseas presence

For more information on First Bank’s digital and overseas branches, please refer to the Bank’s website.
## 1-2 Financial performance

### Operating ability

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses</td>
<td></td>
<td>23,901,112</td>
<td>24,750,173</td>
<td>26,274,683</td>
</tr>
<tr>
<td>Average employee welfare expenses (including salary expenses)</td>
<td></td>
<td>15,550,872</td>
<td>16,151,065</td>
<td>17,331,619</td>
</tr>
<tr>
<td>EPS</td>
<td></td>
<td>1.95</td>
<td>2.30</td>
<td>2.58</td>
</tr>
<tr>
<td>Profit ratio (%)</td>
<td></td>
<td>8.63</td>
<td>8.86</td>
<td>9.11</td>
</tr>
<tr>
<td>Return on Assets (%)</td>
<td></td>
<td>0.85</td>
<td>0.56</td>
<td>0.55</td>
</tr>
<tr>
<td>Return on Ordinary Shareholders' Equity (%)</td>
<td></td>
<td>9.11</td>
<td>7.62</td>
<td>8.86</td>
</tr>
<tr>
<td>Employee contribution</td>
<td></td>
<td>2,426.96</td>
<td>1,986.00</td>
<td>2,342.00</td>
</tr>
<tr>
<td>ROA</td>
<td></td>
<td>0.69</td>
<td>0.67</td>
<td>0.63</td>
</tr>
<tr>
<td>ROE</td>
<td></td>
<td>2.62</td>
<td>2.39</td>
<td>2.48</td>
</tr>
<tr>
<td>EPS</td>
<td></td>
<td>1.52</td>
<td>0.93</td>
<td>1.06</td>
</tr>
</tbody>
</table>

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

## 1-4 Participation in local and overseas organizations

### Industry connections and development

- Banks 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

### 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 holding 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.

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### Share dividend/Tax amount

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash dividends per share (NTD)</td>
<td></td>
<td>1.05</td>
<td>0.90</td>
<td>1.00</td>
</tr>
<tr>
<td>Stock dividends per share (NTD)</td>
<td></td>
<td>0.30</td>
<td>0.10</td>
<td>0.20</td>
</tr>
<tr>
<td>Income tax paid (NTD)</td>
<td></td>
<td>2,386,045</td>
<td>2,709,087</td>
<td>3,154,083</td>
</tr>
<tr>
<td>Retained earnings (Thousand NTD)</td>
<td></td>
<td>48,099,897</td>
<td>47,684,440</td>
<td>55,172,383</td>
</tr>
</tbody>
</table>

### 1-3 Credit rating

According to the credit ratings issued by credit rating agencies such as Taiwan Ratings, S&P, and Moody's, for 2021, our Group enjoys a strong competitive advantage in the financial industry and is a model of sound corporate governance. In the financial market, we have demonstrated very solid corporate values, a distributed customer base along with sound financial structure, risk control and excellent asset quality. The results from the long and short-term credit ratings as well as future outlook are shown right:

<table>
<thead>
<tr>
<th>Credit Rating Agencies</th>
<th>Short-term</th>
<th>Long-term</th>
<th>Outlook</th>
<th>Rating date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan Ratings</td>
<td>TwA-1+</td>
<td>TwAA</td>
<td>Stable</td>
<td>2021.10.15</td>
</tr>
<tr>
<td>Moody's</td>
<td>A-5</td>
<td>Aa3</td>
<td>Stable</td>
<td>2021.10.17</td>
</tr>
</tbody>
</table>

- **Note:** Credit rating definitions can be found at the Moody's (https://www.moodys.com), S&P (http://www.standardandpoors.com) and Taiwan Ratings (http://www.taiwanratings.com) websites.
2-1 The effectiveness of ESG implementation is included in the performance appraisal of subsidiaries

In order to guide all subsidiaries to attach importance to and pay attention to the promotion effect of ESG short-term, medium-term and long-term goals, the Company formulated the “FFHC Guidelines for Performance Evaluation of Subsidiaries’ Sustainable Development” in November 2021, with reference to the 2022 sustainable development goals and implementation plans approved by the ESG Committee, the basic items for ESG performance evaluation of each subsidiary were formulated, and will be announced after the ESG Committee’s review and approval, and the implementation will be tracked and reviewed at the quarterly ESG Committee team meetings. It is expected that in January 2023, the ESG performance evaluation results of each subsidiary will be included in the annual operating performance evaluation items of each subsidiary in accordance with the “FFHC Rules for the Evaluation of Subsidiaries’ Annual Operating Performance” to deepen the implementation and enforcement of the Group’s sustainable development policy.

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 sustainable development, which are regularly updated to provide financial and non-financial information of concern to stakeholders. We provide relevant contact information to enable two-way communication between stakeholders and the Company. We also provide complete company information to external parties through our spokesperson system, investor relations departments, quarterly reports, annual reports, and Sustainability reports. We publish monthly revenue information and convene quarterly institutional investors’ conferences, and annual shareholders’ meetings to keep stakeholders informed of the Company’s development strategies, operations, and financial status.

2-3 Board Structure and Operation

We analyzed the requirements for the Company’s future development strategies and the Group’s emerging risks and implemented a diversification policy. Members of the Company’s 7th-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 3.08 years and the average age was 66.08.

<table>
<thead>
<tr>
<th>Directors’ gender composition</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Percentage</td>
<td>57%</td>
<td>43%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Directors’ age distribution</th>
<th>60-60 years old</th>
<th>&gt; 60 years old</th>
<th>&lt; 50 years old</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons</td>
<td>8</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Percentage</td>
<td>57%</td>
<td>29%</td>
<td>16%</td>
</tr>
</tbody>
</table>
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 144 hours of training in total during 2021 which exceeded the number of hours required by the competent authority.

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

The Board of Directors

Remuneration Committee

Audit Committee

Ethical Management Committee

2011

Remuneration Committee

- 3 independent directors are committee members and Independent Director Yen-Liang Chen served as the convener.
- A total of 2 meeting was convened in 2021 and average attendance was 100%.

2012

Audit Committee

- All of the Company’s independent directors (5) are committee members and Independent Director Rachel J. Huang served as the convener.
- A total of 7 meeting was convened in 2021 and average attendance was 100%.

2015

Ethical Management Committee

- 3 independent directors are committee members, Independent Director Yen-Liang Chen served as the convener.
- A total of 3 meeting was convened in 2021 and average attendance was 100%.
Compensation for company directors include director’s remuneration, monthly payment, health care costs (reimbursement of actual costs up to NT$10,000) and travel costs (reimbursement of actual costs). The net and travel distribution ratio of directors is proposed by the remuneration committee within the range of 1% of the pre-tax earnings before the remuneration of employees and directors is distributed in the current year by considering the internal/external assessment results of the five aspects of the performance evaluation of the board of directors (including individual directors) of the current year (“Degree of participation in Company operations, recognition of duties, management of internal relations, and communication”, “Improvement of the quality of the board of directors’ decision-making and mastery of goals and tasks”, “The composition and structure of the board of directors”, “Election, expertise and continuing education of the directors”, “Internal Control”), the overall operational performance, the implementation effectiveness of promoting sustainable development, the major risk events, and other factors, and is then reviewed and approved by the board of directors and submitted to the 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

<table>
<thead>
<tr>
<th>Standard</th>
<th>Approval Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed salary</td>
<td>Reviewed and approved by the Remuneration Committee and Board of Directors</td>
</tr>
<tr>
<td>1.Performance bonus</td>
<td></td>
</tr>
</tbody>
</table>

#### Note
- The Remuneration Committee is formed by all independent directors, please refer to the Company’s website for information on the independence of directors.

Evaluation in annual performance evaluations of the chairman, president, and Board of Directors not only exclude financial performance indicators, but also non-financial performance indicators, such as corporate governance, sustainable 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 70:30 in the current year.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Weight (%)</th>
<th>Description</th>
<th>2021 achievement rate (%)</th>
<th>The proportion of indicators in the annual evaluation report (2021)</th>
<th>President Performance Bonus (NT$ thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General indicators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Includes the ratio of earnings before tax of the current year to the target period, and growth rate compared with the previous year</td>
<td>70</td>
<td>116.2</td>
<td>70.6</td>
<td>1,032</td>
<td></td>
</tr>
<tr>
<td>- Includes the ratio of net profit margin income before tax of the current year to the target period, and growth rate compared with the previous period</td>
<td>15</td>
<td>112.1</td>
<td>146</td>
<td>214</td>
<td></td>
</tr>
<tr>
<td>- Includes the ratio of operating expenses divided by net income of the current year or target operating expenses, whichever is lower</td>
<td>15</td>
<td>100.0</td>
<td>13.0</td>
<td>190</td>
<td></td>
</tr>
</tbody>
</table>

#### Note
1. The establishment and revision of salary bonus, and compensatory standards for employees (including the president) must be reviewed and approved by the Remuneration Committee and the Board of Directors.
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 in annual performance evaluations of the chairman, president, and Board of Directors not only exclude financial performance indicators, but also non-financial performance indicators, such as corporate governance, sustainable 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 70:30 in 2021. The payment for a part of the performance bonus of the President is delayed. 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.

Evaluation in annual performance evaluations of the chairman, president, and Board of Directors not only exclude financial performance indicators, but also non-financial performance indicators, such as corporate governance, sustainable 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 70:30 in 2021. The payment for a part of the performance bonus of the President is delayed. 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.

In addition, the subsidiary First Bank has formulated the “Guidelines for the Implementation of the Accountability System for High-Risk Wealth Management Business”, specifying that the senior managers and executives who are responsible for the high-risk wealth management business will be held accountable by the Bank’s Board of Directors Audit Office as the investigation unit. If the case affects the Company’s financial or non-financial interests occurs before the distribution, the Company shall reduce the distribution amount or cancel the distribution.

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.

#### Compensation of the President

<table>
<thead>
<tr>
<th>Title</th>
<th>Fixed salary (A)</th>
<th>Bonuses (B)</th>
<th>Remuneration (C)</th>
<th>Total remuneration (A+B+C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>4,342</td>
<td>1,462</td>
<td>0</td>
<td>5,804</td>
</tr>
</tbody>
</table>

Note: President’s total remuneration for 2021 was 3.35 times the average employee salary of NT$1,716 thousand and 4.05 times the employed median salary of NT$1,640 thousand.

### Tax Governance

#### 1-3 Tax Governance Policy

The Company has followed the “Responsible Tax Principles” and 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 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 profitable enterprises certified by the CPA in accordance with regulations each year.

#### 1-2 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 Department is responsible for supervising compliance, and notifying any non-compliance for confirmation. The results are reviewed by the CPA of the Group and reported based on the internal hierarchical delegation of responsibilities. The Administration Department is responsible for conducting 2 independent audits each year to ensure the tax affairs are conducted according to tax laws and regulations. The Company conducts annual tax planning to ensure that the amount of tax is minimised to the amount required by law and the Company complies with the Tax Code. The Company is also responsible for complying with the tax laws and regulations of the local tax authority. The Company has established a tax compliance risk management system which includes the definition of tax risk and the responsibilities for tax risk management. The Administration 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 profitable enterprises certified by the CPA in accordance with regulations each year.

- **Tax law management**: Related personnel are consulted on the latest changes in regulations each month. In the event of changes in tax laws, the Administration Department is responsible for gathering the opinions of other financial institutions and discussing response strategies with the Group’s CPA to adjust internal operating procedures and related policies of 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.

#### 3-3 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 complies routine tax filing, filing for suspension of payment, or appeal 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 mainly 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. Collection and distribution mechanism of external stakeholders: With regard to the collection of opinions on tax issues draft, 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.
Risk management and continuous operation

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 requires 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.

4-1 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 2021, all of the Group’s domestic and foreign operating locations have implemented corruption risk assessments, where employees’ relevant personal activities have been assessed to have medium to high risk. Bank, securities, investment trust and insurance subsidiaries have formulated internal standards at different levels for control and management so as to reduce the risk of corruption.

4-2 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 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 2021 are as follows:

- **Implementation plan**

  - The Company’s annual compliance plans for 2021 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 Audit Committee and Board of Directors semi-annually.

  - The Company reports the implementation of the regulatory compliance system by each subsidiary to the Risk Management Committee bi-monthly and to the Audit Committee and Board of Directors semi-annually.

- **Implementation results**

  - Based on the results of compliance risk assessment of each subsidiary and the methodology of Group consulting, every year, the Company compiles the Group’s compliance risk assessment report to report to the board of directors.

2. 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 270 hours of regulatory compliance education and training courses in 2021. A total of 22,044 people participated in the training.

- **Compliance performance evaluation**

  - The legal compliance operations of the Company’s departments in 2021 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 2021 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.

  - We visited 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.

- **Establishment of fair customer treatment in the Group**

  - In order to internalize the principle of fair customer treatment into the corporate culture of the Group, the Company continues to supervise the bank, securities, investment trust and life insurance subsidiaries to comply with the policies of the competent authorities, and promote the fair customer treatment improvement measures, so as to protect the rights and interests of customers and enhance service quality. In 2021, the Financial Supervisory Commission announced the 2020 assessment results, and First Securities ranked in the top 20% of the securities industry.
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, climate change risks and personal information protection 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”. In 2021, each subsidiary also had incorporated new risks into its risk management policies. The companies shall evaluate emerging risks that may impact the company’s future operations and related mitigation measures must also be studied and planned to establish group-level emerging risk items and management mechanisms. In accordance with the requirements of the competent authorities or changes in the economic environment, the Company has also added and revised various risk management policies and monitoring indicators in a timely manner. In 2021, relevant regulations such as the “FFHC Stress Test Guidelines” were established and the “FFHC Incident Reporting Guidelines” were revised.

First Bank, First Securities, First Securities Investment Trust and First Life Insurance have all set up a “Risk Management Committees”. 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

- 1. 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 (FFHC system) in order to optimize risk control mechanism and procedures.
- Continue to optimize and adjust the KRI, RCSA, CSA, and LDC systems to enhance the system functions in specific sections for operational risks.
- In order to facilitate the assessment of the public companies’ implementation of the corporate sustainable development and grasp the relevant risks and opportunities, since December 2021, “Corporate Social Responsibility Information” has been added to the “Taiwan Economic Journal System”.

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 5 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 and adjust the monitoring indicators according to the situation.
- We convened a total of 6 meetings of the Operational Risk Discovery and Review Team in 2021 and discussed 17 deficiencies in audits and material risk issues.
- We participated in new services such as “e-First Smart Wealth Management” and “Financial Management 2.0 High Assets” and we were responsible for reviewing the risks of new products, operational risks, and control and management measurements.
- In response to the impact of the COVID-19 pandemic and to comply with the government’s pandemic control policies while taking care of employees, we purchased pandemic insurance for all employees of the Group, provided leave systems such as quarantine leave, vaccination leave and unpaid family care leave, revised the stress test guideline, conducted stress testing regularly, and included the severe volatility in the financial market caused by the pandemic into the stress test scenarios to evaluate the potential impact.

Subsidiary First Bank capital adequacy ratio

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type 1 capital</td>
<td>195,652,443</td>
<td>216,352,755</td>
<td>233,555,056</td>
</tr>
<tr>
<td>Type 2 capital</td>
<td>32,921,282</td>
<td>36,594,415</td>
<td>32,316,736</td>
</tr>
<tr>
<td>Total own capital</td>
<td>226,555,925</td>
<td>252,947,170</td>
<td>265,869,790</td>
</tr>
<tr>
<td>Risk-weighted assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit risk</td>
<td>1,629,799,814</td>
<td>1,757,304,576</td>
<td>1,749,228,362</td>
</tr>
<tr>
<td>Operating risk</td>
<td>83,345,419</td>
<td>84,682,521</td>
<td>85,560,707</td>
</tr>
<tr>
<td>Market risk</td>
<td>29,802,885</td>
<td>33,433,459</td>
<td>36,178,430</td>
</tr>
<tr>
<td>Total risk-weighted assets</td>
<td>1,742,946,118</td>
<td>1,855,420,556</td>
<td>1,870,959,499</td>
</tr>
<tr>
<td>Capital adequacy ratio</td>
<td>15.00%</td>
<td>13.63%</td>
<td>14.21%</td>
</tr>
<tr>
<td>Ordinary share equity ratio</td>
<td>10.63%</td>
<td>10.58%</td>
<td>10.88%</td>
</tr>
<tr>
<td>Type 1 capital ratio</td>
<td>11.11%</td>
<td>11.66%</td>
<td>12.48%</td>
</tr>
<tr>
<td>Total exposure</td>
<td>3,290,155,398</td>
<td>3,658,240,466</td>
<td>3,816,840,556</td>
</tr>
<tr>
<td>Leverage</td>
<td>5.95%</td>
<td>5.95%</td>
<td>6.12%</td>
</tr>
</tbody>
</table>
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 FHHC understands the Company’s risk culture and core ideas. The Company provides risk management training for all promoted employees. In 2021, 708 participants completed physical training and 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.

In addition, in order to make the Group’s directors, supervisors and the Company’s senior managers understand the issue of climate change and respond to the operational risks posed to the financial industry by climate change, in 2021, we held the “Corporate Governance Lecture - Public Disclosure of Green Sustainability Information: TCFD Structure and Cases”, with a total of 46 directors and supervisors of the Group participated in the training, and “How to Practice Climate-related Financial Disclosure in the Financial Industry: Governance, Risk Management and Action Practices”, with a total of 35 directors, supervisors and senior managers of the Company participated in the training.

(3) Establishment of corporate risk culture

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 for promotion candidates 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 ratio, 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
- A range of transparent, equal and convenient complaints channels have been established including the “President’s Mailbox”, “Ideas Mailbox”, “Employees 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.
- Organize relevant education and training for emerging risks (such as information security risks, climate change risks and personal information protection risks) to improve risk resilience.

Identification procedures for the Group’s emerging risks

01 STEP
Risk compilation
Companies perform emerging risk assessment and identification

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

03 STEP
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

04 STEP
Continuous tracking
Regularly follow up on the implementation status of mitigation measures and review the results

(4) Emerging risks

01 STEP
Companies perform emerging risk assessment and identification

02 STEP
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

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

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

05 STEP
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 ratio, 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.
In view of the rapid changes in the international situation, from the US-China trade war to the impact of the COVID-19 pandemic on the global supply chain, and the contractionary effect of the Ukrainian-Russian war on the supply side and the demand side at the same time, there has been a constant economic growth prospects, and the geographical and political-economic risks have greatly increased. The Group's overseas credit extension, investment and financing risk exposure has thus increased.

For the Ukrainian-Russian war, Russia was a country of origin for aluminum, nickel, neon gas (the key components of chip production), natural gas, petroleum, chemical fertilizer, wheat, etc., and Ukraine was an exporter of grain and edible oil. The shortage of the aforementioned resources due to the war between the two countries will impact the chip industry and the energy industry, and also due to the shortage of raw materials, the global market will be further affected, resulting in rising prices, inflation, etc.

If the war prolongs, or geopolitical conflicts arise in other parts of the world, the world economy and energy will be affected, financial markets will fluctuate violently, and raw material prices will rise sharply, and investment risks will increase.

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

### Short-term
- Continue to observe the changes in the political and economic situation of the world's major economies, adjust investment strategies and regional countries, and regularly assess the risk status of geo-economic confrontation.
- For the changes in the political and economic situation of the world's major economies, provide advice as needed to reduce customer’s risk exposure positions, and through post-loan review and early warning operations, continuously urge business units to take the initiative to understand the operating status of loan customers. If the loan customer is at risk of overdue, take action plans as soon as possible, such as maintaining the original loan limit but continuing to monitor and occasionally urge management to reduce risk exposures.
- Regularly monitor the Group’s key exposure to international political, economic and social news and information, and continue to track changes in the credit ratings of sovereign countries, so as to have immediate and complete understanding of the operating status of loan customers. If the loan customer is at risk of overdue, take action plans as soon as possible, reducing the risk of the overdue loan cases may be impaired or lost, thereby affecting the recovery of debts.

### Mitigation Measures

#### Risk Description
- Large-scale online attacks may cause Internet-related businesses to fail to operate, trade, and provide services normally, which will affect the Group's operations, and may lead to reputation crisis.
- Due to the rapid development of information technology, system, network, customer data management mechanism, etc., risks such as updated threat and personal information leakage, attacks, and component failures may result in data loss and system failure, affecting the stability of the Group’s operations.
- The digital channel service system may be hacked, causing the system to crash and be unable to work, and risks such as operational interruption, fines, and customer complaints.
- Hackers use leaked emails or passwords with automated programs to continuously log in to the Company’s network system until a certain set of account and password successfully logs in, and then conduct transactions in such person’s name.
- If the Company’s information environment and information assets are successfully attacked by hackers or criminal groups, the Company’s operations or core business will be interrupted, and customer data or the Company’s sensitive data will be leaked in large quantities, in addition to causing direct losses to the Company’s finances, it will also adversely affect customer rights and Company reputation.

#### Possible Impact
- The rise in the risk of geopolitical conflict can easily lead to unstable supply of bulk raw materials and rising prices, which can in turn lead to rising inflation concerns and increase the operating costs of enterprises. It may also affect the credit extension business promotion of financial institutions, or due to the restrictions on fund collection and payment channels, the overdue risk of borrowers may increase, the overdue amount may increase, or the collateral of the overdue loan may be impaired or lost.
- The tense national or regional strategic situation and changes in political and economic behavior have resulted in restrictions on international trade, affecting the flow of global funds, which may lead to the freezing of customer funds and the reduction of international business, affecting the Group’s income and normal business operations, and increasing the risk of financial loss.
- The international wars have caused global financial market volatility. The Ukrainian-Russian war has triggered rising raw material prices, energy crisis, food crisis, etc. If the volatility of the financial market intensifies, it may further lead to systemic risks, causing a crisis in the global financial system, profit from investment positions being lost, large fluctuations in the financial market or trading restrictions, investors' risk aversion may increase and their financial products held may be sold, causing their prices to collapse, resulting in intensified financial market volatility and increased operational difficulty.
- If the war prolongs, or geopolitical conflicts arise in other parts of the world, the world economy and energy will be affected, financial markets will fluctuate violently, and raw material prices will rise sharply, and investment risks will increase.

#### Mitigation Measures

- Continue to observe the changes in the political and economic situation of the world’s major economies, adjust investment strategies and regional countries, and regularly assess the risk status of geo-economic confrontation.
- For the changes in the political and economic situation of the world’s major economies, provide advice as needed to reduce customer’s risk exposure positions, and through post-loan review and early warning operations, continuously urge business units to take the initiative to understand the operating status of loan customers. If the loan customer is at risk of overdue, take action plans as soon as possible, such as maintaining the original loan limit but continuing to monitor and occasionally urge management to reduce risk exposures.
- Regularly monitor the Group’s key exposure to international political, economic and social news and information, and continue to track changes in the credit ratings of sovereign countries, so as to have immediate and complete understanding of the operating status of loan customers. If the political, economic, and financial changes in a single country, the Group’s credit rating may affect the Group’s creditor rights, the country’s approved quota will be reduced or withdrawn in a timely manner to effectively control the Group’s overdue risk exposure.
- Continue to observe the changes in the political and economic situation of the world’s major economies, adjust investment strategies and regional countries, and regularly assess the risk status of geo-economic confrontation.
- For the changes in the political and economic situation of the world’s major economies, provide advice as needed to reduce customer’s risk exposure positions, and through post-loan review and early warning operations, continuously urge management to understand the operating status of loan customers. If the loan customer is at risk of overdue, take action plans as soon as possible, such as maintaining the original loan limit but continuing to monitor and occasionally urge management to reduce risk exposures.
- To stay informed on the latest developments in geopolitical and economic events, regularly monitor and take necessary control measures, and evaluate new developments, impact factors with the risk of political and economic confrontation in the business model and the sales market of the Group’s companies are taken into consideration.
- Strengthen the promotion of strategic colleagues’ care for customers, and remind customers of the uncertainty and high volatility risks they will face when investing in Taiwan stocks and overseas transactions.

### In addition to the above, the following mitigation measures are implemented in the medium and long term:

- Regularly conduct credit risk analysis for exposure regions and countries, and assess the impact on existing customers’ operations and position, pay attention to strengthening risk management in the regions where investment and financing customers are located, closely track the response measures and impact of customer operations on geopolitical and economic situations, regularly monitor and take necessary control measures, and evaluate new developments, impact factors with the risk of political and economic confrontation in the business model and the sales market of the Group's companies.
- To stay informed on the latest developments in geopolitical and economic events, regularly monitor and take necessary control measures, and evaluate new developments, impact factors with the risk of political and economic confrontation in the business model and the sales market of the Group’s companies.
- Strengthen the promotion of strategic colleagues’ care for customers, and remind customers of the uncertainty and high volatility risks they will face when investing in Taiwan stocks and overseas transactions.

### In addition to the above, the following mitigation measures are implemented in the medium and long term:

- Continue to observe the changes in the political and economic situation of the world’s major economies, adjust investment strategies and regional countries, and regularly assess the risk status of geo-economic confrontation.
- For the changes in the political and economic situation of the world’s major economies, provide advice as needed to reduce customer’s risk exposure positions, and through post-loan review and early warning operations, continuously urge management to understand the operating status of loan customers. If the loan customer is at risk of overdue, take action plans as soon as possible, such as maintaining the original loan limit but continuing to monitor and occasionally urge management to reduce risk exposures.
- To stay informed on the latest developments in geopolitical and economic events, regularly monitor and take necessary control measures, and evaluate new developments, impact factors with the risk of political and economic confrontation in the business model and the sales market of the Group’s companies.
- Strengthen the promotion of strategic colleagues’ care for customers, and remind customers of the uncertainty and high volatility risks they will face when investing in Taiwan stocks and overseas transactions.

### Short-term
- Adopt the two-factor authentication for the certificate download and log in of the securities transaction system, which can strengthen the security and reliability of the system, improve the ability to defend against the probability of methodological attack, and prevent risks such as phishing, forgery or theft of relevant accounts and passwords of the system. If the system crashes and becomes unavailable due to hacker intrusion, in addition to manually placing orders, customers can also use offline backup depending on the situation to reduce the threat of ransomware and speed up system recovery.
- Through information security education and training and event drills, cultivate the information security concept and sense of all personnel, enhance the ability of information security protection literacy. Conducting information security-related education and training courses on a regular basis to build risk awareness and increase vigilance.
- Monitor changes in computer equipment or defense software, once an abnormal situation occurs, automatically trigger the alarm.
- Avoid clicking on suspicious emails, websites, and downloading files from unknown sources at will, strengthen confidence to colleagues that unless for business needs, email account raised by the Company shall not be left.

In addition to the above, the following mitigation measures are implemented in the medium and long term:

- Regularly conduct information security events, participate in cloud computing, Internet of Things (IoT), and 5G, if necessary, and continuously monitor and prevent various information security warnings in advance, strengthen endpoint protection, and defend against phishing and malicious threatening emails to reduce hacking and risk of personal information leakage.
- Appoint external professional vendors to provide 24x7 information security monitoring services (SOC, MDR) to detect abnormal behaviors and threats of internal and external information security in real time. If it is confirmed that an information security attack has occurred, emergency measures can be taken as soon as possible to minimize the damage.
- Continue to strengthen information security protection measures, deploy domain information security tools, and replace and upgrade outdated systems and equipment, so as to avoid information security defense breaches caused by the use of obsolete or outdated technologies.
- Continue to discuss global information security attack and defense cases, establish an Intellectual Property Management System (TIPS), and continuously strengthen the level of intellectual property protection and information security.
- Turn passive defenses into active defense mode, combine traditional information security defense capabilities with the use of emerging technologies to efficiently analyze and prevent online attacks, so as to improve the ability to confront online security threats, and achieve the goal of protecting intellectual property rights with digital technology.
4-3 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 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.

In order to strengthen the functions of the second and third lines of defense, such as compliance with laws and regulations, internal audit and internal control, in addition to the continuous dissemination of the inspection of the three lines of defense of internal control on high-risk businesses at relevant coordination meetings, at the Company’s “Symposium on Review of Lack of Internal Control System and Improvement Measures for Legal Compliance”, the focus of inspections issued by the Financial Examination Bureau, FSC, major inspection deficiencies in various sectors of the financial industry and deficiencies in penalty cases will be brought to the attention of all subsidiaries and be included in the relevant business inspection items to avoid the recurrence of deficiencies. Meanwhile, in order to implement the performance appraisal, according to the Company’s evaluation method for the audit work of the subsidiaries, the internal audit organization and system, internal auditors’ work and audit management and other related audit operations of each subsidiary are regularly evaluated, and the results are sent to the board of directors of the subsidiaries as an important basis for the performance-appraisal of the audit unit.

The execution of our company’s 2021 internal audit process and the preparation of the 2022 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 internal control system is supervised by the two lines of defense to check the results by itself, and then be reviewed by the audit unit, and together with the improvement of internal control deficiencies and abnormal matters found by the audit unit, be taken as an assessment of the effectiveness of the overall internal control system, so as to make the Group’s self-evaluation of the internal control system more complete.

2021 key audit items

- The overall management of the Group’s anti-money laundering/countering the financing of terrorism (AML/CFT) and anti-terrorism measures (including the consistency of the subsidiary’s AML assessment methodology and the rationality of risk appetite) and the supervision of subsidiaries’ implementation of the improvement in AML
- The implementation of the legal compliance system of the Company and its supervised subsidiaries (including reinvestment businesses) and the implementation of improvement in compliance risk assessment (CRA) weaknesses of the supervised subsidiaries.
- Supervision and management of the reinvestment businesses.
- The operation and implementation of the corporate governance system (including the functions of the board of directors, the operation of functional committees, the management of interested-party transactions, the code of conduct, the self-regulatory rules and the implementation of the whistleblower system).
- Group risk management and control mechanisms (including major risk exposures, major risk management and control and handling of major incidents, report of the same person and same affiliate in the Group, and stress testing, etc.).
- Information security management and supervision of subsidiaries’ implementation of information security defense, early warning monitoring and response drill mechanisms.
- Personal information protection.
- Self-preparation of financial reports.

4-4 Business Continuity Management Mechanism

In order to quickly pass the information on incidents and to grasp the timeliness of processing, the Company and its subsidiaries shall, when incidents occur, divide incidents into major incidents and general incidents according to the “FFHC Incident Reporting Guidelines”, and according to the degrees of impact, divide them into three levels: A, B, and C and handle them in accordance with the “Incident Handling Notification Procedures”, and follow the principles of notification, handling, follow up, etc. prudently, so as to effectively prevent the expansion of disasters and reduce the impact.

In addition, to promptly and effectively handle the business crisis of the Company and its subsidiaries (including the occurrence of bank run, robbery, theft, major malpractice, financial crisis, major investment failure, information crisis (including data leakage, system interruption, etc.), fire, explosions, natural disasters, customer collective petitions and other major events or disasters), hoping to quickly isolate the incident or restore operations, and reduce the harm, the Company has formulated the “Crisis Response Principles for the Company and its Subsidiaries”. When a crisis occurs, the business responsible unit shall promptly deal with it, and in addition to taking general contingency measures for its related business, it shall also adopt different contingency measures for business crises caused by various reasons. The Company shall set up a crisis management team when necessary, and the risk management department shall be responsible for the establishment of case files, convening meetings, case listing and tracking records, and reporting the case and handling process to the Company’s supervisors at all levels at any time, until the incident subsides and the crisis is lifted.

In response to the COVID-19 pandemic, the Company established the Disease Prevention Emergency Response Team in late January 2020 in accordance with the “Crisis Response Principles”. We 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.

2021 audit highlights

Self-audit meetings, internal control system self-audit results review, internal control system deficiency review meetings, and internal audit coordination meetings within the group

General audits, project audits 2 times each

8 times

Derivative trade audit 10 times

Auditing opinions and follow up 18 times

Non-routine inspections 4 times

Please refer to page 95 of the Company’s Annual Report for the 2021 Internal Control System Statement

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 each

General audits, project audits 8 times

Derivative trade audit 10 times

Auditing opinions and follow up 18 times

Non-routine inspections 4 times

Embrace the epidemic prevention and control mechanisms

- Establish a pandemic control information platform and a statistical notification and tracking mechanism for confirmed cases and vaccination
- Prepare all necessary disease prevention supplies
- Supervise and ensure compliance in all workplaces of the Group
- Visitor control and workplace disease prevention management
- Implement pandemic control promotion and employee health care and 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.

Implementation of the internal audit system in 2021 is as follows:
Ethical corporate management

5-1 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, and protection of consumer rights and interests of underprivileged groups like the elderly and the persons with disabilities, relevant units formulate, plan and propose countermeasures. The relevant implementation situations are as follows:

Ethical management policy formulation and plan

In 2021, the Company’s “Code of Conduct for Ethical Management” was revised to add provisions allowing anonymous reporting, and it was stipulated that if the accused person was a director, supervisor or someone at management level with responsibilities, the relevant unit shall formulate and submit the investigation report to the supervisor or the audit committee for review to avoid disputes. The Audit Office of the Company also cooperated with the revision and amended the “Implementation Rules of the Whistleblower System” and “Audit Office’s Internal Audit Report Declaration Operation Guidelines” Moreover, in order to implement the ethical management policy, the subsidiary First Bank established the “Guidelines for the Implementation of the Accountability System for High-level Wealth Management Business” in 2021 in conjunction with the launch of high-class wealth management business, setting up a board-level “Accountability Committee” to strengthen the supervision and accountability responsibilities of such business. In addition, the “Investigation Procedures and Supervision of Implementation Management Guidelines of Wealth Management Consultants’ Abnormal Behaviors or Transactions” and an “Independent Investigation Team” were set up to effectively monitor and reduce the occurrence of fraud. In order to improve the management system of intellectual property, in 2021, we passed the Taiwan Intellectual Property Management System (TIPS) verification of patents and trademarks, so as to reduce the risk of intellectual property management and ensure the operation and effectiveness of the intellectual property management system.

Ethical corporate management 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 2021, the group provides all employees worldwide with a total of 92,570 hours of education and training for 36,630 participants. Counters to 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.

\[
\begin{array}{|c|c|c|c|}
\hline
\textbf{Year} & \textbf{Method} & \textbf{Total number of training persons} & \textbf{Coverage Rate} \\
\hline
2021 & Each subsidiary organized at least two ethical management training sessions & 92,570 & 100 \\
2020 & Chief Compliance Officers Meeting & 91,343.25 & 39,589 & 100 \\
2019 & Increased the awareness of suppliers of the Group’s “Supplier Management Guidelines” & 59,183.25 & 38,023 & 100 \\
2019 & Organized the “Corporate Social Responsibility, Environmental Protection, and Energy Conservation Seminars” & 26,070 & 304 & 100 \\
2021 & Promoted during the quarterly “Group Chief Compliance Officers Meeting” & 0.4 & 52 & 100 \\
2019 & & 0.4 & 52 & 100 \\
\hline
\end{array}
\]

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

In 2021, the Company had no financial losses resulting from litigation involving fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, corruption, or other violations of financial industry laws and regulations.

5-2 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 evidence. Reports may also be filed through means such as telephone and personal statements. The report shall be numbered and specified in the form of the report. The real name, contact information for the whistleblower and sign or 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, when there is no description provided in detail for anonymous reports, the Company may consider processing the information.
- Furthermore, the “Whistleblower System Implementation Rules” requires that when a report is accepted and passed by the Board of Directors, it will be effectively monitored and reduce the occurrence of fraud. In order to improve the management system of intellectual property, in 2021, we passed the Taiwan Intellectual Property Management System (TIPS) verification of patents and trademarks, so as to reduce the risk of intellectual property management and ensure the operation and effectiveness of the intellectual property management system.

Whistleblower System Implementation Rules

- The internal audit unit/self-assessment supervisor of the Company and subsidiaries is responsible for handling whistleblowing 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.
- All 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 provided must be kept strictly confidential and may not be disclosed to other parties without the whistleblower’s consent.

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

Corporate Complaint Assistance Platform

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 provided must be kept strictly confidential and may not be disclosed to other parties without the whistleblower’s consent.

Ethical management policy formulation and plan

In 2021, the group provides all employees worldwide with a total of 92,570 hours of education and training for 36,630 participants. Counters to 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.
We handled 18 external whistleblower cases and 9 internal whistleblower cases in 2021. 10 of which did not meet the type of whistleblower cases and were not accepted for investigation. Among them, 22 cases were found to be untrue after investigation, 1 case was accepted and verified by the audit office of the Company, and 4 cases were accepted and verified by the audit office of the subsidiary First Bank, and the relevant review and improvement measures had been submitted to the Company’s Ethical Management Committee for reference and the board of directors of each company for reference.

<table>
<thead>
<tr>
<th>Type of report</th>
<th>Cases received</th>
<th>External whistleblower</th>
<th>Internal whistleblower</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Named</td>
<td>Anonymous</td>
</tr>
<tr>
<td>Corrupt and bribe</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Information confidentiality</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Avoiding conflict of interest</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Antitrust/anti-competitive practices</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Insider trading</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fair customer treatment</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Internal procedures</td>
<td>15</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Internal management</td>
<td>10</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of reports</th>
<th></th>
<th>Accepted and filed</th>
<th>Rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anonymous 19</td>
<td></td>
<td>17</td>
<td>2</td>
</tr>
<tr>
<td>Namad 3</td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Anonymous 9</td>
<td></td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Namad 6</td>
<td></td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accepted and filed</th>
<th>Verified to be true</th>
<th>Rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>False</td>
<td>True</td>
</tr>
<tr>
<td>False</td>
<td>True</td>
<td>False</td>
</tr>
</tbody>
</table>

A total of 37 whistleblower cases were handled in 2021, of which 27 were accepted and filed, 9 were internal, and 18 were external. 10 of these cases did not meet the type of whistleblower cases and were not accepted for investigation. Among them, 22 cases were found to be untrue after investigation, 1 case was accepted and verified by the audit office of the Company, and 4 cases were accepted and verified by the audit office of the subsidiary First Bank, and the relevant review and improvement measures had been submitted to the Company’s Ethical Management Committee for reference and the board of directors of each company for reference.
6-1 Corporate Banking/Investment Business

[ Equator Principles ]

In order to achieve 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 14th 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”. To comply with the Equator Principles, before accepting financing applications from all corporations, First Bank must determine the applicability of the Equator Principles in accordance with the amount and purpose of each case. The “Environmental and Social Risk Project Team” is established by the business, review, post-loan management and other units to be in charge of risk classification for applicable cases. In addition, based on the “Environmental and Social Risk Assessment Report” and “Environmental and Social Monitoring Report” issued by an independent and qualified third-party institution, First Bank will conduct credit risk review and post-loan monitoring to confirm that cases undertaken are in accordance with the guidelines of the Equator Principles.

We reviewed 25 cases of project financing and loans for project companies that meet the review requirements of the Equator Principles from 2018 to 2021, 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 7 cases involving the Equator Principles as of December 2021. Cases are all in Taiwan and power industry (solar power) projects account for the largest share of projects.

[ Cases of Equator Principles ]

Electricity power supply industry/construction of offshore wind power plant

Third-party institution: Environmental Resources Management Taiwan Co., Ltd.

To support the government in promoting the energy transition and achieve the target of 5.7GW of offshore wind power installations by 2025, the borrower plans to develop the No. 29 offshore wind power plant “Zhongneng Offshore Wind Farm” located 10-17 kilometers offshore of the west side of Changhua County. The area of this case is 36.54 square kilometres, the installation capacity is about 300MW, and the annual power generation is about 1,591-2,203GWh. It is estimated about 840,000 to 1.16 million metric tons of CO2e can be reduced every year. The foundation piles and underwater cables are expected to be installed in 2023 and the grid paralleling will be completed by the end of 2024. There is no resident population around the water area of this case and the possibility of cultural property/heritage under the water is relatively low. However, this site overlaps with the fishing ground, by establishing a “Stakeholders Participation Plan” in the beginning of this project, the borrower has jointly held several briefing sessions with the Changhua Fishery Association for fishermen, and organized seminars and educational promotions for nearby residents. First Bank actively participated in relevant activities to understand the doubts form fishermen and residents and the impacts may caused, it also communicated with the borrower and negotiated a compensation agreement to be signed with the Changhua Fishery Association for the loss of fishing income and the cost of by-passing the wind farm before the start of construction in order to protect fishermen’s rights.

This case passed the Environmental Protection Administration’s first and second environmental analysis in November 2018 and November 2020 respectively, and obtained the environmental and social due diligence assessment report issued by Environmental Resources Management Taiwan Co., Ltd. It is assessed that the land/water noise, water pollution, waste, air pollution and landscape damage in this case are in compliance with Taiwan’s law and regulation, and have limited impact on the environment. In order to continuously monitor the impact of the development process of this case on ecological conservation and the environment, the borrower has established the “Environmental Audit Committee”, the “Environmental Management Plan”, the “Health and Safety Management System”, the “Emergency Response Plan”, the “Crisis Management Plan” and the “Marine Ecology Coordination Plan”. Due to the recent changes in the layout of the wind farm, the location of the wind turbine is more than one meter away from the original exploration location, the borrower will follow the “Environmental Management Plan” to conduct a cone penetration test at 10 locations in 2022 to ensure that the geology is safe; In addition, because the route of the submarine cable in this case overlaps with the habitats of the critically endangered species - Taiwanese White Dolphin, the borrower will continue to identify related risks in accordance with the “Marine Ecology Coordination Plan”, ensure that the habitat will be restored to its original state after the construction is completed and the planned installation site of the wind turbine is at least 3 kilometers away from the main habitat of Taiwanese White Dolphin. It is endeavored to minimize the impact of the case development on the environment.
Electricity power supply industry/construction of gas-fired power plant

Third-party institution: Unitech New Energy Engineering Co., Ltd.

To cooperate with the government’s renewable energy policy and in response to the continuous growth of electricity demand in Tainan/Kaohsiung Science Park, the borrower plans to promote the "SunBa Power Phase II Gas Recycled Power Generation Project". The power plant is located on the west side of Fengshou Natural Gas Power Plant, with a planned total installation capacity of 1 million barrels (±10%), using clean natural gas as fuel, and the promised carbon emission coefficient of 0.369 (kg CO2/degree) is less than 0.417 (kg CO2/degree) of general natural gas and 0.918 (kg CO2/degree) of coal-fired units. Converted to an annual carbon emission of 2,859,619 metric tons of CO2, it can reduce 2,237,100 metric tons of CO2 per year compared with coal-fired units, which is about the annual carbon absorption of 11,000 Da’an Forest Park. Furthermore, because the power plant is located in a sunny area, the borrower also promised to build a solar power generation system with a capacity of about 80MW in the power plant, which is estimated to reduce CO2 by 486.5 metric tons per year. The site of this case is the man-made forest, agricultural and transportation land, not a liquefaction potential and aboriginal reserve area, it is comparatively far away from the known prehistoric historical sites and has no direct impact on it. Nevertheless, this site is the habitat of 6 species of conservation animals including crested oriole, collared scops owl, ring-necked pheasant, painted snipe, crested serpent eagle and crested goshawk. First Bank actively negotiated with the borrower and conservation animals and plants, the migration and rights of local residents. It also complies with the government’s main energy transformation strategy of reducing coal, increasing gas and developing green energy, and acts as a bridge to stabilize the power supply of the Southern Taiwan Science Park. It also helps to promote the development of the local semiconductor industry, and achieves the sustainable development goals of low carbon and low air pollution at the same time.

Electricity power supply industry/construction of solar power plant

Third-party institution: TUV Rheinland Taiwan Ltd.

This case’s borrower plans to build a ground-mounted solar power plant with a total installation capacity of 296MW in Qigu District, Tainan City. The total area of the power plant site is 279.48 hectares, most general agricultural land and abandoned fish farms. It is regarded as a low environmental sensitive area, and not a non-development area located within 100 meters of a seismically active fault, nor a cultural property/heritage or aboriginal reserve area. This case has been agreed by the Environmental Protection Administration. The air, noise, waste quality and other aspects derived from the development of this case are in line with the implementation of Article 19, Paragraph 1, Subparagraph 1 of the "Environmental Impact Assessment Enforcement Rules". The development process has no significant adverse impact on the environment, the survival of conservation animals and plants, the migration and rights of local residents. It also complies with the government’s main energy transformation strategy of reducing coal, increasing gas and developing green energy, and acts as a bridge to stabilize the power supply of the Southern Taiwan Science Park. It also helps to promote the development of the local semiconductor industry, and achieves the sustainable development goals of low carbon and low air pollution at the same time.

Written by the borrower, including regularly removing dust form construction sites and roads, and spread water moderately to prevent dust from escaping, select construction equipment and transport vehicles in good condition to reduce exhaust emissions, avoid using a large number of mechanical construction at the same time to reduce noise pollution. This case also established the "Construction Site Plan" (including soil and water conservation measures, construction materials pollution control measures, etc.), the "Traffic System Management Plan", the "Labor Safety and Health Management Plan", the "Pollution Prevention and Management" (including air pollution prevention, noise and vibration prevention, waste removal and transport), "the "Disaster Prevention and Life Safety" and other mechanisms to reduce the impact of this case on the environment and society. In addition, in order to protect the rights and interests of all stakeholders, except continue holding local briefing sessions, completing negotiations and singing contracts with landlords, the borrower also actively identify stakeholders and establish a complaints mechanism to ensure the smooth communication channels.

**Lending / Due diligence**

First Bank implements responsible finance, incorporates major consideration such as client commitment to environmental protection, social responsibility and business integrity into the financing assessment of corporate loans. First Bank starts by reviewing whether the borrower is part of an industry in the general exclusion policy (e.g. sex, tobacco, alcohol, weapons, gambling industries). Then conscientiously executing customer due diligence (CDD) and know your customer (KYC) procedures. A new "ESG Risk Factor Checklist" is added for establishing the inspection items in accordance with the three major aspects of ESG, the relevant inspection items will be scored, graded and incorporated in the credit risk assessment for reference. The "Green Financing Review Principles" is also be adopted by First Bank for corporate loans of all amount; The credit proportion limit of investment, and financing in industries with high pollution and high energy consumption shall secured 14.0% in 2022, and the target for 2024 is to reduce this proportion to 13.0%; sensitive industries (including those with questionable biodiversity, climate change or energy usage practices, such as mining, forestry, agriculture, gasoline and natural gas) shall be analyzed and evaluated through management policy in order to avoid causing major detrimental impacts to sustainable development; 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.

1. **Review whether the borrower is part of an industry in the general exclusion policy.** Implement CDD/KYC procedures. Score and grade in accordance with the "ESG Risk Factor Checklist", and incorporate it as a reference for credit risk assessment.
   - Involved in environmental pollution in the past
   - In violation of labor rights
   - Occurring negative issues on the company’s internal control
   - Other ESG risk issues

2. **Setting as the proportion of credit limit for high-polluting (energy-consum- ing) industries.**

3. **Careful assessment of controversial industries.**

4. **Evaluation and analysis of sensitive industries.**

Divide different credit loan review authorizations based on different credit limits, including the Board of Managing Directors, President, Credit Approval Division at the head office, regional center or business unit managers, etc.
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 review. If the credit application is not approved, we shall inform the customer and propose improvement measures. 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, FCBL Leasing, First Financial Leasing (Changsha) and First Financial AMC. Except for syndicated loans, for business loans overseas branches must now explicitly state “Sustainable Development Evaluation Form for Overseas Branches” the ESG risk factors assessed. The loan documents must also be annotated with a legal addendum so 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 Sustainable Development Commitment from 99.9% of its borrowers in 2021.

First Bank continues to strengthen the post-loan management, and fulfill the responsibility of being a financial institution for environmental protection and social sustainability. For the early warning cases that borrowers who have been punished by government environmental protection agencies for violating environmental protection laws, First Bank finds out whether its operation violates ESG principles and proposes improvement measures to these borrowers. In 2021 there are a total of 1 cases that meet the early warning signal of “those who violated environmental protection laws and regulations were punished by government environmental protection agencies” and it has been confirmed such customer has complied with the environmental protection authority’s cleanup plan to handle related operations. In addition, if the loan is suitable for the purpose of green financing, the verification of the actual use of the fund after the review approval will be strengthened. In any circumstance that environmental pollution is in violation of ESG principles, it shall be stated in the review opinion as a reference for future credit limit review. After the review conducted by the reviewers, there is no evidence that the use of funds is inconsistent with the purpose of green financing or any environmental pollution involved in 2021.

There are 72,392 cases (70,038 domestic cases and 2,284 overseas cases) have been reviewed in accordance with the “Green Financing Review Principles” in 2021; these cases accounted for 100% of the corporation’s lending cases 3,346 cases conditionally passed (reduced credit limit or additional conditions) the review process, and 162 cases were not approved (tabled or withdrawn applications). There were 986 cases conditionally passed in which a borrower was implicated in ESG risk factors (Note), these cases accounted for 29.3% of all conditional approval cases and total valued NT$ 290 billion; 46 cases (tabled or withdrawn applications). There were 986 cases conditionally passed in which a borrower was implicated in ESG risk factors, these cases accounted for 29.3% of all conditional approval cases and total valued NT$ 290 billion; 46 cases were not approved in which a borrower was implicated in ESG risk factors, these cases accounted for 28.4% of all non-approved cases and total valued NT$12.2 billion. Among the aforementioned cases, there were 1 case and 4 cases that were conditionally approved and not approved due to the ESG risk factors identified by the reviewers, with an amount of NT$550 million and NT$11.1 billion respectively.

<table>
<thead>
<tr>
<th>Sustainable Development commitment signed by domestic and foreign borrowers over recent four years</th>
<th>Unit: no. of borrowers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
<td>2018</td>
</tr>
<tr>
<td>Domestic Sustainable Development commitment</td>
<td>14,659</td>
</tr>
<tr>
<td>Sustainable Development Evaluation Form for Overseas Branches</td>
<td>2,915</td>
</tr>
</tbody>
</table>

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 fund” 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 all 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.

### Investment decision-making

- **Screening**
  - Evaluation procedures include financial and ESG factors
  - ESG engagement with companies
  - Investment decision-making
  - Trading and investment review

- **Evaluation**
  - Review of deviations in execution
  - Disclosure of setting in the shareholders’ meeting
  - Sign and comply with the “Stewardship Principles for Institutional Investors”
  - Monitor ESG issues of investees

- **Stewardship actions**
  - Investment limit of own funds for specific industries (high pollution/high energy consumption)
  - If an investor violates ESG obligations and is penalized but fails to implement improvements, investments in the company shall be reduced or withdrawn.
Since 2015, First Capital Management has revised and updated the “DoNotInvest List for Sustainable Development Violations” every two years. 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 sustainable development is added to the doNotInvest 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 doNotInvest list from 2019 to 2021 were 44, 10, and 15 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, HighTech, CTC and Greater China Balanced) of First Financial Group incorporate ESG factors into small and medium enterprises (SMEs) (including sole proprietorship and partnership), retail banking and consulting business of individual finance review procedures. SMEs finance and its consultating business is included in the credit limit control for highpolluting/high-energy-consuming and sensitive industries in accordance with the general corporate finance business. It also adapted the “Green Financing Review Principles” in credit investigation and review to assess its impact on the environment and social sustainability. The Group implements customer due diligence (CDD) and know your customer (KYC) for individual finance and its consulting business, and incorporates the customer’s involvement in ESG risks into investigation items, including rigorously checks the anti-money laundering (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 reduce 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.

6-2 Retail Banking / Individual Financ

<table>
<thead>
<tr>
<th>CDD / KYC Review Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Financial Group incorporates ESG factors into small and medium enterprises (SMEs) (including sole proprietorship and partnership), retail banking and consulting business of individual finance review procedures. SMEs finance and its consulting business is included in the credit limit control for highpolluting/high-energy-consuming and sensitive industries in accordance with the general corporate finance business. It also adapted the “Green Financing Review Principles” in credit investigation and review to assess its impact on the environment and social sustainability. The Group implements customer due diligence (CDD) and know your customer (KYC) for individual finance and its consulting business, and incorporates the customer’s involvement in ESG risks into investigation items, including rigorously checks the anti-money laundering (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 reduce 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.</td>
</tr>
</tbody>
</table>

- Results of engagement -

- Percentage of ESG engagement -

- Proportion of ESG - engagement by industry -

- Results of engagement -

- Percentage of ESG engagement -

- Proportion of ESG - engagement by industry -

- Results of engagement -

- Percentage of ESG engagement -

- Proportion of ESG - engagement by industry -

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- Proportion of ESG - engagement by industry -

- Results of engagement -

- Percentage of ESG engagement -

- Proportion of ESG - engagement by industry -

- Results of engagement -

- Percentage of ESG engagement -
To strengthen the communication with retail banking customers and identify ESG-related risks and opportunities, First Bank interacts with customers and conveys ESG information from time to time through face-to-face conversations, lectures, dynamic/static publicity and community interaction before engaging with customers, and also collaborates with the reinvestment East Asia Real Estate Management Company and government agencies to provide customers with ESG-related consulting services so as to comprehensively enhance customer’s ESG awareness. Potential ESG risks and opportunities will be identified by integrating ESG risk factors audit mechanisms when establishing business relationships, and more active actions will be taken in customer communications and the invitation of using perpetual financial products and services, including Green Consumption Loan, Green Credit Card and relevant consulting services, in order to enable customers to actually participate in ESG actions through every financial behavior. It will continue to monitor whether customers are in violation of ESG, and take corrective measures to reduce the negative impact of goods and services on the environment and society after the establishment of business relations.

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. Credit business for SMEs in 2021 were all reviewed in accordance with the green financing principles, and ESG risk factors and total valued NT$5.48 million; in terms of individual finance, there were 73 customers’ business relation had been approved, risk factors and total valued NT$58.62 million; 25 cases were not approved in which a borrower was implicated in ESG risk factors and total valued NT$12.48 million; in terms of individual finance, there were 73 customers’ business relation had been declined due to AML risks involved.

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 express in them 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 selects RCP 2.6 and RCP 8.5, as well as research reports on the effects of flooding on housing prices in various regions, to estimate the financial impacts of flooding on housing mortgage operations for borrowers in the Taipai and New Taipei regions. Models are used to simulate the introduction of impact assessment related parameters for analysing collateral impairment value and changes in loan-to-value (LTV), and the control of exposure level in the area where the property collateral is located has been strengthened in order to enhance the protection of creditor’s rights.

We also used the following measures to reduce the negative impact of goods and services on the environment and society after the establishment of business relationships:

- After engagement with the customers – proportion of conditionally approved cases
  - Environmental factors: 55%  35%
  - Social factors: 26%
- After engagement with the customers – proportion of not approved cases
  - Environmental factors: 100%

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. Credit business for SMEs in 2021 were all reviewed in accordance with the “Green Financing Review Principles”, there were 542 cases conditionally passed in which a borrower was implicated in ESG risk factors and total valued NT$58.62 million; 25 cases were not approved in which a borrower was implicated in ESG risk factors and total valued NT$12.48 million; in terms of individual finance, there were 73 customers’ business relation had been declined due to AML risks involved.

Percentage of customers invited to interact or participate in ESG engagement in 2021

- Credit business: 5.8%
- Credit card services: 27.4%
Sustainable Financial Products and Services

GRI: FS1, FS2, FS3, FS7, FS8, FS11, FS14, FS15

7-1 Corporate Banking / Investment Business

[ Corporate finance ] - ESG-related products and their respective proportions

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Product content description</th>
</tr>
</thead>
</table>
| Green/ESG-related loan balance | 5,291.16 | • Sustainable performance-linked credit project  
• Energy service company (ESCC) industries, renewable energy creation loans, and other preferential green enterprise and green industry loans  
• Preferential loans for key innovative industries |
| Corporate loan financing balance | 9,733.13 | Percentage (%)  
54.36 |

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Product content description</th>
</tr>
</thead>
</table>
| ESG-based fixed-income product issuance amount | NT$10 billion | • Green bonds  
• Sustainable bonds |
| Total fixed-income product issuance amount | NT$77.8 billion | 4.18 |
| Percentage (%) | 63.9 |

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Product content description</th>
</tr>
</thead>
</table>
| ESG infrastructure construction loan balance | NT$25.1 billion | • Taiwan HSR loans  
• Wan-Do line and San-Yin line MRT loans  
• Taoyuan Airport MRT loans |
| Infrastructure construction loan balance | NT$39.6 billion | 63.9 |

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Product content description</th>
</tr>
</thead>
</table>
| Financing for ESG-based entrepreneurship investment and advisory services | NT$6.47 billion | • “Five Plus Two Key Startup Industries” companies that are not listed on the exchange  
• Provide solar power plant construction services and consulting services for power plant management and contracted management |
| Financing for entrepreneurship investment and advisory services | NT$17.35 billion | 37.29 |

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 performance-linked credit project

In order to be in line with international ESG trends, First Bank launched the “sustainable performance-linked credit project”, which differs from green loans in that the funds can be used without being confined to specific purposes. Through long-term monitoring of ESG indicators, connecting corporate borrowers’ sustainability performance in controlling greenhouse gas emissions, electricity, energy, and total waste, etc. to loan interest rate pricing. The Bank will reduce the financing costs if the borrower meets the relevant ESG performance indicators to encourage corporate borrowers to actively manage their low-carbon transformation risks and support corporate borrowers that implement ESG governance in this engagement manner.

Case

First Bank and co-host AUO’s NT$4 billion “sustainable performance-linked” joint loan case, which linked AUO’s performance in the Dow Jones Sustainability World Index (DJSI World) rating and its loan interest rate, and was the first joint loan case in Taiwan’s panel industry. After that, they further co-hosted a 6 billion “sustainable performance-linked” joint loan case for solar system manufacturers, being the first case in the domestic solar energy industry. Every year, the management bank offers the corresponding interest rate deduction by reviewing the indicators of “electricity saving”, “clean electricity generation”, and “carbon emission reduction” unraveled by the bank, and assists customers to win the bid for the offshore solar power station in Zhangbin Industrial Park, with the installation capacity scale of about 90MW. After completion, it is expected to generate 110 million kWh of electricity, reduce carbon emissions by about 54 million metric tons CO2e annually, and provide annual carbon absorption volume of over 140,000 Da’an Forest Parks.

Sustainable performance-linked credit project in 2021 (Unit: NT$100 million)

<table>
<thead>
<tr>
<th>Approved cases</th>
<th>Approved amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>411</td>
</tr>
</tbody>
</table>

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, FPHC organization “Green Finance Committee,” with our President as the chairman in March 2017. The committee is responsible for setting up policy goals and reviewing the results. It is also responsible for incorporating the green industry financing projects mentioned above, and expanding the scope of green financing to “Green industries” and “Green enterprise”. In 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.

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved amount</td>
<td>Credit Balance</td>
<td>Approved amount</td>
<td>Credit Balance</td>
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<tr>
<td>118,147</td>
<td>64,208</td>
<td>124,588</td>
<td>68,157</td>
</tr>
</tbody>
</table>

Note: Amount and balance of the approved green financing including overseas branches (Unit: NT$ million)
First Bank actively supports national policies and renewable energy financing. In 2021, the solar PV syndicated loans organized or co-organized by First Bank totaled NT$77,563 billion, and the amount of syndicated loans provided by First Bank totaled NT$11,502 billion. The total installed capacity was 1,791MW and the annual power generation is approximately about 2,271 billion kWh. The projects reduce annual carbon emissions by approximately 1.16 million tons CO₂e each year which is equal to the carbon absorption of 2,982 Dalan Forest Parks.

In line with the government’s policy on the localization of offshore wind power, First Bank co-organized and hosted a joint loan case for offshore wind power equipment service providers. The borrower will build Taiwan’s first full-rotation floating crane “Green Jade”, which is planned to be officially put into operation in 2023, which can help customers build 31 offshore wind farms and underwater infrastructure about 19 kilometers off the coast of Changhua, with an installation capacity of about 330MW. It is estimated that the grid connection operation will be completed by 2024, which will reduce about 84,000 to 116 million metric tons of CO₂e per year.

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”, and assisted key new ventures such as “Green Energy Technologies”, “Asia Silicon Valley”, “Biomedical Technologies”, “Program” as the core of next-generation industrial growth in Taiwan. First Bank organized the “Industrial Innovation Plan Loan”, 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 Consulting raised and managed a green energy fund of NT$682 million (with 44% shareholding). The fund is involved in large-scale floating crane “Green Jade”, which is planned to be officially put into operation in 2023, which can help customers build 31 offshore wind farms and underwater infrastructure about 19 kilometers off the coast of Changhua, with an installation capacity of about 330MW. It is estimated that the grid connection operation will be completed by 2024, which will reduce about 84,000 to 116 million metric tons of CO₂e per year.

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Public Welfare/Green Credit Card

First Bank issued the Living Green Card in 2017, which is the first domestic credit card using PETG eco-friendly material. In 2021, it launched the carbon footprint inventory of 5 major credit card products of Living Green Card, GLORY+ World Card, Taoyuan Citizen Card, Yilan Affinity Card and Leezen Signature Card, and obtained 3 certificates of “Carbon Footprint Label” issued by the Environmental Protection Administration of the Executive Yuan. In 2022, the “Green Credit Card - First Sustainability, Carbon Reduction with You” marketing campaign was launched to continuously track the carbon emission reduction in the life cycle of the credit card, aiming to achieve a carbon reduction of 3% within 5 years to obtain the “Carbon Reduction Label” certification.

<table>
<thead>
<tr>
<th>Card type</th>
<th>Content</th>
<th>Carbon footprint / card</th>
<th>2021 Number of cards in circulation</th>
<th>Proportion to the whole</th>
<th>Accumulated donation amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Living Green Card</td>
<td>Donate 2% of domestic payments made with the card to the First Bank Culture &amp; Education Foundation for charity programs dedicated to environmental sustainability and carry out the “Green Light to Spread Love” program to assist remote elementary schools and social welfare organizations replacing energy-saving LED lamps</td>
<td>500g CO2e</td>
<td>210,217</td>
<td>14.87%</td>
<td>135,773</td>
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<tr>
<td>Leezen Card</td>
<td>Donate 6% of domestic and overseas spending with the card to the “Tzu’An 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 protect local biodiversity.</td>
<td>900g CO2e</td>
<td>3,715</td>
<td>0.26%</td>
<td>4,136</td>
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<tr>
<td>Yilan Card</td>
<td>Donate 3% of payments with the card to Yilan County Government for use in local welfare, tree planting, and tree protection activities to provide care for disadvantaged groups in such County and environmental protection.</td>
<td>2,026</td>
<td>72.65 / 20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taoyuan Card</td>
<td>Donate 3.5% of 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.</td>
<td>364,911 / 36</td>
<td>426.2 / 46</td>
<td>507.13 / 65</td>
<td>801.38 / 116</td>
</tr>
<tr>
<td>Glory World Card</td>
<td>Donate 1% of the domestic payments made with the card to the First Bank Culture &amp; Education Foundation to sponsor education activities, school lunches, classes after school, etc. for disadvantaged school-children in remote areas through the “Education” platform of the Ministry of Education.</td>
<td>1,906.37</td>
<td>15.88%</td>
<td>2,466</td>
<td>2,555</td>
</tr>
</tbody>
</table>

Note: 1. First Bank does not provide prepaid card products.
2. In 2021, the total number of valid credit card customers of First Bank was 641,991, and the number of cards in circulation reached 1,413,713.
3. For the social and environmental benefits of credit cards, please refer to the chapter “Community Engagement - Charitable strategy.”

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Urban renewal

We use core businesses of the finance industry to promote environmental sustainability. 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 “preferences 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 taxes with a maximum period of two years. And working hand in hand with the re-invested related company East Asia Real-Estate Management Company to provide comprehensive financial services of one-stop service for urban renewal, so that homeowners can have no worries in the reconstruction process. After urban renewals, the renewed buildings must meet the greening indications, 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 green life situation for the environment, residents and the Group.

In 2021, we approved a total of 1,56 urban renewal financing projects and financing projects for the reconstruction of dangerous and old buildings totaling NT$4.4 billion. We helped 77 urban renewal projects obtain Silver-Level Green Building Label or above and benefited 2,555 households.

<table>
<thead>
<tr>
<th>Sustainability Investment Product</th>
<th>AuM of investment products</th>
<th>AuM of all investment products</th>
<th>Percentage (%)</th>
</tr>
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<tbody>
<tr>
<td>FSITC Global Artificial Intelligence Fund</td>
<td>3,439 billion</td>
<td>1,906.37</td>
<td>15.88%</td>
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<td>4,856 billion</td>
<td>1,906.37</td>
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</tr>
<tr>
<td>FSITC Global AI FinTech Fund</td>
<td>1.18 billion</td>
<td>1,906.37</td>
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</tbody>
</table>

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

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<tr>
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<th>2018</th>
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<th>2020</th>
<th>2021</th>
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<tr>
<td>Self-managed urban renewal and the reconstruction of dangerous and old buildings</td>
<td>36.15 / 5</td>
<td>43.98 / 9</td>
<td>68.57 / 16</td>
<td>72.65 / 20</td>
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<td>Developer-consolidated urban renewal and the reconstruction of dangerous and old buildings projects</td>
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<td>Landowners benefited</td>
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</table>

ESG participation case

The Living Green Card is the first to use the PETG eco-friendly material for the card body, which will not produce toxic substances when destroyed, reducing the impact on the environment. In addition, 2% of the domestic payments made with the credit card will be donated to the First Bank Culture & Education Foundation, working with kindergartens to engage in environmental sustainability public welfare activities. Since 2017, we have focused on the “Green Light to Spread Love” program. By the end of 2021, we have assisted remote elementary schools and social welfare institutions to install a total of 4,128 sets of LED lamps, which is estimated to reduce electricity consumption by 374,000 kWh and save electricity costs of about NT$3.14 million, with the carbon reduction of 215.62 metric tons CO2e. In 2021, we won the first “Taiwan Sustainability Action” and “Silver Award for Social Inclusion” at the Taiwan Institute for Sustainable Energy.
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 preference for inclusive and green enterprises to help customers seize new ESG opportunities and urban development 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$866.45 billion in 2021, among them, the loan balance at SMEG was NT$156.59 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 13 times.

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 2021, First Bank had 23 regional revitalization business accounts in the “Regional Revitalization Team Database” and the loan balance was NT$860 million.

Creation of the one-stop consulting service for urban renewal and reconstruction of dangerous old buildings
Since the buildings after urban renewal and the reconstruction of dangerous old buildings are required to meet the greening indicator, the integration of related cases is lengthy and complicated. We assist residents in obtaining the necessary approvals for urban renewal and reconstruction of the dangerous old buildings, and actively promote the independent urban financial financing or financing of the reconstruction of dangerous old buildings, encouraging original occupants to organize the urban renewal association as the implementers, and enjoy the benefits of the renewal exclusively without sharing them with the construction company. We integrate the overall resources of FFHC, from urban regeneration consulting and planning, trust management, construction cost financing, insurance, construction management, and even follow-up assistance in completion and house delivery, loans under different accounts, etc., providing a one-stop full set of renewal and reconstruction financial services, so that residents do not need to worry about issues such as financing, construction, supervision and safety management. We continue to attract financing consultation cases for urban renewal and reconstruction of dangerous old buildings. In 2021, we have undertaken a total of 22 cases, reducing carbon emissions by about 946.1 metric tons CO2e.

7-3 Inclusive Finance Products and Services
To support the United Nations SDGs for promoting inclusive finance and providing disadvantaged groups and people in remote areas with basic financial services, FFHC continues to promote various products and services. Bank subsidiaries have put forward 14 measures to strengthen protection and convenience especially for the elderly and vulnerable customers, providing consumers with comprehensive trust for elderly care services, and winning the 1st place in the “Asset Trust Evaluation of Trust Businesses for the Senior and the Disabled”, in addition, in order to support the development of domestic small and medium-sized enterprises, it has been ranked first in the national small and medium-sized enterprise lending market share for 12 consecutive years.

<table>
<thead>
<tr>
<th>ESG-Themed Advisory Services</th>
</tr>
</thead>
</table>
| FFHC continuously promotes urban renewal and dangerous old building reconstruction consulting services, especially in designing comprehensive packages for disadvantaged communities. In 2021, First Bank cooperated with East Asia Real-Estate Management Company, re-invested related companies to promote the independent reconstruction of dangerous and old buildings in Daotou District, Tainan City, assisting two landlords in the reconstruction of old and dangerous buildings, and providing construction project management, financial audit and continuous construction mechanism and other consulting services. During the construction period, the landlords do not need to provide reconstruction funds, and it’s planned that the reconstructed buildings will obtain the Bronze Green Building Label, which is expected to reduce 3.55 metric tons CO2e per year, and create a profit of NT$3.63 billion for the landlords, achieving a win-win-win situation for the environment, residents and the Company.

<table>
<thead>
<tr>
<th>ESG participation case</th>
</tr>
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</table>
| First Bank supports the development of small and medium-sized long-term care enterprises. As of 2021, 38 financing cases have been undertaken for small and medium-sized long-term care enterprises, with an approved amount of NT$1.221 billion, jointly developing socially sustainable business opportunities with borrowers. In 2021, a memorandum of understanding (MOU) was signed with the “GoldenNest” Village, together with the Small and Medium Enterprise Credit Guarantee Fund, providing financing and guarantees during its construction period, as well as providing pre-collection trust services during the operation period. In addition, in order to create a friendly living environment, besides holding free financial information education courses, we also invite young people to participate in physical and spiritual care activities for the elderly together with borrowers, and provide young people with an affordable learning and living environment to create a win-win model of “intergenerational co-living”.

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| First Bank undertakes a total of 22 cases, reducing carbon emissions by about 946.1 metric tons CO2e, and create a profit of NT$3.63 billion for the landlords, achieving a win-win-win situation for the environment, residents and the Company.

<table>
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<tr>
<th>Methods &amp; Items</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of micro-insurance effective contracts</td>
<td>155</td>
<td>159</td>
<td>341</td>
</tr>
<tr>
<td>Micro-insurance and effective contract amount</td>
<td>77.7</td>
<td>154.5</td>
<td>170.5</td>
</tr>
<tr>
<td>Cumulative amount of Loans for Small-Life Insurance</td>
<td>5,359</td>
<td>6,003</td>
<td>8,037</td>
</tr>
<tr>
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<td>1,567.06</td>
<td>1,697.85</td>
<td>2,227.63</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Persons with disabilities and the elderly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new beneficiaries of property trusts for senior citizens and persons with disabilities in the current year</td>
</tr>
<tr>
<td>Amount processed in property trusts for senior citizens and persons with disabilities</td>
</tr>
<tr>
<td>Cumulative trust assets in property trusts for senior citizens and persons with disabilities</td>
</tr>
<tr>
<td>No. of Comfort Loan being processed</td>
</tr>
<tr>
<td>Comfort Loan approval amount</td>
</tr>
<tr>
<td>Number of loans for medical biotechnology and long-term care projects</td>
</tr>
<tr>
<td>Amount in loans for medical biotechnology and long-term care projects</td>
</tr>
<tr>
<td>Percentage of micro-loans in annuity insurance programs related to aging society and low birth rates</td>
</tr>
<tr>
<td>Contract amount of effective contracts in annuity insurance programs related to aging society and low birth rates</td>
</tr>
<tr>
<td>The number of senior citizens’ branches</td>
</tr>
<tr>
<td>The number of wheelchair-accessible ATMs</td>
</tr>
<tr>
<td>Total numbers of persons with disabilities and the elderly</td>
</tr>
<tr>
<td>No. of Loans for Female Entrepreneurs</td>
</tr>
<tr>
<td>Amount in loans for Female Entrepreneurs approval amount</td>
</tr>
<tr>
<td>Percentage of female who received loans from the “Micro Loans for Female Entrepreneurs” program</td>
</tr>
<tr>
<td>No. of Loans for Young Entrepreneurs and Startups” and “Youths for Minor Entrepreneurs” approval amount</td>
</tr>
<tr>
<td>Amount in loans for Young Entrepreneurs and Startups” and “Youths for Minor Entrepreneurs” approval amount</td>
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<tr>
<td>No. of Loans through SMEG</td>
</tr>
<tr>
<td>SME Loan Amount</td>
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<tr>
<td>Balance of SME entrepreneurship investment</td>
</tr>
<tr>
<td>No. of small business loan accounts</td>
</tr>
<tr>
<td>No. of small business loan balance</td>
</tr>
<tr>
<td>No. of preliminary negotiation approval accounts</td>
</tr>
<tr>
<td>Amount of preliminary negotiation contracts signed</td>
</tr>
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Note: A small business is defined as a micro or small enterprise, which means that the enterprise meets one of the following criteria: has been operating for 1 year or less, has been operating for 12-24 months, has been operating for 24-36 months, or has been operating for more than 36 months.
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 transformed 47 overseas credit guarantee cases in 2021 including 35 cases in developing countries and least developed countries with approximately US$15.19 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 2021, First Bank approved 122,195 applications totaling NT$30.69 billion with an approval rate of 70.56%.

“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 kiosks, classes after school, etc. As of the end of 2021, First Bank had issued 3,715 “Glory+ World Cards” and donated NT$4.14 million through the “School Education Savings Account” platform of the Ministry of Education, which in turn helped 1,051 disadvantaged schoolchildren.

Creating a friendly financial environment

First Bank has set up accessible service counters in 60 business units in Taipei, New Taipei City, Taoyuan, Taichung, Kaohsiung, Yilan, and Hualien to provide friendly financial services to people with disabilities (including the elderly, those who need assistance, women, and children). Each of First Bank’s 188 business units has set up loving service bells and wheelchairs 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. In addition, by the end of 2021, all 541 ATMs in Taiwan will be replaced with accessible machines. Among them, 476 ATMs have environments (such as ramps) that are also suitable for people with disabilities, and 15 of them are talking ATMs for visually impaired people, so that visually impaired people can plug in earphones through the earphone socket to enter the accessible talking 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.

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), besides the announcement of “List of accessible service facilities (measures) provided by branches of First Bank”, we also provide basic functions such as account inquiry, designated/non-designated account transfer and password change, as well as introduce taking function in mobile payment — “Taiwan Pay”, enabling customers with disabilities to enjoy 24/7 uninterrupted accessible Internet and mobile banking services. Depositors who provide proof or identification confirming their disabilities may submit an application at any business unit to receive a service fee waiver for interbank ATM withdrawals. Applications may be filed via mail, over the counter, or through the Bank’s friendly financial service network. They are limited to one account for one person; once approved, the customer may have up to 3 service fees waived per month.

First Securities has also set up a “Friendly Financial Services Section”, providing such accessible investment services as online orders and mobile winner APP platforms, and continuing to offer phone voice quotations and transactions so that people with hearing and mobility problems can also participate in investment transactions by Internet access. Meanwhile, First Securities Investment Trust has created a dedicated page on its official website to provide customers with information concerning its friendly financial services. In addition, it offers text-to-speech functionality for transactions, allowing customers to complete mutual fund subscriptions or redemptions online using a PC or mobile phone. Designated customer service personnel also provide services to persons with disabilities over the counter to help them process businesses.

Prompt customer care and disaster response measures

First Life Insurance initiates claims settlement and customer care services in accordance with the following procedures for major disasters to improve the overall claim settlement time.

Occurrence of major disasters

Set up an emergency response team and notify the insurance agent/insurance broker to take the initiative to follow up on and report the current situation of the insured in the disaster area.

Major disaster loss claims measures

• Take the initiative to confirm the list of casualties and contact policyholders to assist in handling claims related matters.
• Once the identity of the casualty and the accident are confirmed, the claim will be settled, and the procedure may be completed later.
• Based on the convenience of the insured, we provide fast and flexible claims processing for partial or full payment.

Policyholder care service

• Announcement of major disaster damage service measures on the website
• Provide policyholder service hotline (0800-001 110) to accept claims and applications for deferred payment of premiums.
• Disaster-affected policyholders whose charging address is in the disaster area can apply for a three-month deferral of premium payment.
• Loan customers that shall pay loan interest may have their payments deferred.
• Policyholders may apply for policy reassurance free of cost.

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 926 accounts in preliminary negotiation in 2021 and accumulated NT$98 million in total contracts signed. The Bank waived NT$35 million in debts. We established 358 preliminary mediation and rehabilitation accounts in total. The total debts amounted to NT$11.63 billion.
Fair Customer Treatment and Privacy Protection

To accommodate the Supervisory Committee’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 all 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 2021, all companies have instructed their compliance units to complete the evaluation of the implementation status of the fair treatment principles and submit reports to their Board of Directors. First Securities was recognized by the FSC as “Top 20 of the Fair Customer Treatment Principles Evaluation Rankings” in 2021. In addition, each company has also established a dedicated committee to oversee the promotion and implementation of the “Principles for Fair Treatment of Customers in the Financial Services Industry”. They review the implementation status of the fair treatment 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 and the board of directors 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 8,583 participants completed the training with a completion rate of 100%.

In order to strengthen the protection of the rights and interests of vulnerable financial consumer groups such as the elderly and the persons with physical and mental disabilities, First Bank continues to strengthen protection measures. In addition to including customer complaints and disputes arising from improper marketing or violations of rules concerning the vulnerable customers into the annual assessment items of the business units, we also conduct monitoring and enforcement of design indicators for improper marketing and financial exploitation in Compliance Risk Assessment (CRA) operations and AMI/CFT Report (RA). In addition, in conjunction with the launch of high-asset wealth management business in 2021, an accountability committee has been established and the “Implementation Guidelines for the Accountability System of the First Commercial Bank’s High-asset Wealth Management Business” has been formulated wherein the highest responsible person and the person in charge of the main business are clearly specified. When a major violation or defect occurs, the responsible person can be held accountable through the accountability mechanism to implement legal compliance, consumer protection and risk management.

To protect consumers’ rights and interests, banks, insurance, securities, and investment trust subsidiary companies all implement Know Your Prospect (KY) 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 consumers to ensure they fully understand the content of available products. In 2021, the Group had 9 sanctions by competent workers and security personnel in 2021 for 9,041 participants totaling 5,207 training hours. The training completion rate was 100%.

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 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. In addition, the information security risk of personal information leakage is included in the emerging risks, and major risk identification, measurement, supervision and control procedures are established, supervision of each subsidiary shall incorporate personal data protection procedures into the internal control system and conduct regular self-checks to ensure the implementation of the policy. FFHC also established the “GDPR 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.

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

2. Commissioned an external consultant to provide consultation services
   - Measures: To ensure that personal information protection for UK 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 that there are “no risks that require immediate improvement, so there is no need for subsequent risk management plans.”

3. Response to the GDPR’s restriction on international transfer
   - Measures: The Company also implemented personal data protection exercises at least once every year.

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

In addition to the above-mentioned measures followed by domestic units of First Bank, overseas branches also follow the personal information protection policies stipulated by the competent authorities of various countries. After the UK left the European Union in 2021, EU’s “Standard Contractual Clauses” (SCC) signed by the London branch will still remain valid, and its legal compliance officer will continue to serve as the DPO, and we will continue to pay attention to the revision progress of the “International Data Transfer Agreement (IDTA)” of the ICO, British competent authority, so as to facilitate timely revision of internal policies, procedures and international data transfer agreements.

FFHC attaches great importance to the security of customer personal information. To implement the personal information protection policies, First Bank and First Securities have both obtained the certification of “BSI10012 Personal Information Management Systems” verification and continue to carry out the renewal verification work every year, in addition, the “Personal Information Protection and Management Committee” has been established, which is chaired by the president and is responsible for promoting and supervising the implementation of operations of the group’s personal information protection work. The “Customer Data Protection Event Response Team” has been established to effectively respond to and handle personal information incidents, which is externally audited by an accountant every year. In 2021, FFHC had no data and personal information leakage cases, and no legal proceedings related to GDPR monitoring of the year. It implemented personal information protection regulations and approximately 3.69 million (34,435) entities of customer data were used for the second time (e.g., marketing or improvement of product/service quality) without violation of related laws and regulations or agreements signed with customers.
8-3 Customer satisfaction survey

We value customers’ evaluations and suggestions on products and services, and conduct comprehensive surveying every year for customers of deposits, foreign exchange, credit, wealth management, credit cards, insurance, securities, investment seminar services, etc. We conduct annual customer satisfaction surveys over the phone and through email questionaires, text pages, customer service, and external market survey firms. We also adopted the Net Promoter Score (NPS) system to assess related departments to implement improvements on items with lower satisfaction ratings and customer recommendations.

- Customer satisfaction survey of the most recent 4 years

<table>
<thead>
<tr>
<th>Satisfaction Survey Item</th>
<th>First Bank</th>
<th>First Securities</th>
<th>First Securities Investment Trust</th>
<th>First Life Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>The experience of visiting the counter and good greets, the convenience of digital channel services and the satisfaction of product marketing campaigns, etc.</td>
<td>96%</td>
<td>95.8%</td>
<td>96%</td>
<td>95%</td>
</tr>
<tr>
<td>Onsite customer satisfaction survey of participating locations and investment information services</td>
<td>94.5%</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>Sales personnel’s attitude and familiarity with products</td>
<td>94%</td>
<td>94%</td>
<td>95%</td>
<td>96%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2021 Performance</th>
<th>2021 performance goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>86.49%</td>
<td>85.24%</td>
</tr>
<tr>
<td>2019</td>
<td>85.16%</td>
<td>85.5%</td>
</tr>
<tr>
<td>2018</td>
<td>83.24%</td>
<td>85.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NPS scores</th>
<th>2021 NPS goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 NPS score</td>
<td>51.56 points</td>
</tr>
<tr>
<td>2021 NPS goals</td>
<td>53.4 points</td>
</tr>
</tbody>
</table>

Note: The samples drawn by each subsidiary covers the main business of each such company, which is sufficient to infer the current status of the overall active customers.

In order to effectively improve the operation process and reduce the occurrence of customer complaints, First Bank continues to educate and train employees, and refines the process design for the labor retail business with relatively more customer complaints, adhering to the principle of “speed, simplicity and leniency”. The introduction of online and automated processes from acceptance, insurance submission, review, verification to appropriation, reducing manual operations and mistakes to improve loan application efficiency. The appropriation will be completed within 24 hours after applying for the loan while taking into account the pandemic prevention measures. In 2021, the Group received a total of 547 complaints from customers through various complaint channels, a significant decrease of 118 cases from that in 2020, of which 365 are notified by the competent authority (see appendix for details: sustainable operation indicators). For most complaint cases, we were able to respond 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.

8-4 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.

- 2021 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.

- **Financial Planning Workshop for Customers**

Promote the latest in financial and wealth management concepts through financial product introduction, explanation of key topics and promotional offers.

- **Financial Literacy Seminar for Regional Communities**

Provide customers in the metropolitan area with the latest financial product information and advice.

- **Financial Planning Clinic Seminar**

PC personnel conduct one-on-one review of customers’ assets and provide advice. The PC staff will conduct regular live broadcasts through thematic courses, and the financial consultants will train the branch’s wealth management team to strengthen the wealth management staff’s response to changes in the investment market.

8-4 Customer Care Events
Information Security

GRI: 203, 418
SASB: FN-EB-230a.2, FN-EC-230a.3

9-1 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. To comply with the relevant authorities’ revision of the Implementation Rules of Internal Audit and Internal Control System, banks, securities, investment trust and life insurance subsidiaries have included the overall implementation of information security in 2021 into the internal control system statement, and such companies’ chief information security officer or the supervisor or top supervisor of the dedicated unit responsible for information security and its chairmen, presidents, chief auditors, and the head office’s legal compliance officer jointly issued the internal control system statement.

Board of Directors of FFHC reviewed and passed the Information Management Policy and Guidelines (Note) 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 IT equipment were added to the Information Security Management Regulations in response to the requirements of the Bankers Association of the Republic of China on IT 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, web page management, e-mail security management, computer user access rights management, disaster recovery procedures, subsidiary supervision and computer file preservation, storage and processing principles.

In order to comprehensively improve digital financial business and information security management, the Company has hired two Ph.D.s with backgrounds in computer science and information management as directors and set up a Chief Information Security Officer, which is assumed by the former director of the National Center for Cyber Security Technology of Executive Yuan and deputy director of the CyberTrust Technology Institute of the Institute for Information Industry. It is in charge of the Information Technology Department and is responsible for the planning, establishment, promotion and management of the Group’s information systems and information security control measures, as well as the sharing and integration of related resources.


The FSC published the “Financial Information Security Action Plan” in 2020. To provide secure, convenient, and uninterrupted financial services, the banks, securities and life insurance subsidiaries have implemented relevant planning and handling as follows:

- **Execution measures**
  - Both First Bank and First Securities have set up a Chief Information Security Officer in 2021 and 2022 respectively, which is assumed by someone at Vice President level.
  - The Digital Security Division of First Bank has set up an “Information Security Advisory Team”, which has recruited two external information security experts from academia as members of the team. The team provides decision-making advice for information security framework, development blueprint planning, major information security incidents and information security implementation.
  - First Bank has cooperated with the Financial Information Sharing and Analysis Center (F-ISAC) in evaluating the Cybersecurity Assessment Tool (CAT), and has produced the F-ISAC Taiwan’s version of cybersecurity maturity assessment.
  - First Bank and First Securities and First Life Insurance have all introduced the ISO 27001 information security management system, and First Bank has introduced the ISO 20000 information service management system and obtained the BS 10012 personal information management systems certification in 2021. First Life Insurance still obtained BS 10012 personal information management systems certification. Those certifications will enable them to use a third-party independent organization to identify blind spots in their implementation and verify the effectiveness of information security management.
  - First Bank’s Digital Security Division has established a KPI for adding two international information security personnel to obtain international information security licenses each year, First Securities has also set the management target that all personnel of the dedicated information security unit shall obtain the information security licenses, which has been achieved for two consecutive years.

- **Execution schedule**
  - Completed

- **Execution results**
  - Two years
9-2 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 47 information security training sessions in 2021 which were attended by 27,950 people with 94 total training hours. Details are shown in the table below:

<table>
<thead>
<tr>
<th>Training Recipients</th>
<th>Sessions</th>
<th>Number of Trainees</th>
<th>Hours</th>
<th>Course Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular employees</td>
<td>16</td>
<td>25,418</td>
<td>23</td>
<td>Information security education and training for all employees, social engineering protection training, dissemination of key points on information security and personal information protection precautions when working remotely, personal mobile device/IoT device/cybercrime and digital forensics security dissemination, information security awareness training</td>
</tr>
<tr>
<td>IT personnel</td>
<td>31</td>
<td>2,552</td>
<td>71</td>
<td>Multi-factor authentication (VPN) training, analysis of the latest information security threat reports and innovative information security services, electronic payment risk management and information security, emerging issues and social engineering courses, AD security threats and protection solutions and privileged account management and protection, hacker attack thinking and method introduction, etc.</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
<td>27,950</td>
<td>94</td>
<td></td>
</tr>
</tbody>
</table>

The Company enhanced information security education to prevent malicious programs from penetrating the Company’s information system through social engineering. First Bank, First Securities, First Securities Investment Trust and First Life Insurance organized 24 social engineering drills irregularly within the scope of security monitoring for all employees. The employee test coverage rate was 100% and drill items included opening mail, clicking on the link, delivery receipt opening the attachment, and successful phishing. For units that have not passed the drill and employees with insufficient information security awareness, in addition to strengthening education and training and information security dissemination, information security-related items such as the completion rate of the drill and the occurrence of information security hazards causing the Company or its subsidiaries to be severely punished by the competent authority are listed as annual performance appraisal indicators for employees. Those who fail to meet the standard will face performance bonus reduction in the current year according to the Company’s Employee Bonus Rules to reduce the risk of threats due to potential weaknesses. In 2021, 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.

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 tranieral re-certifications to maintain the effectiveness of their certificate, so as to provide more secure financial products and trading procedures.

First Bank provides a comprehensive information security response plan to enhance information security resilience, First Bank continues to purchase 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, including building and verifying the internal webpage application firewall function, introducing mail cleaning operations and providing mail encryption attachment deletion, and improves network and information system security capabilities.

First Bank’s information security emergency response plan

1. Response plan for abnormal ATM withdrawal incidents:
   Simulated emergency response measures for branches being robbed by hackers.
   Drill results: Met expectations
   
2. Response plan for website under DDoS attack:
   Simulated emergency response measures for branches under DDoS attack by hackers.
   Drill results: Met expectations

3. Local backup plan for servers:
   Simulated emergency response measures for switching to backup servers of the Taipei Center when servers in the Taipei Center malfunction.
   Drill results: 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.
   Drill results: 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.
   Drill results: Met expectations

6. SWIFT abnormal remittance response plan:
   Simulated emergency response measures for when hackers hack the SWIFT system and transfer funds.
   Drill results: Met expectations
Prevention of money laundering, financial fraud and terrorism financing

GRI: 419

10-1 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

Handling status

• The AML system of the Bank’s subsidiaries has established the AI technology using RPA to assist the customer risk rating function, strengthening the automatic assessment mode

• The PEPs data of the domestic and foreign AML systems of Bank’s subsidiaries are sourced from World CheckOne, but they still appoint designated personnel to assist in the collection of PEPs related information reported by domestic and foreign print or electronic media

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

• Bank and insurance subsidiaries set up dedicated AML units to take charge of the planning, coordination, and management of AML/CFT mechanisms and reporting suspected ML/TF transactions; Bank subsidiaries also established the AML/CFT Committee to learn about the Bank’s M/TF risks and the operations of AML/CFT plans

• Regularly organize Group’s AML/CFT education and training sessions every year to increase Group employees’ understanding and risk awareness of AML/CFT, and implement related preventive measures

• In order to strengthen the professionalism of the Group’s money laundering prevention, more than 90% of the heads and personnel of domestic AML units of the banks, securities, investment trust, insurance subsidiaries and FCB Leasing have obtained domestic or international certificates

Assign supervisor

Authority and responsibility

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

Implementation Results

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

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

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

First Commercial Bank (USA)

Chunghwa Bank First Capital Management

First Bank First Securities First Securities Investment Trust First Life Insurance

Horizontal communication platform

FFHC Audit Unit

Risk Management Division

FFHC Compliance Department

Regularly request subsidiaries to report implementation status

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

Report to Board of Directors

Management mechanisms: Including “horizontal communication” and “reporting mechanisms”
10-2 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 2021 are as follows:

<table>
<thead>
<tr>
<th>FFHC</th>
<th>Banks</th>
<th>Securities Investment Trust</th>
<th>Life Insurance</th>
<th>AMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular internal training</td>
<td>1,714 persons</td>
<td>2,100 persons</td>
<td>39 persons</td>
<td>54 persons</td>
</tr>
<tr>
<td>that uses cases for learning</td>
<td>2,100 persons</td>
<td>32 hours</td>
<td>74 hours</td>
<td>71.8 hours</td>
</tr>
<tr>
<td>Computer training course self-evaluation form</td>
<td>349 persons</td>
<td>663 hours</td>
<td>335 persons</td>
<td>622 hours</td>
</tr>
</tbody>
</table>

The laws/regulations manager is responsible for company-wide internal network training.

<table>
<thead>
<tr>
<th>The laws/regulations unit provides face-to-face training</th>
<th>8,611 persons</th>
<th>15,992 hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>The laws/regulations unit provides face-to-face training</td>
<td>114 persons</td>
<td>57 hours</td>
</tr>
</tbody>
</table>

Face-to-face training by external institutions:

| 100 persons | 350 hours | 83 persons | 445.5 hours | 533 persons | 1,066 hours | 308 persons | 691.5 hours | 22 persons | 33 hours | 1 persons | 2 hours |

Mandatory annual training:

| 8 persons | 96 hours | 318 persons | 4,695 hours | 83 persons | 480 hours | 40 persons | 120 hours | 21 persons | 174 hours |

Total: 13,929 people attended the courses with a total of 29,158.3 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 (%) | Average score
---|---|---
9,400 | 9,375 | 96.60

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

2. Education and training
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. Fully implemented on September 14, 2021.

3. Non-face-to-face customer due diligence
First Bank implements customer due diligence (CDD) with the same effects as general CDD (as shown in the flowchart below), 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). Relevant specifications are set out in the “Groupwide AML/CFT Plan” and “Anti-Money Laundering and Counter-Terrorism Financing Guidelines”.

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 proprietors and the identity certification methods are as follows:

  a. **Natural persons:** 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.

  A. **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.

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

1. **Check and authenticate customer identity**
   - Request application form for opening an account
   - Customer due diligence methods for electronic payment and digital banking

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

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

4. **Understand the nature of relationship**
   - Maintain original review level

5. **High-risk customers**
   - Adopt enhanced due diligence (EDD) measures and increase review level by one level

6. **High-risk customers**
   - Maintain original review level

7. **High-risk customers**
   - Adopt enhanced due diligence (EED) measures and increase review level by one level

8. **High-risk customers**
   - Maintain original review level

9. **High-risk customers**
   - Adopt enhanced due diligence (EED) measures and increase review level by one level

10. **High-risk customers**
    - Maintain original review level

11. **High-risk customers**
    - Adopt enhanced due diligence (EED) measures and increase review level by one level

12. **High-risk customers**
    - Maintain original review level

13. **High-risk customers**
    - Adopt enhanced due diligence (EED) measures and increase review level by one level

14. **High-risk customers**
    - Maintain original review level

15. **High-risk customers**
    - Adopt enhanced due diligence (EED) measures and increase review level by one level

16. **High-risk customers**
    - Maintain original review level

17. **High-risk customers**
    - Adopt enhanced due diligence (EED) measures and increase review level by one level

18. **High-risk customers**
    - Maintain original review level

19. **High-risk customers**
    - Adopt enhanced due diligence (EED) measures and increase review level by one level

20. **High-risk customers**
    - Maintain original review level

21. **High-risk customers**
    - Adopt enhanced due diligence (EED) measures and increase review level by one level

22. **High-risk customers**
    - Maintain original review level

23. **High-risk customers**
    - Adopt enhanced due diligence (EED) measures and increase review level by one level

24. **High-risk customers**
    - Maintain original review level

25. **High-risk customers**
    - Adopt enhanced due diligence (EED) measures and increase review level by one level

26. **High-risk customers**
    - Maintain original review level

27. **High-risk customers**
    - Adopt enhanced due diligence (EED) measures and increase review level by one level

28. **High-risk customers**
    - Maintain original review level

29. **High-risk customers**
    - Adopt enhanced due diligence (EED) measures and increase review level by one level

30. **High-risk customers**
    - Maintain original review level

31. **High-risk customers**
    - Adopt enhanced due diligence (EED) measures and increase review level by one level

32. **High-risk customers**
    - Maintain original review level
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 adjust 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 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.

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. The Company uses the AML system, ensures the effective management of the Group’s ML/TF risks, optimizes the methodology and report contents of the Institutional Risk Assessment (IRA) review the reasonableness of customer risk factors and list scanning rules, and strengthens 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. The Group continued to implement special audits on the AML/CFT assurance projects of First Bank, First Securities, First Securities Investment Trust, and First Life Insurance in 2021.

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

First Bank uses the 55 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 2021, the Bank also analyzed 9,474 suspected ML/TF transactions reported by external inspection authorities and 1,318 STRs from the Bank and identified criminal risks faced by the Bank for formulating related operating procedures.

<table>
<thead>
<tr>
<th>Letter from external investigation institution</th>
<th>Bank files STR</th>
<th>Number of feedback incentive cases of FIU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of cases</td>
<td>Percentage (%)</td>
<td>Number of cases</td>
</tr>
<tr>
<td>Fraud</td>
<td>8,315</td>
<td>87.76</td>
</tr>
<tr>
<td>Tax crime</td>
<td>319</td>
<td>3.57</td>
</tr>
<tr>
<td>Organized crime</td>
<td>59</td>
<td>0.68</td>
</tr>
<tr>
<td>Drugs</td>
<td>264</td>
<td>2.99</td>
</tr>
<tr>
<td>Corruption</td>
<td>163</td>
<td>1.72</td>
</tr>
<tr>
<td>Securities crime</td>
<td>244</td>
<td>2.58</td>
</tr>
<tr>
<td>Underground banking</td>
<td>1</td>
<td>0.01</td>
</tr>
<tr>
<td>Illegal gambling</td>
<td>106</td>
<td>1.12</td>
</tr>
<tr>
<td>Intellectual property crime</td>
<td>3</td>
<td>0.03</td>
</tr>
<tr>
<td>Total</td>
<td>9,474</td>
<td>100</td>
</tr>
</tbody>
</table>

7. AML-related Information Disclosures

Subsidiaries First Bank, First Securities, First Securities Investment Trust and First Life Insurance have set up an AML section or information disclosure section on their official websites to disclose the signed AML questionnaire (Wolfberg AML Questionnaire) and AML/CFT internal control system statement to improve the transparency of AML information.

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10–3 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 of 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 scamsmers 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 2021, a total of 98 fraud attempts were successfully prevented, resulting in NT$40.86 million in fraudulent funds being blocked.
Climate Change Strategy and Management

GRI 203, FSI

Building “the No. 1 Brand in Sustainable Finance” Milestones

2010
- Formed the “Green Building Certification Program” team to open the way to green buildings.
- Promoted “Urban Renewal Renaturing” 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 introduce a green energy financing program for the ESG industry.
- Established the Organic Agriculture Assistance Project and launched the first charity-branded card based on the concepts of “growing organic to stay healthy” and “environmental conservation.” The card enabled First Bank to team up with customers to help small organic farms that lack manpower and financing in order to protect the land of Taiwan.
- Introduced the “PREFERENTIAL LOANS FOR KEY DEVELOPMENT PROJECTS” program, which is a new lending service aimed at meeting the financing needs of key development projects in the areas of green technology, modern agriculture, and businesses involved in the circular economy.
- Established two solar-powered bank branches and six solar-powered electronic billboards.
- Introduced indoor air quality self-management at 189 company locations and established real-time indoor air quality monitoring systems at 8 company locations.
- Purchased electronic scooters for our corporate fleet, enabling us to more effectively reduce our CO2 emissions.
- Held a Environmental Protection and Energy Conservation Competition which resulted in reducing our energy consumption by 89,000 kWh and issuing 18 awards to employees.
- Incorporated PAS 2060 - Carbon Neutrality guidelines at four locations including the Wanhua Branch building for the first time and received certification.
- Incorporated ISO 14046 Water Footprint guidelines at all the headquarters building for the first time and received certification.
- Launched projects of “green consumption loan” for purchasing green energy or energy saving products.
- Launched the “Renewable Energy Integration Loan” to support the development of the green energy industry.

2011
- Defined the CSR Policy and Code of Conduct, and also established the Green Team to set annual environmental conservation goals and action plans.
- Launched the first “Green Finance Industry” to support the development of the green energy industry.
- Set a sustainable development target of “becoming the number one brand in green finance.”
- Reduced the headquarters building to reduce its GHG emissions in 2011 by 12% compared to 2010.
- Launched the “Renewable Energy Creation Loan” to help businesses purchase renewable energy generation equipment.
- The FFHC headquarters building (opened in 1982) received the Green Building Mark certification (diamond grade), making it the first green building project of its kind in Taiwan to comply with the high standards of the new green building specifications.
- Established the concepts of energy conservation and reducing our carbon footprint among employ- ees and reinforced the application and implementation of environmental education principles.
- Installed a reverse water recycling system at the headquarters building, thereby helping to conserve water resources.

2012
- First Bank set up “Green Finance Committee”, supporting the development of “Green Finance” with four approaches as “Green Financing”, “Green Consumer Finance”, “Green Examination” and “Green Investment”.
- First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Financial AMC all introduced “ISO 14001 Environmental Management System” verification for 7 operating offices.
- The first in the financial industry of Taiwan that obtained the “Citi Service Carbon Footprint Formulation and Incentive of Environmental Protection Promotion Administration.”
- Set up “Solar Power Generation and Rainwater Recycling Ecological Hydropower Green Roof” at Wanhua branch.
- Charitable event with cross-industry alliance-Green Light Love Project launched.
- First Bank and 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 14024 Greenhouse Gas Inventory” to its 33 foreign operating offices.
- Defined the benefits of “Green Partners” and expanded the ideals of the Equator Principles to banking and insurance products.

2013
- First Bank, First Securities, and First Financial AMC received the Climate Change A List rating and Water Resources B List rating from the Carbon Disclosure Project (CDP) in 2012 and became the first company in Taiwan’s financial industry to attain Leadership A List.
- First Bank’s 188 branches adopted the “ISO 50001 - Energy 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 obtained 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$110 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.

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 targeted to only use LED fixtures.
- All 192 business locations of First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Financial AMC obtained the ISO 14064-1 Greenhouse Gas Inventory System certification.

2015
- First Bank Wanhua Branch became the first in the finance industry in Taiwan to obtain the “environmental education label” from the Environmental Protection Administration.
- First Bank Yung-Ho Branch became the first in the finance industry in Taiwan to obtain the “Environmental Education Label” certificate.
- All 192 business locations of First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Financial AMC obtained the ISO 14001 “Environmental Management System” certification.
- Formulated the Green Consumption Loan as a new financial product.
- The Company has developed green finance environmental protection guidelines for the purposes of 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.

2016
- 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 label” certificate from the Environmental Protection Administration.
- The Company has developed green finance environmental protection guidelines for the purposes of 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.

2017
- 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 label” certificate from the Environmental Protection Administration.
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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 Sustainability Development Committee is tasked to identify potential climate change risks and opportunities. It uses the "Climate-Related Financial Disclosures Recommendations published by the Task Force on Climate-Related Financial Disclosures (TCFD) to check and identify the operation risks and opportunities of the Company due to physical, transformational aspects. It shall establish a materiality of risks as well as possibility of 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.

In 2020, the board of directors reviewed and approved the incorporation of emerging risks including climate change risk into the risk management policy, and submitted the climate change risk assessment report, its mitigation measures and implementation status to the board of directors in 2021. The bank's subsidiaries also invited independent directors to the Risk Management Committee to provide guidance in September 2021 to effectively supervise various climate governance actions from top to bottom. In 2021, it also cooperated with external consultants and academic research units, analyzing the expected amount of default losses in these credit extension industries of First Bank (steel, petrochemical and semiconductor industries) through distance-to-default (DD) to quantify the financial impact of climate change on the Company. The Bank further adjusted the four major groups established under the “Green Finance Committee” to “Sustainable Lending”, “Sustainable Investment”, “Climate-related Financial Disclosure (TCFD)”, and “Carbon Disclosure (CDP)”, and regularly tracked and reviewed the implementation outcomes on a quarterly basis, continuously improving the Group’s climate governance.

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

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Assess the climate change impact on the business.</td>
</tr>
<tr>
<td>02</td>
<td>Identify climate change opportunities.</td>
</tr>
<tr>
<td>03</td>
<td>Establish a comprehensive risk management framework.</td>
</tr>
<tr>
<td>04</td>
<td>Evaluate the impact of climate change on the business.</td>
</tr>
<tr>
<td>05</td>
<td>Identify climate change opportunities.</td>
</tr>
<tr>
<td>06</td>
<td>Establish a comprehensive risk management framework.</td>
</tr>
<tr>
<td>07</td>
<td>Perform a risk reduction and transfer measure.</td>
</tr>
<tr>
<td>08</td>
<td>After performing the risk reduction and transfer measures, assume the risk when it occurs and recover as soon as possible.</td>
</tr>
</tbody>
</table>

- **01 STEP** Assess the climate change impact on the business.
- **02 STEP** Identify climate change opportunities.
- **03 STEP** Establish a comprehensive risk management framework.
- **04 STEP** Evaluate the impact of climate change on the business.
- **05 STEP** Identify climate change opportunities.
- **06 STEP** Establish a comprehensive risk management framework.
- **07 STEP** Perform a risk reduction and transfer measure.
- **08 STEP** After performing the risk reduction and transfer measures, assume the risk when it occurs and recover as soon as possible.

- **09 STEP** Evaluate the sufficiency of the risk reduction and transfer measures and if there is room for improvement. Draw up the standard response process for the next risk.
1-2 Climate change risks and opportunities

**Risk Mitigation Management Measures**

**Identify the risks of climate change**

<table>
<thead>
<tr>
<th>Type</th>
<th>Risk Category</th>
<th>Impact on Company Operations</th>
<th>Corresponding measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Long-Term risks</strong></td>
<td>Policy and regulatory risks</td>
<td>The FSC will formulate the “sustainable classification standards”, requiring companies to meet the “sustainable classification standards” and increasing the probability of bad debts.</td>
<td><strong>Governance</strong>&lt;br&gt;• Educate and encourage loan customers to sign the Sustainable Development Declaration for them to understand the importance of ESG investments. <strong>Financial</strong>&lt;br&gt;• The Company will review and update the classification standards and indicators for carrying out risk management and performance evaluation.</td>
</tr>
</tbody>
</table>
1-3 Quantified Financial Data of the Impact of Climate Change on the Company and Scenario Analysis

In order to quantify the financial impact of climate change on the Company and conduct a scenario analysis of physical and transition risks, in 2021, the expected amount of default losses in three credit extension industries of First Bank (steel, petrochemical, and semiconductor industries) was analyzed through distance-to-default (DD). In addition to traditional corporate financial variables, the analysis method also included climate-sensitive factors. For quantitative variables of natural disaster factors such as carbon emission intensity and disaster potential (such as flooding) in Taiwan, the related analysis results were as follows:

<table>
<thead>
<tr>
<th>Variables considered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial variables: Operating profit ratio, debt ratio, retention ratio, current ratio, etc.</td>
</tr>
<tr>
<td>Carbon emission intensity</td>
</tr>
<tr>
<td>• Emissions / total revenue</td>
</tr>
<tr>
<td>• Information such as carbon emissions and total revenue of credit industry companies are estimated using the data of listed companies in the Taiwan Economic Journal (TEJ) database</td>
</tr>
<tr>
<td>• Carbon taxes and laws and regulations, etc.</td>
</tr>
<tr>
<td>Quantitative information on hazard potential</td>
</tr>
<tr>
<td>• Flooding, mudrock flow and landslide hazards</td>
</tr>
<tr>
<td>• Comprehensive scoring of exposure x vulnerability x level of danger: credit balance, industry type, etc.</td>
</tr>
</tbody>
</table>

Notes:

(1) Climate change “transition” risk, considering the impact of carbon emission intensity, carbon tax and laws and regulations on the credit industry

- Credit extension industry
- Biggest loss in 5 years
- Biggest loss in 15 years
- Petrochemical industry
- Steel industry
- Semiconducor industry

<table>
<thead>
<tr>
<th>Variables considered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrochemical industry</td>
</tr>
<tr>
<td>Steel industry</td>
</tr>
<tr>
<td>Semiconductor industry</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>The profitability of the semiconductor industry is mainly affected by its advanced manufacturing process, and is relatively unaffected by the intensity of carbon emissions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>The above analysis results are only calculation based on academic research. Since climate disasters are long-term effects, more years of historical disaster potential data are required to be more likely to yield stable and reliable results.</td>
</tr>
</tbody>
</table>

(2) Climate change “physical” risk, considering the impact of disaster potential on the credit industry

<table>
<thead>
<tr>
<th>Credit extension industry</th>
<th>Expected additional maximum loss</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrochemical industry</td>
<td>335,292</td>
<td>Within 10 years</td>
</tr>
<tr>
<td>Semiconductor industry</td>
<td>672,007</td>
<td>Within 10 years</td>
</tr>
<tr>
<td>Steel industry</td>
<td>2,687</td>
<td>Within 1 years</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>The above analysis results are only calculation based on academic research. Since climate disasters are long-term effects, more years of historical disaster potential data are required to be more likely to yield stable and reliable results.</td>
</tr>
</tbody>
</table>

In order to move towards the net-zero carbon emission goal, First Financing Holding Co., Ltd. (FFHC) calculates Category 5 of indirect greenhouse gases generated by the main investment and financial portfolios is about 6,266,812 metric tons CO2e, of which corporate financing accounts for about 71.80%, followed by real estate mortgage loans (16.86%), listed equity investment (9.95%) and listed equity investment (1.39%).
To keep in line with the country’s 2050 net-zero carbon emission target, First Financial Holding Co., Ltd., FFHC has set a SBT to control the temperature rise well below 2°C (W82°C), that is, the total carbon emissions of categories 1 and 2 from 2022 to 2050 must be reduced by 2.5% each year compared to that of the previous year. In 2021, the carbon reduction of categories 1 and 2 compared to that of the previous year was 717.85 metric tons of CO2e. Paperless operations reduced carbon emissions by 16,841.15 tons of CO2e. Total carbon reductions therefore amounted to 17,559 tons of CO2e, equal to the annual amount of carbon absorption by 45 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 CO2 per year.

2-1 Reduce GHG emissions

FFHC has 71 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 2021, the Group refurbished 29 existing commercial buildings and obtained the Green Building Mark from the Ministry of the Interior (including 27 diamond-class buildings, 1 bronze-class building and 1 qualified building), and 2 new buildings have obtained the green-class green building mark. In 2021, the London branch building has obtained the PASS-class green building mark from UK’s Building Research Establishment (BRE), which was not only the Company’s first overseas green building, but also the first one among the overseas financial institutions in Taiwan. The Group has set a goal to obtain 44 Green Building Marks for its buildings by the end of 2027. In 2017 the company had all of the company locations in Taiwan be regulated “ISO 14064-1 GHG Inventory” and get verified 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. In June 2021, the outstanding units were announced and rewarded with commendation, and units that have not reached the carbon reduction target have proposed improvement plans.

FFHC’s Steps to reduce carbon emissions

Organizational wide inventory
Set Clear Carbon Reduction Targets
• Encourage employees to implement carbon management
• Establish energy management processes
Energy-saving buildings
• Solar-powered branches
• Energy-saving projects to exceed branches
Carbon emissions–Inventory of various businesses
Systematic various energy-saving practices
Consider how to reduce GHG

Low-carbon operations and circular economy

GRI 302, GRI 303, GRI 307, PSA

Note 1. 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.

Note 2. Data provided in the evaluation statement (EWH/RH Green Building Mark Application Evaluation Summary Table) approved by the Taiwan Architecture & Building Center.
First Financial Assets

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

Emissions (t-CO2e/year)
Proportion of total emissions (%)

<table>
<thead>
<tr>
<th>Greenhouse Gas</th>
<th>CO2</th>
<th>CH4</th>
<th>N2O</th>
<th>HFCs</th>
<th>PFCs</th>
<th>SF6</th>
<th>N2F5</th>
<th>Total emissions of 7 Greenhouse Gases (t-CO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions (tCO2e/year)</td>
<td>20,799</td>
<td>449</td>
<td>39</td>
<td>606</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>21,893</td>
</tr>
<tr>
<td>Proportion of total emissions (%)</td>
<td>19.56</td>
<td>2.15</td>
<td>0.18</td>
<td>2.77</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

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

2-2 Set Clear Carbon Reduction Targets

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

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.

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.

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

Expanded the scope of the category 5 to 6 inventory and added 1 item or expanded the scope of inventory for business travel.

Implement Real-time Indoor Air Quality Monitoring System

Office CO2 level measurement
Indoor air quality autonomous management
ISO 14001 Environmental Management System
ISO 50001 Energy Management System
ISO 14064-1 Greenhouse Gas Inventory
“Pass-class” green building mark
“Qualified-class” green building mark
“Gold-class” Green Building
“Diamond-class” Green Building

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“Pass-class” green building mark
“Qualified-class” green building mark
“Gold-class” Green Building
“Diamond-class” Green Building

Note: In 2020 as the baseline, the Company’s investment/financing portfolios emit 5,830,786 tons of CO2e, 15% of which (or 874,617.9 tons of CO2e) are from emission-intensive (energy-intensive) industries. The Group aims to reduce the total carbon emissions of emission-intensive (energy-intensive) industries by 3% by 2026 with 2020 as baseline.

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.

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 Dolar Forests in 2018 by making operations and businesses paperless.

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 Context and Evaluation Plan for Domestic Business Units” and allocated carbon emission reduction targets for all domestic business units to MH responsibilities for reducing carbon emissions.

To keep in line with the country’s 2050 net-zero carbon emission target, First Financial Holding Co., Ltd. FFHC has set a SBT to control the temperature rise well below 2°C (WB2°C), that is, the total carbon emissions of categories 1 and 2 from 2022 to 2050 must be reduced by 2.5% each year compared to that of the previous year.

Harnessing the power of the financial industry, the Company adapts its own methodology and model to monitor Category 5 of investment/financing portfolios and sets the target of reducing the total carbon emissions of emission-intensive (energy-intensive) industries by 3% by 2026 with 2020 as baseline.

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

Expanded the scope of the category 5 to 6 inventory and added 1 item or expanded the scope of inventory for business travel.

Implement Real-time Indoor Air Quality Monitoring System

Office CO2 level measurement
Indoor air quality autonomous management
ISO 14001 Environmental Management System
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“Pass-class” green building mark
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Note: In 2020 as the baseline, the Company’s investment/financing portfolios emit 5,830,786 tons of CO2e, 15% of which (or 874,617.9 tons of CO2e) are from emission-intensive (energy-intensive) industries. The Group aims to reduce the total carbon emissions of emission-intensive (energy-intensive) industries by 3% by 2026 with 2020 as baseline.

FFHC is taking the impact of climate change seriously and boosting our risk awareness. We signed on with the Carbon Disclosure Project (CDP) in 2013 and was among the first group of finance companies in Taiwan to express their support for the CDP. FFHC won international recognition with the "A" score again in the CDP climate change questionnaire 2021, the only domestic company that has been ranked "Leadership Level" for 4 consecutive years in financial industry.

The energy conservation and carbon reduction performance of FFHC Group companies in 2021:

Company | First Bank | First Securities | First Life Insurance | First Financial Assets Management
--- | --- | --- | --- | ---
| Compared to 2020 reduction target | Actual Results | Compared to 2020 reduction target | Actual Results | Compared to 2020 reduction target | Actual Results | Compared to 2020 reduction target | Actual Results | Compared to 2020 reduction target | Actual Results |
| Category 1 Carbon reduction | 34.01 | 132.93 | 0.59 | -31.12 | 0.58 | 2.03 | 0.27 | 3.50 | 0.19 | 2.66 |
| Category 2 Carbon reduction | 275.54 | 438.85 | 28.25 | 182.59 | 4.93 | 12.66 | 4.47 | -9.51 | 1.46 | 1.49 |

Unit: tons of CO2e
## 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 capturing. Until 2021, FFHC has replaced 96 traditional gasoline scooters, which were set aside for retirement with environmentally-friendly Gogoro electric scooters which reduced carbon emissions by 36 metric tons CO2 (Note1). We also set up battery exchange stations on vacant lots at the Chung-Shan Branch, Ta-Tou-Chung Branch, Fei-Tou Branch, Hsin-Hsiang Branch, Coalton Branch, and Yanping Branch to promote low-pollution scooters. In addition, a system for sharing company-issued EasyCards is in place to encourage employees to utilize mass transportation when traveling on business. When company cars needs replacement, we will evaluate the possibility of change for electric vehicles, hybrid vehicles or vehicles with high energy conversion efficacy. In 2021, a total of 21 vehicles were replaced by hybrid electric official vehicles. The Company also set up charging stations for electric vehicles at Zhongshan Branch and Yanping building for use by employees and customers. In addition, we have set up 13 employee 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 2021 were verified to total 1,656,592 kilometers, total energy consumption was 1,211.5 Gt (Note2) - which emitted a total of 290 metric tons of CO2.

Note1: The carbon reduction is based on Gogoro’s 2016 report that the replacement with electric scooters can save 1.9175 kilograms of CO2 per liter of gasoline, and calculated according to the Ministry of Transportation and Communication’s 2021 “Report on Motorcycle Usage Survey” that each motorcycle can travel on average of 23.2 kilometers per liter of gasoline based on the average annual motorcycle travel distance of 4,000 kilometers on the “Auto Energy Website”

Note2: 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 2.846 liter) of fuel for a 1,200km flight; the conversion of the energy consumption (CO2) coefficient is mainly based on the parameters in the Heat Content of Energy Products in the Energy Statistics Handbook 2020 compiled by the Bureau of Energy, Ministry of Economic Affairs and the assumption that a flight covers on average 250 passengers.

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### Table C02E Emissions of business travels made by the FFHC in the past years

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Actual number</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verification of Category 3 in ISO 14064-1 (Indirect emissions from transportation - business travel)</td>
<td>Unit: ton CO2e</td>
<td>418</td>
<td>373</td>
<td>263</td>
<td>190</td>
<td>Less than 329</td>
<td>No</td>
</tr>
<tr>
<td>Percentage of coverage (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Note1: 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.

Note2: The 2021 and 2022 targets were set based on the average of 544 tons CO2 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.

We 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 CO2e when providing counter service to a single person.

Yung-Ho Branch and Wanhua Branch obtained the carbon reduction label from the Environmental Protection Administration in 2019 and 2020, respectively. The carbon reduction of over-the-counter services at Wanhua Branch reached 3.55%, and the carbon reduction at Yung-Ho Branch reached 3.79%.

In 2021, Wanhua Branch won the Excellence Award in the “2021 Low-Carbon Product Award” of the Environmental Protection Agency with the 2 certifications of “Product Carbon Footprint Label” and “Product Carbon Reduction Label”, demonstrating specific carbon management and carbon reduction performance.

2-5 Use of Renewed Energy

A. Installation of Rooftop Solar Power Generation Systems

To respond to the green energy policy, the FFHC has used the renewable energy. In 2021, it reduced 108.25 metric tons of CO2e. It has bought a total of 3,566.9 thousand kWh of green power for solid from 2015 to 2021. In addition, after assessing the sunshine conditions at the operating sites, rooftop solar power generation systems were built in 2016. As at the end of 2021, 17 rooftop solar generation systems have been completed and the total annual carbon reduction amounted to 107.99 metric tons CO2e. FFHC set goals for producing and using 120MW of renewable energy for 2022 and will continue to increase the proportion of the Group’s use of renewable energy, so that we may implement environmental sustainability policies.

- Hengchun Branch
- Donggang Branch
- Yunlin County
- Beigang Branch
- Yunlin County
- Toufen Branch
- Zhunan Branch
- Huashan Branch
- Yanping building
- New Taipei City
- Dongshi Branch
- Taiping Branch
- Taichung City
- Lugang Branch
- Changhua County
- Taoyuan Branch
- Taoyuan City
- Madou Branch
- Tainan City
- Xinxing Branch
- Sanmin Branch
- Luzhu Branch
- Kaohsiung City
- Dawan Branch
- Tainan City
- Zhuxi Branch
- Tainan City
- Madou Branch
- Tainan City

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

**| Item | Year | 2018 | 2019 | 2020 | 2021 Actual Results | 2022 Goals |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy consumed (MWh)</td>
<td>85.81</td>
<td>122.71</td>
<td>163.82</td>
<td>215.12</td>
<td>70</td>
<td>120</td>
</tr>
<tr>
<td>KwH purchased / year</td>
<td>790,000</td>
<td>500,000</td>
<td>725,789</td>
<td>1,039,558</td>
<td>1,517,000</td>
<td></td>
</tr>
<tr>
<td>Total kWh of purchased and used renewable energy</td>
<td>875,811</td>
<td>422,705</td>
<td>891,213</td>
<td>1,254,678</td>
<td>500,000</td>
<td>1,637,000</td>
</tr>
<tr>
<td>Energy consumption (CO2e) / year</td>
<td>7,585.29</td>
<td>3,652.00</td>
<td>7,718.69</td>
<td>4,514.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity Carbon Emission Factor</td>
<td>0.554</td>
<td>0.535</td>
<td>0.509</td>
<td>0.502</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carbon reduction result (MT of CO2e)</td>
<td>485.20</td>
<td>225.30</td>
<td>405.65</td>
<td>629.85</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note 1: In 2018, FFHC purchased 448 tons of carbon right certificates which equaled approximately 700,000 kWh of renewable energy. In 2019, FFHC purchased 160 tons of carbon right certificates which equaled approximately 250,000 kWh of renewable energy. In 2020, FFHC purchased 300 tons of carbon credits, which equaled approximately 545,891 kWh in the use of renewable energy, and purchased 138,000 kWh of renewable energy certificates. In 2021, we purchased 181 metric tons of carbon credits (which equaled 306,038 kWh in the use of renewable energy), 27,000 kWh of renewable energy certificates, and 425,000 kWh of green electricity.

Note 2: Energy consumption (CO2e) is mainly based on amount of electricity (KWh) as shown on the company’s electricity meters, and the conversion of this coefficient for 2018-2020 is mainly based on the parameters compiled by the Bureau of Energy, Ministry of Economic Affairs in the Energy Audit Annual Report for Productive Industries 2012 and the coefficient for 2021 is based on the parameters in the Ideal Content of Energy Products in the Energy Statistics Handbook 2020.

Note 3: The “Electricity Carbon Emission Factor” is announced every year by Bureau of Energy, MOEA.

**17 Rooftop Solar Power Generation Systems in Taiwan**

**Carbon Emissions Reduction of Rooftop Solar Power Generation Systems**

**| Item | Year | 2018 | 2020 | 2021 Actual Results | 2022 Goals |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy consumed (MWh)</td>
<td>117.17</td>
<td>158.35</td>
<td>215.12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity Carbon Emission Factor</td>
<td>0.553</td>
<td>0.589</td>
<td>0.502</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carbon reduction result (MT of CO2e)</td>
<td>62.45</td>
<td>80.60</td>
<td>107.99</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The “Electricity Carbon Emission Factor” is announced every year by Bureau of Energy, MOEA.
B. Switching to green electricity
In order to improve the use of renewable energy, the Company signed a contract with the renewable energy electricity seller for the switching to green electricity and purchased green electricity with “Bundled RECs”. The electricity consumption can be directly deducted from Taipower’s bill, substantially reducing carbon emissions. In 2021, the annual power generation capacity of the solar project site that completed the transfer of 652,000 kWh green electricity had been supplied to 11 units, and the sign of “Branch Using Green Electricity” has been posted on the unit gate or ATM entrance. In 2022, it is estimated that the annual power generation will reach 1,517 million kWh, and the proportion of renewable energy usage will be increased year by year.

C. Ecological hydroponic green rooftop from solar power generation and rainwater harvesting systems
The FFHC is committed to promoting the greening policy for buildings. In 2017, our Wanhua Branch set up a “Ecological hydroponic green rooftop from solar power generation and rainwater harvesting systems” which combined the solar power generation, rainwater harvesting, and aquaponic systems. The rainwater harvesting system is to complement water supply for the aquaponic system. We use solar panels to generate electricity for use in the systemic circulation to decontaminate, filter and purify the water. The aquaponic system grows vegetables on the water and raise fish in the water. Fish excrement is used as a nutrient source for plants to form a self-sufficient circular mode, which creates a “zero-carbon farm”. Green rooftop can be used to increase greening and reduce the urban heat island effect. It establishes a horizontal and vertical ecosphere and provides wildlife with habitats. 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. In 2021, the solar power system in Wanhua and Huashan Branch generated 2,669 kWh of electricity and reduced 1.34 MT of CO2e.

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 Zhangli Branch in 2020 to use rainwater for watering plants on the roof and make full use of water resources. In 2021, the Group’s total water consumption was 202.82 million liters. Tap water therefore made up 99.2% of the water consumption and 0.8% came from the Headquarters building basement’s overflow and rainwater. FFHC investigated water consumption at each company including operating sites.

In order to improve water use efficiency, the headquarters building introduced the “ISO 46001 Water Efficiency Management Systems” and obtained certification in 2021, strengthening water resources management measured by implementing and optimizing the daily management of major water-consuming equipment, as well as through the water use review and performance evaluation, including using 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 resources, 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 FFHC’s Consumption of Municipal Water Supplies

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021 Actual Results</th>
<th>2021 Goals</th>
<th>2022 Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total water consumption</td>
<td>194.46</td>
<td>200.872</td>
<td>201.58</td>
<td>201.23</td>
<td>Less than 203.8</td>
<td>Less than 214.8</td>
<td></td>
</tr>
<tr>
<td>Percentage of coverage (%)</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td></td>
</tr>
</tbody>
</table>

Note 1: 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 Sustainable Development Committee.

Note 2: 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 automated operations 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 “accounting”, and we also provide customers with mobile and online insurance application services. From June 2021, customers can apply for First Life Insurance’s “intelligent/online insurance” and “e-vehicle insurance” through the mobile device of the First Bank financial consultant or through the First Bank digital channel by themselves. Electronic insurance policies are also provided for cases undertaken through online insurance purchasing 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/policyholder credit information can be queried online making printed paperwork unnecessary.
- Implemented an accounting database for the group's automatically imported domestic and overseas group data.
- The 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 “accounting”, and we also provide customers with mobile and online insurance application services. From June 2021, customers can apply for First Life Insurance’s “intelligent/online insurance” and “e-vehicle insurance” through the mobile device of the First Bank financial consultant or through the First Bank digital channel by themselves. Electronic insurance policies are also provided for cases undertaken through online insurance purchasing to reduce the usage of paper.

Paperless meeting
- Printed materials no longer provided at most meetings. They are instead compiled into electronic files and transmitted to the meeting servant.
- All business announcements and sales reviews are conducted through video conferences 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 iPod 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.
- Provide customers with mobile and online insurance application services, and provide electronic insurance policies for insurance cases purchased online.

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 automated operations 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 “accounting”, and we also provide customers with mobile and online insurance application services. From June 2021, customers can apply for First Life Insurance’s “intelligent/online insurance” and “e-vehicle insurance” through the mobile device of the First Bank financial consultant or through the First Bank digital channel by themselves. Electronic insurance policies are also provided for cases undertaken through online insurance purchasing to reduce the usage of paper.

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Paperless services
- The process of providing services, including “marketing”, “transaction”, “payment” and “accounting”, is introduced into digital services to reduce paper usage.
- Provide customers with mobile and online insurance application services, and provide electronic insurance policies for insurance cases purchased online.

Carbon reduction from FFHC from paperless initiative

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Growth in 2021 compared with 2020 carbon reduction (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of official documents issued electronically/carbon quantity reduced</td>
<td>278,257</td>
<td>1,147,72</td>
<td>540,590</td>
<td>15,582,39</td>
<td>284,936/15,012 51</td>
</tr>
<tr>
<td>Number of electronic bills and invoices issued electronically/carbon quantity reduced</td>
<td>244,632</td>
<td>499/</td>
<td>3,012,691</td>
<td>198/</td>
<td>3,111,921/297</td>
</tr>
<tr>
<td>Hours of online teaching/carbon quantity reduced</td>
<td>509,480</td>
<td>2,926,78</td>
<td>662,935</td>
<td>10,211</td>
<td>770,155/175</td>
</tr>
<tr>
<td>Number of electronic transactions/carbon quantity reduced</td>
<td>33,849,931/</td>
<td>59,420</td>
<td>55,290,942/</td>
<td>51,302,648/</td>
<td></td>
</tr>
</tbody>
</table>

| Total carbon reduction from FFHC from paperless initiative | 14,035,33 | 10,782,66 | 10,824,16 | 15,582,39 | 11 |

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 A4-sized paper meant 0.0056 kg of CO2e emission.

2-8 Recycled Wastes

To maximize resource recycling, arriving 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. FFHC expanded the scope of statistics on garbage removal volume 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, all domestic branches of First Securities Investment Trust, Life Insurance and AMC were further included. In 2022, we will try to conduct resource recycling classification and garbage removal volume statistics for overseas units to implement resource recycling classification and garbage removal volume control at operating bases.

Comparison of Trash and Recycling Amounts of FFHC over years

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Magnitude of change from previous year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper and paper containers</td>
<td>32,485</td>
<td>26,988</td>
<td>226,590</td>
<td>183,155</td>
<td>-18</td>
</tr>
<tr>
<td>Plastic and PET bottles</td>
<td>2,940</td>
<td>2,928</td>
<td>28,351</td>
<td>27,859</td>
<td>-5</td>
</tr>
<tr>
<td>Aluminum, iron, glass, Aluminum foil packs</td>
<td>2,805</td>
<td>2,802</td>
<td>52,266</td>
<td>21,286</td>
<td>-16</td>
</tr>
<tr>
<td>Batteries and electronic devices</td>
<td>4,073</td>
<td>233</td>
<td>35</td>
<td>1,609</td>
<td></td>
</tr>
<tr>
<td>Cooking oils</td>
<td>745</td>
<td>708</td>
<td>591</td>
<td>540</td>
<td>-40</td>
</tr>
<tr>
<td>Total</td>
<td>42,324</td>
<td>23,049</td>
<td>277,504</td>
<td>233,754</td>
<td>-16</td>
</tr>
</tbody>
</table>

Note 1: The scope of statistics on resource recycling from 2018 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, tinfoil, aluminum, iron, and glass increased significantly from the previous year. In 2021, all domestic branches of First Securities Investment Trust, Life Insurance and AMC were added to the scope of statistics.

Note 2: 2019 data is based on the first waste monitoring construction, the headquarter employee cafeteria suspended meal services during the construction period. In addition, due to the impact of the pandemic, the restaurant changed its way of serving meals to bento boxes from May 2020, FFHC expanded the scope of statistics on garbage removal volume 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, all domestic branches of First Securities Investment Trust, Life Insurance and AMC were further included. In 2022, we will try to conduct resource recycling classification and garbage removal volume statistics for overseas units to implement resource recycling classification and garbage removal volume control at operating bases.

Note 3: In January and February 2021, due to the floor waterproofing construction, the headquarters employee cafeteria suspended meal services during the construction period. In addition, due to the impact of the pandemic, the restaurant changed its way of serving meals to bento boxes from May 2020, FFHC expanded the scope of statistics on garbage removal volume 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, all domestic branches of First Securities Investment Trust, Life Insurance and AMC were further included. In 2022, we will try to conduct resource recycling classification and garbage removal volume statistics for overseas units to implement resource recycling classification and garbage removal volume control at operating bases.

Note 4: The proportion of waste paper decreased in 2020 compared to the previous year, primarily caused by the reduction in staff numbers due to the impact of the pandemic. In 2021, the number of employees decreased significantly. However, the volume of waste paper increased again in 2021 compared to 2020, primarily caused by the increase in staff numbers due to the recruitment of new employees.
General administration personnel have been designated as the energysaving and carbon reduction promotion cadre as each FFHC unit. They are responsible for implementing energysaving and carbon reduction measures and promoting the latest environmental protection regulations. 5 employees have employed the “Environmental Educator Qualifications” and they are responsible for planning and providing environmental education courses. FFHC partnered with the social innovation organization “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 2021, affected by the COVID-19 pandemic, in order to let the environmental education stay uninterrupted, 2 sets of online interactive courses for environmental education (comedy evaluation, satirical history and DIY) had been newly developed. Through remote connection, elementary school children can understand the evolution of currency and seals , and make them understand the Company’s paperless actions such as mobile payment and electronic signatures.
We hosted 10 sessions of courses on environmental education targeting enterprises, government agencies, and schools with a total of 271 participants. In 2015, we began organizing online environmental education courses for employees In 2021, 7 sessions of environmental protection-related training were held by the companies and attended by 8,865 people. Employees in each company on average received 2.4 sessions of environmental protection-related training.
We hosted 10 sessions of courses on environmental education targeting enterprises, government agencies, and schools with a total of 271 participants. In 2015, we began organizing online environmental education courses for employees In 2021, 7 sessions of environmental protection-related training were held by the companies and attended by 8,865 people. Employees in each company on average received 2.4 sessions of environmental protection-related training.

2-10 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. In order to cooperate with the promotion of the internal carbon pricing policy, the “Carbon Management Contest and Evaluation Plan for Domestic Business Units” was announced in May 2020 to allocate the respective 2020 carbon emission reduction targets for various domestic business units. In June 2021, the prioritizing of the achievement rate of carbon emission reduction targets for Domestic Business Units” was announced in May 2020 to allocate the respective 2020 carbon emission reduction targets for Domestic Business Units.

Note 1: The scope of coverage from 2018 to 2019 includes the subsidiaries’ HQ buildings and First Bank IT Building. First Bank and First Securities’ respective HQ buildings and branches were added into the scope in 2020. In 2021, all domestic branches of First Securities Investment Trust, the insurance and AMC were covered.
Note 2: The percentage of sanitary landfill volume and waste incineration volume is estimated based on the data in the 2021 annual report of the EPA.

Sustainable Procurement and Supplier Management
3-1 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 collaborate with suppliers to grasp the opportunity to create value together. The Group completed ISO 20400 Sustainable Procurement Guidance Performance Evaluation in June 2021. The green purchasing target for 2021 was NT$80 million per year. The actual purchase amount in totaled NT$93.59 million. We were recognized as Benchmark Private Businesses and Groups in Green Purchasing by Taipei City Government for the 7th consecutive year.

GRI 204, 308, GRI 414, FIS2
3-2 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” 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, environmental protection, sustainable management, and occupational safety and health regulations. Please refer to the Company’s website for specific contents of the Company’s Supplier Management Guidelines.

FFHC set up a 3-step supply chain management process in 2015: 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 procurements include suppliers of the place country of operations and those close to business locations. In 2021, 100% (Note 1) 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.

In October 2021, we hosted the “Government-owned Financial Businesses’ Joint Supplier Assembly - Sustainable Finance Guidance Meeting”, working with the Ministry of Finance and 8 major government-owned financial enterprises to extend the concept of ESG and sustainable development to suppliers and creating customers to create a sound and sustainable development ecosystem.

Note. Calculated based on the 188 suppliers with whom the Group conducted transaction in 2021.

3-step Supply Chain Management Process

Management Strategy

Tangible Actions Taken

Implementation Results

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, violation of labor laws and regulations, or social harm, in which case an explanation is required, or the company is excluded as a potential partner. If a supplier passes the review, it is included in the database of qualified suppliers which is provided to procurement units for conducting inquiries and selecting preferred suppliers.

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

Providing guidance to vendors: The Company’s Sustainability report is provided in electronic format and vendors are asked to observe the Company’s Sustainable Development policies.

Education and Compliance Declaration: When entering into an agreement, we require vendors to sign a Declaration on Human Rights and Environmental Sustainability Clauses and to agree to comply with the “Directions for Supplier Management of FFHC and its Subsidiaries.” We advocate to suppliers and require them to pledge to comply with fundamental labor and human rights protections stipulated in the Universal Declaration of Human Rights and Regulations related to occupational safety and health, promise to implement human resources policies which are fair and equitable, protect the environment, and seek to achieve environmental sustainability.

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

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

Employees 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.

Design and Construction: We provide a detailed environmental protection oversight procedure for suppliers, and we have also implemented “Construction Safety and Health Management Procedures” and “Directions for Supplier Management of FFHC and its Subsidiaries” to ensure that suppliers clearly understand relevant requirements and promptly implement the sustainable development.

Regular Audits: Audits of qualified suppliers are regularly conducted to check for environmental issues, occupational hazards, and labor rights violations (including freedom of association, forced labor, child labor, occupational safety and health, and discrimination). If an environmental 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.

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

<table>
<thead>
<tr>
<th>Item</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Percentage of no. of current vendors based on assessments (%)</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Ratio of identified risks to firms (a) that have been assessed</td>
<td>3.86</td>
<td>3.39</td>
<td>3.02</td>
</tr>
<tr>
<td>(c) Ratio of mitigation procedures that have been implemented to items with identified risks among (b)</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note 1: According to the number of vendors in the 2021 statistics, 147 out of 447 suppliers were identified as risks or violation of human rights. They included 52 air-conditioning service company, 5 transportation companies, 10 decoration companies, 22 air-conditioning companies, 54 planting and electrical engineering companies, 15 fire safety engineering companies, 6 landscape companies, and 4 solar power construction companies with higher rates of nonoccupa- tional injury and occupational safety risks.

Note 2: There were 24 cases where suppliers of the Company received penalties for violation of labor laws before signing contracts or within the contract duration and failed to make improvements. Therefore, there were no records of termination of partnerships with suppliers.

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

<table>
<thead>
<tr>
<th>Evaluation method/year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of suppliers with transactions</td>
<td>188</td>
<td>207</td>
<td>207</td>
</tr>
<tr>
<td>Document evaluations</td>
<td>188</td>
<td>207</td>
<td>188</td>
</tr>
<tr>
<td>Number of suppliers</td>
<td>188</td>
<td>207</td>
<td>188</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Completed</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Number of suppliers</td>
<td>7</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>57.1%</td>
<td>86.6%</td>
<td>53.2%</td>
</tr>
</tbody>
</table>

*Government-owned Financial Businesses’ Joint Supplier Assembly - Sustainable Finance Guidance Meeting* hosted by FFHC.
1-1 Human Rights Policy

First Financial Holding is committed to abide by the Interna-

At all group subsidiaries, there is no discrimination among employees due to gender, race, skin color, age, mental health, appearance, facial features, physical and mental handicap, or union membership. Article 18 of the Guidance on Sustainable Development for FFHC stipulates that subsidiary companies shall abide by the internationally recognized human rights of labor, including the prohibition of discrimination against collective bargaining, the right to collective bargaining, the right of the vulnerable, 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, intimidation or other illegal methods.

1-2 Gender equality and human rights commitment

We adhere to and ensure that employees enjoy internationally accepted labor rights, and relevant 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 categories. All employees have the right to equal pay for equal work, freedom from sexual harassment, and protection 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 verbal sexual suggestions, sexual discrimina-
tion, or violation of human dignity and personal freedom.Apart from regular training on sexual harassment prevention, new employee training also explicitly 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 2021. None of the subsidiaries were involved in mergers, acquisitions or major investment agreements.

First Financial Holding Co., Ltd. (FFHC) implements the Gender Equality Policy in spirit of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and in accordance with the Act of Gender Equality in Employment. We promote gender equality by focusing on “corporate culture,””organizational structure,””salary and benefits,””educa-
tion and training,””work-life balance,””child birth measures,” and “workplace safety” to create a friendly, gender-equal environment for employees, thereby realizing our vision of becoming a happy enterprise.

The Company has internal regulations in place, mandating compliance regarding principles of gender equality and prohibition of discrimination and that employees may not engage in any conduct that may be construed as sexual harassment or discrimination when performing their duties. Meanwhile, the Company has set up an Employee Care Group under the “Sustainable Development Committee,” which is affiliated with the Board of Directors. The Group is composed of members from human resources-related departments of each company. Group members are responsible for promoting gender equality measures, gender equality education, gender discrimination prevention and handling, and workplace bullying, among other initiatives. To deal with issues in maintaining workplace balance, FFHC provides several benefits and workplace regulations. FFHC provides the minimum benchmark set by labor laws, these include 44 days of paid personal, sick leave, and family care leave as well as 14 days of marriage leave. Considering employees’ need to take care of their family, especially during the COVID-19 pandemic, we also implement the days of paid epidemic prevention leave and working from home, among other flexible working measures and practices that surpass legal requirements.

In response to the declining birth rate in Taiwan, the Company provides NT$30,000 in marriage allowances and also offers child birth subsidy—NT$50,000 for the first child and NT$60,000 for the second child and every child thereafter. In 2021, the child birth subsidy of NT$21.52 million was disbursed in 2021, contributing to the birth of 1,236 babies as of the end of 2021. For pregnant employees, 44 days of paid tocolysis leave are provided, information on prenatal education and seminars is regularly furnished to professional nurses, and a Maternal Protection Plan is implemented for them. The Company introduced a new tax allowance of NT$10,000 for pregnant employees, effective as of 2021, and each company is planning to increase the number of maternity leave from 56 to 58 days and prenatal checkup/paternity leave from 7 to 8 days, effective as of 2022. All of these leave regulations surpass legal requirements. Furthermore, we implement bans on works and tasks that are potentially dangerous to mothers and babies, set up a breastfeeding room, offer child care leave, protect the welfare of employees on unpaid parental leave, and provide education grants for employees’ children as well as corporate childcare contracts in order to create a workplace environment that gives employees ample support for having children.

FFHC not only promotes gender equality within the vicinity of the company but also internalizes gender equality awareness into its core operations. Apart from co-organizing seminars with government agencies and professional institutions on trust and property planning for elderly people, we also actively promote the concept of gender equality in property inheritance, launch Micro Loans for Female Entrepreneurs to assist women in starting their own businesses, and introduce a wide range of women-friendly credit cards, to empower women economically. In 2021, the Company received the recognition of Taipei City Government through the “Workplace Gender Equality Index” certification mark and has been awarded the “Taiwan Corporate Sustainability Awards (TCSA) - Gender Equality Award” for two consecutive years. We were also invited by the Financial Supervisory Commission to share the Group’s approaches to promoting gender equality, which further showed that actions toward gender equality have been integrated into the Group’s business philosophy and leadership decision-making.

1-3 Paid leave and number of paid leave days surpass legal requirements

Full-Pay Leave

<table>
<thead>
<tr>
<th>Type of Leave</th>
<th>Number of Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal leave</td>
<td>14 days</td>
</tr>
<tr>
<td>Sick Leave</td>
<td>30 days</td>
</tr>
<tr>
<td>Maternal leave</td>
<td>5 days/month</td>
</tr>
<tr>
<td>Maternal leave (10% of annual leave)</td>
<td>5 days</td>
</tr>
<tr>
<td>Maternal leave</td>
<td>21 days (first 10% of annual leave)</td>
</tr>
<tr>
<td>Maternal leave</td>
<td>14 days (second 10% of annual leave)</td>
</tr>
<tr>
<td>Maternal leave</td>
<td>5 days</td>
</tr>
<tr>
<td>Total paid leave</td>
<td>88 days</td>
</tr>
</tbody>
</table>

Note 1: Employees who are granted maternity leave in any year cannot receive any other leave in that year.

Note 2: Employees who are granted maternity leave in any year cannot receive any other leave in that year.

Note 3: Counted toward 14 days of personal leave.

Note 4: The number of days granted for compassionate leave depends on the degree of kinship.

In 2021, employees of domestic and overseas operations attended human rights protection training 18,958 times for a total of 15,109 hours of human rights 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 2021.
1-3 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 2021, men’s compensation was 100%, and women’s compensation would be 108%. The average compensation was 109%. The average salary of non-management female employees was 97%, and the average compensation was 100%.

Remuneration at FFHC in the past years

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average salary of the President</td>
<td>103%</td>
<td>103%</td>
<td>103%</td>
<td>103%</td>
</tr>
<tr>
<td>Average compensation of the President</td>
<td>103%</td>
<td>103%</td>
<td>103%</td>
<td>103%</td>
</tr>
<tr>
<td>Average salary of management personnel</td>
<td>105%</td>
<td>104%</td>
<td>103%</td>
<td>104%</td>
</tr>
<tr>
<td>Average compensation of management personnel</td>
<td>105%</td>
<td>104%</td>
<td>103%</td>
<td>105%</td>
</tr>
<tr>
<td>Average salary of non-management personnel</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Average compensation of non-management personnel</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

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

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

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

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

We offer a fair workplace with gender equality. At FFHC, female directors and female independent directors account for 57% and 40% of the Board of Directors, respectively, and a female member of the board also serves as the convenor of the Company’s Audit Committee. The Board of Directors of FFHC and its bank and life insurance subsidiaries is chaired by a female chairman, and the Presidents of FFHC and its bank and securities subsidiaries are all women. The ratio of female employees with managerial and non-managerial roles in the Group is higher than that of men. As of the end of 2021, women account for 51.9% of the Group’s 318 senior executives, and 40.1% of women hold job positions with potential for salary increase. In addition, 431 female employees or 43.1% of employees of the Company have positions relevant to Science, Technology, Engineering, and Mathematics (STEM). This composition shows that there are no gender-based differences in the Company’s hiring and promotion practices.

Proportion of Female Executives and Employees in Past Years

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of female employees (%)</td>
<td>60.0</td>
<td>59.9</td>
<td>60.3</td>
<td>60.4</td>
</tr>
<tr>
<td>Percentage of female executives (%)</td>
<td>53.0</td>
<td>51.2</td>
<td>51.2</td>
<td>51.1</td>
</tr>
<tr>
<td>Percentage of junior female executives (%)</td>
<td>55.6</td>
<td>51.3</td>
<td>51.3</td>
<td>50.9</td>
</tr>
<tr>
<td>Percentage of senior female executives (%)</td>
<td>48.6</td>
<td>51.1</td>
<td>50.9</td>
<td>51.9</td>
</tr>
<tr>
<td>Percentage of female employees in management roles that have the potential for salary increase (e.g., ratios: %)</td>
<td>47.4</td>
<td>48.4</td>
<td>53.2</td>
<td>40.1</td>
</tr>
<tr>
<td>Percentage of women in related STEM positions (%)</td>
<td>38.0</td>
<td>38.1</td>
<td>38.8</td>
<td>43.1</td>
</tr>
</tbody>
</table>

Note 1: Percentage of junior female executives/total number of junior executives (Definitions of junior executive: Management personnel other than senior executives.)

Note 2: Percentage of female employees in management roles/total number of female employees (Definitions of management personnel: Employees who assume managerial roles and administrative duties.)

Note 3: Percentage of female executives/total number of executives (Definitions of senior executive: Based on definition of “managerial officers” (including managers of foreign sub-branches) established in the Company’s Audit Committee. The Board of Directors of FFHC and its bank and life insurance subsidiaries is chaired by a female chairman, and 60% of the Board of Directors, respectively, and a female member of the board also serves as the convenor of the Company’s Audit Committee. The Board of Directors of FFHC and its bank and life insurance subsidiaries is chaired by a female chairman, and the Presidents of FFHC and its bank and securities subsidiaries are all women.)

Note 4: We shared the disclosure of the percentage of women in related STEM positions in 2020 - STEM refers to Science, Technology, Engineering, and Mathematics - We recruit employees based on their professional skills and do not set gender-based thresholds for recruitment.

1-4 Human rights due diligence

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

Human rights due diligence procedures

1. Formulate corresponding plans
   - Discuss and formulate human rights protection and management plans in the Employee-Employee Meeting and ESG Committee.

2. Evaluate hazards and impact
   - Review and evaluate the impact of the business activities and internal management of each company on human rights protection measures.

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 2021, we implemented prevention and mitigation measures for human rights issues, such as “abnormal workload” and “gender equality” which are moderately probable and have a moderate impact on operations. For example, we executed an “Abnormal Workload-Triggered Diseases Prevention Plan” and established procedures for daily overtime work applications and management reminders in the system to reasonably adjust for work and labor allocation. High-risk employees who work in shifts, at nighttime, and long hours are evaluated for risks and given appropriate health management measures to prevent cardiovascular diseases caused by overwork. 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 Plans, Complaints and Investigation”. We impose appropriate regulations in accordance with the committee’s resolution to prevent the occurrence of infringements and harass-
Human Rights Risk Assessment and Management

<table>
<thead>
<tr>
<th>Human Rights Risk Factor</th>
<th>Preventive and Mitigation Measures</th>
<th>Impact of Risk (%)</th>
<th>Total Impact (%)</th>
<th>Assessment Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversity, inclusiveness, and equal opportunity</td>
<td>Implement the &quot;Abnormal Workload/triggered Diseases Prevention Plan”</td>
<td>3.49%</td>
<td>0.1%</td>
<td>We identified 11 high-risk employees in the &quot;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 8 people applied for and became eligible for flexible work hours.</td>
</tr>
<tr>
<td>Freedom from compulsory labor (a, abnormal work load or right shift)</td>
<td>Implement the &quot;Maternal Employee Health Protection Plan”</td>
<td>2.25%</td>
<td>0.01%</td>
<td>The Company implemented the &quot;Maternal Employee Health Protection Plan” in 2021, we provided flexible breastfeeding measures and set up breastfeeding rooms. Organized maternity health protection (including childcare) related seminars.</td>
</tr>
<tr>
<td>Maternity health protection 2.25%</td>
<td>Preventive and Mitigation Measures</td>
<td>Impact of Risk (%)</td>
<td>Total Impact (%)</td>
<td>Assessment Results</td>
</tr>
<tr>
<td></td>
<td>Implement the &quot;Maternal Employee Health Protection Plan”</td>
<td>2.25%</td>
<td>0.01%</td>
<td>The Company implemented the &quot;Maternal Employee Health Protection Plan” in 2021, we provided flexible breastfeeding measures and set up breastfeeding rooms. Organized maternity health protection (including childcare) related seminars.</td>
</tr>
<tr>
<td></td>
<td>Implement the &quot;Child Labour Prevention Plan”</td>
<td>3.49%</td>
<td>0.1%</td>
<td>We identified 11 high-risk employees in the &quot;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 8 people applied for and became eligible for flexible work hours.</td>
</tr>
<tr>
<td></td>
<td>Implement the &quot;Prevention of Illegal Infringement on Work Plan”</td>
<td>6.79%</td>
<td>0.03%</td>
<td>The Company implemented the &quot;Prevention of Illegal Infringement on Work Plan” in 2021, we provided flexible breastfeeding measures and set up breastfeeding rooms. Organized maternity health protection (including childcare) related seminars.</td>
</tr>
</tbody>
</table>

Note 1: Risk identification ratio = number of people in the risk identification/number of employees of the Group (9,969 persons)

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Human Rights Risk Assessment Ratio</th>
<th>Preventive and Mitigation Measures</th>
<th>Impact of Risk (%)</th>
<th>Total Impact (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2.25%</td>
<td>Implement the &quot;Maternal Employee Health Protection Plan”</td>
<td>2.25%</td>
<td>0.01%</td>
</tr>
<tr>
<td>2019</td>
<td>2.25%</td>
<td>Implement the &quot;Maternal Employee Health Protection Plan”</td>
<td>2.25%</td>
<td>0.01%</td>
</tr>
<tr>
<td>2020</td>
<td>2.25%</td>
<td>Implement the &quot;Maternal Employee Health Protection Plan”</td>
<td>2.25%</td>
<td>0.01%</td>
</tr>
<tr>
<td>2021</td>
<td>2.25%</td>
<td>Implement the &quot;Maternal Employee Health Protection Plan”</td>
<td>2.25%</td>
<td>0.01%</td>
</tr>
</tbody>
</table>

Note: The Company implemented adjustments based on the human rights due diligence procedures and adopted 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Human rights protection training in past years</th>
<th>Preventive and Mitigation Measures</th>
<th>Impact of Risk (%)</th>
<th>Total Impact (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>20,858</td>
<td>26,177</td>
<td>15,217</td>
<td>15,195</td>
</tr>
<tr>
<td>2019</td>
<td>20,233</td>
<td>19,479</td>
<td>18,958</td>
<td>18,958</td>
</tr>
</tbody>
</table>

Note: Information on human rights protection training include physical and online courses. Due to the impact of the epidemic, the total training hours were lower than previous years.
1-5 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 2021.

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of meetings</td>
<td>26</td>
<td>28</td>
<td>32</td>
<td>30</td>
</tr>
<tr>
<td>Proposals</td>
<td>73</td>
<td>76</td>
<td>70</td>
<td>71</td>
</tr>
<tr>
<td>Labor disputes (number of cases)</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

All companies of Group protect employees’ freedom of association in all domestic and foreign business locations. First Bank signed the 4th collective bargaining agreement with the First Bank Union in 2019. The terms of the agreement covered employment, transfer, dismissal, working hours, 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 pertain to employee health and safety.

Around 96.84% of employees are covered by the collective bargaining agreement. The employees and employer of First Securities and First Financial AMC completed the signature of the collective bargaining agreements in April 2019. Contents 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.

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 FFC companies have also incorporated sexual harassment prevention and handling procedures into orientation and compliance training. Sexual harassment prevention and gender equality awareness courses are regularly incorporated in management training classes to improve management’s knowledge on the prevention and handling of sexual harassment. Persons in charge of handling sexual harassment claims are regularly trained to improve their professional knowledge and investigative skills, specifically, they are appointed to attend training programs hosted by external agencies, including professional training courses on skills for investigating sexual harassment claims and relevant seminars. In 2021, 8,504 employees of the Group participated in sexual harassment prevention courses, with a total of 7,548 hours.

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, and cases should be closed within two months. Perpetrators of substantiated cases are appropriately punished; they are transferred from their original position to prevent further contact with victims and are given demotions. We provide victims with the necessary assistance and support, not only respecting their decisions and making appropriate work arrangements for them, but also offering psychological counseling services through the Teacher Chang Foundation. Lawyers are also hired to provide assistance for civil cases involving compensation.

First Bank received 1 sexual harassment complaints in 2021 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 protect 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 resciles related provisions before each meeting to inform all personnel in attendance.

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sexual harassment (number of cases)</td>
<td>2</td>
<td>0</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

(Not established)
Talent recruitment and skills development

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 2021, our Group had 9,969 regular employees including 549 foreign nationals. FFHC has 6,016 female employees and 3,953 male employees. The ratio of female to male employees is 6:4. Employees in management roles account for 17.1% in which female managers account for 51.1%. 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 498 atypical employees (including temporary workers and security personnel) in 2021.

The number and proportion of foreign employees in the total labor force 501 employees, 48 supervisors, a total of 549 people, accounting for 5.51%

Foreign supervisors, including junior supervisors, middle and senior supervisors, account for a total of 48 supervisors, accounting for 2.8%
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, science, technology, science, and engineering, law or psychology. Since 2014, we have recruited more than 500 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 2021 for the introduction of the asynchronous video interview system, which uses image 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 2021 was as follows:

**Overview of employee diversity in the past years**

<table>
<thead>
<tr>
<th>Year</th>
<th>Persons with physical and mental disabilities</th>
<th>Indigenous People</th>
<th>No. of Nationalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>99</td>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>2019</td>
<td>98</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>2020</td>
<td>99</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>2021</td>
<td>95</td>
<td>6</td>
<td>14</td>
</tr>
</tbody>
</table>

Note: Persons with physical and mental disabilities account for 1% of the total workforce.

As of the end of 2021, the Group had 45 overseas business locations including 18 locations in Southeast Asia. In addition to hiring the most compatible and talented personnel, the business locations also provide local residents with professional employ-ment 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 benefitting business expansion. As of the end of 2021, the Group has hired 549 foreign employees including 110 new foreign employees.

**Statistics of new recruits and total number of employees in 2021**

<table>
<thead>
<tr>
<th>Date</th>
<th>End of 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total no. of employees</td>
<td>9,420</td>
</tr>
<tr>
<td>Less than 30 years old</td>
<td>292</td>
</tr>
<tr>
<td>30–50 years old</td>
<td>175</td>
</tr>
<tr>
<td>51 and above</td>
<td>22</td>
</tr>
<tr>
<td>Less than 30 years old</td>
<td>9,148</td>
</tr>
<tr>
<td>30–50 years old</td>
<td>164</td>
</tr>
<tr>
<td>51 and above</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>9,420</td>
</tr>
<tr>
<td>Number of employees overseas</td>
<td>549</td>
</tr>
<tr>
<td>Percentage of all employees</td>
<td>5.50</td>
</tr>
<tr>
<td>Number of employees overseas</td>
<td>5.84</td>
</tr>
<tr>
<td>Percentage of all employees</td>
<td>5.84</td>
</tr>
<tr>
<td>Total</td>
<td>9,969</td>
</tr>
<tr>
<td>Number of employees overseas</td>
<td>549</td>
</tr>
<tr>
<td>Percentage of all employees</td>
<td>5.50</td>
</tr>
<tr>
<td>Total</td>
<td>9,969</td>
</tr>
<tr>
<td>Percentage of all employees</td>
<td>5.50</td>
</tr>
<tr>
<td>Total number of employees</td>
<td>100</td>
</tr>
<tr>
<td>Percentage of employees of the same gender/age (%)</td>
<td>30.68</td>
</tr>
<tr>
<td>Percentage of employees of the same gender/age (%)</td>
<td>5.84</td>
</tr>
<tr>
<td>Percentage of employees of the same gender/age (%)</td>
<td>5.84</td>
</tr>
<tr>
<td>Percentage of employees of the same gender/age (%)</td>
<td>5.84</td>
</tr>
</tbody>
</table>

Note: FFHC recruited 5 junior supervisors in 2021.
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 2021, with the vertical axis as incidence probability and horizontal 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 2021, we conducted due diligence surveys on the material issues with high rates of occurrence and impact such as “Major infectious disease”, “Remote work/working from home”, and “Assignment of personnel to overseas offices”, and established and implemented related programs to reduce the impact of related risks on the Group. For instance, we have revised the “Major Infectious Disease Contingency Plan”, “Crisis Management Guidelines for Overseas Units”, and “Guidelines and Notices in Operating Procedures for Work from Home” in response to the new pneumonia epidemic and geopolitical risks in our overseas operations. In the event of a crisis or disaster, a crisis management team shall be created in the form of a task group to find solutions and prevent risks of disruption of operations. In addition, we established the “Overseas Management Talent Cultivation Guidelines” and “Sales Personnel in China Talent Cultivation Guidelines” which shall be used as the basis for promotions to add 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 use one or two phases of about 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 2018-2021, a total of 251 employee proposals were adopted and NT$84,000 in bonuses issued. Apart from said 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”.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Probability</th>
<th>Medium</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Major infectious disease</td>
<td>• Remote work/working from home</td>
<td>• Assignment of personnel to overseas offices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Job rotation</td>
<td>• Employee relations</td>
<td>• Manpower gap</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Salary payment</td>
<td>• Employee/employer relations</td>
<td>• Performance evaluation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Recruitment cost</td>
<td>• Corporate culture</td>
<td>• Information security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Occupational safety and health management</td>
<td>• Competitors compete for local hires</td>
<td>• Corruption, Bribery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Economic Crime</td>
<td>• Violation of Statutory Work Hours</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Impact</th>
<th>No. of awarded proposals/Bonuses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>143 / 18,200</td>
</tr>
<tr>
<td>2019</td>
<td>99 / 15,200</td>
</tr>
<tr>
<td>2020</td>
<td>196 / 24,000</td>
</tr>
<tr>
<td>2021</td>
<td>147 / 23,000</td>
</tr>
<tr>
<td>Total</td>
<td>583 / 80,400</td>
</tr>
</tbody>
</table>

Unit: nos, NT$
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 financial skills. First Bank works with the Taiwan Academy of Banking and Finance and the Taipei Foundation of Finance in organizing professional training for foreign exchange derivatives, trust compliance, anti-money laundering, and overseas business. 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 2021, 380 overseas management associates have been cultivated.

The companies of the Group established various career development training programs for employees in response to the human resource risks under management. To ensure the "qualitative" and "quantitative" talent development and protect and control training effectiveness, we introduced the Kirkpatrick Model and Human Capital ROI to review and evaluate the changes and effectiveness of employees' behavior and performance during and after training.

### Digital Banking Talent Transformation Program

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

Operating performance. We acquired 118 patents on fintech inventions and new models and 2,885 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 2018, 2019, and 2021 totaled NT$126,959 thousand, NT$370,408 thousand, and NT$49,860 thousand, respectively. The estimated ROI for training in 2021 increased by 90% compared to 2020.

#### Kirkpatrick Evaluation Level

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response level (L3): After-course satisfaction questionnaire recovery rate (%)</td>
<td>85</td>
<td>90</td>
<td>88</td>
<td>95</td>
</tr>
<tr>
<td>Learning level (L2): Test passage rate (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Behavior level (L3): Utilization rate of electronic channels (%)</td>
<td>78.07</td>
<td>80.18</td>
<td>85.85</td>
<td>87.29</td>
</tr>
<tr>
<td>Results level (L4): Percentage of income from digital transactions (%)</td>
<td>7.90</td>
<td>6.97</td>
<td>7.49</td>
<td>8.12</td>
</tr>
<tr>
<td>Returns level (L5): Return on investment (ROI) evaluation</td>
<td>467.6</td>
<td>882</td>
<td>1,077</td>
<td>2,044</td>
</tr>
</tbody>
</table>

* 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 2018, 2019, 2020, and 2021 gross profits of overseas branches reached US$290,027,000, US$264,052,000, US$394,963,000, and US$425,098,000, respectively.

#### Kirkpatrick Evaluation Level

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response level (L3): Average satisfaction rate of training course (%)</td>
<td>93.6</td>
<td>92.6</td>
<td>93.6</td>
<td>91.7</td>
</tr>
<tr>
<td>Learning level (L2): Test passage rate (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Behavior level (L3): Overseas trainee turnover rate (%)</td>
<td>2.00</td>
<td>2.93</td>
<td>1.55</td>
<td>4.8</td>
</tr>
<tr>
<td>Results level (L4): Target achievement rate for new borrowers (%)</td>
<td>55.72</td>
<td>72.34</td>
<td>60.78</td>
<td>50.1</td>
</tr>
<tr>
<td>Returns level (L5): Operating margin growth rate of overseas units (%)</td>
<td>21.67</td>
<td>5.57</td>
<td>49.59</td>
<td>14.72</td>
</tr>
</tbody>
</table>

* Although we maintained the operating margin in 2021, the comparison period was higher in 2020 and resulted in reduced growth rate of the operating margin.

### Securities Salesperson Transformation Program

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

Operating performance. In 2021, a total of 149 securities salespeople acquired investment insurance certificates. The investment returns from co-marketing businesses in 2021 increased by 2.9% from 2020.

#### Kirkpatrick Evaluation Level

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response level (L3): Average satisfaction rate of training course (%)</td>
<td>-</td>
<td>85.4</td>
<td>80.6</td>
<td>86</td>
</tr>
<tr>
<td>Learning level (L2): Test passage rate (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Behavior level (L3): Securities insurance license acquisition rate (%)</td>
<td>48.36</td>
<td>66.37</td>
<td>71.76</td>
<td>70.95</td>
</tr>
<tr>
<td>Results level (L4): Percentage of income from insurance products (%)</td>
<td>0.52</td>
<td>0.53</td>
<td>0.30</td>
<td>0.20</td>
</tr>
<tr>
<td>Returns level (L5): Return on investment (ROI) evaluation for insurance products through co-marketing</td>
<td>350.24</td>
<td>451.03</td>
<td>460.63</td>
<td>473.76</td>
</tr>
</tbody>
</table>

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

---

Estimated return on investment (ROI) for training = revenue (operating expenses - (salary cost + benefit cost)) ÷ (salary cost + benefit cost)

BEHAVIOR LEVEL (L3):
- ◇ (Level 5)
- Returns level (Level 4)
- Behavior level (Level 3)
- Learning level (Level 2)
- Response level (L1)
2-6 Employee Training and Development

In response to the FSIC’s bilingual banking policy, the Group launched online English courses and sponsored employees’ participation in foreign language training and tests. First Bank also worked with Time International Language Center, Kojen English Centers and the Language Training and Testing Center in organizing the foreign language training for personnel, and the Company organized various English learning activities for employees, including English competitions, Test of English for International Communication, and foreign language proficiency tests, and provided senior management and overseas personnel with foreign language training. We provided subsidies for 2,258 employees for foreign language training and test fees totaling NT$6.7 million in 2021. As of the end of 2021, 3,044 employees passed English proficiency certificate tests such as the ITLST, BLET, TOEFL, TOEIC, BULATS, and IELTS, while 307 employees passed the JLPT and the JLTC’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 Special (CAMS) certification. As of the end of 2021, 1,532 employees of the Group had obtained CAMS certification. 2,712 employees obtained the anti-money laundering and counter-terrorism financing professional certification.

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 2021, we had organized 3,136 hours of internal FinTech courses for a total of 2,303 participants. To increase the effectiveness of employees’ training, we registered a total of 199,907 attendances of courses. As of the end of 2021, we also organized digital finance courses for non-managers. In addition to arranging employees to participate in external FinTech training courses and seminars, we also organized digital finance courses.

Total training hours for managers

Total training hours for non-managers

Average training hours per manager

Average training hours per non-manager

Average training hours per person

Average training costs per employee

Average training costs per manager

Average training costs per non-manager

Total training costs (NT$)

Note: Calculated in accordance with Article 3, Paragraph 1, Subparagraph 31 of the Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with Listed Securities and Offshore Fund Institutions with TWESE Listed Offshore Exchange-Traded Fund.

3-1 Competitive remuneration and performance evaluation system

To fulfill our care of due to employees, we refer regularly to salary surveys conducted by international organizations. Our annual salary is in the P7.8 range of the market (P7.8 means our standard of compensation is superior to 65% of our competitors). The average salary was increased by 2% in 2021. The average salary of full-time non-management employees was NT$61,294 thousand, 7.12% increase compared with the NT$51,208 thousand in 2020. 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 2021 amounted to NT$17.53 billion, up 7.44% from 2020.

For employee compensation at overseas units, we take into account the remuneration survey results of international management consultants as well as local economic data; compensation trend forecasts and information exchanged with local competitors. The pay grade principle was used to gradually adjust the remuneration standards of local employees overseas. We are also focusing on global human resources issues to better look after the livelihoods of local employees and compliance with labor laws.

Information on salary of full-time non-supervisory employees

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>Number of people</th>
<th>Average salary (Thousands NTD)</th>
<th>Median salary (Thousands NTD)</th>
<th>Percentage of change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>7,585</td>
<td>1,235</td>
<td>1,158</td>
<td>4.37</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>7,835</td>
<td>1,243</td>
<td>1,183</td>
<td>7.12</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>8,056</td>
<td>1,208</td>
<td>1,294</td>
<td>6.98</td>
</tr>
</tbody>
</table>

Note: Calculated in accordance with Article 5, Paragraph 1, Subparagraph 31 of the Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with Listed Securities and Offshore Fund Institutions with TWESE 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 consensuses on individual targets set by the company. At the end of the year, results of mid-year evaluations are summarized to form the overall performance evaluation for the employee for the year and emphasizes the importance of performance evaluation. We implement the “Employees Stock Options Purchase Plan” in order to boost morale and reward employees who contributed significantly to the company. During application for capital increases, 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.

In addition, the Group offers a diverse range of sustainable finance products and services. Subsidiaries have rewards and relevant regulations in place for employees responsible for business promotion and sales so as to ensure that employees achieve their performance goals. Salaries and bonuses are highly correlated to annual evaluations and job promotions, directly impacting their bonuses and salaries for that year, as well as salary increment percentage and promotion likelihood for the next year. Based on statistics, the salaries of the Group’s employees and their performance in the sale of sustainable finance products showed a correlation of 25.97% in 2021, which suggests a strong link between employees’ salaries and the Group’s sustainability strategy and also reflects employees’ job performance and fairness in such assessment.

The “Retention and Promotion of Employees” regulation stipulates that employees above grade 5, upon accumulating 2 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 30% 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 wage grade 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 1-2 years; the selection of assistant supervisor is also based on take into their evaluation scores at the current grade for the past 1-2 years. Each wage grade 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 promote the sustainable development of enterprises.
3-2 Talent Retention Measures

To increase the competitive advantage and 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. 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:

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

The Bank also started the "Employee Deposit and Employee Shareholding Trust" to provide official employees who have served for more than six months with the option of participating in deposit or shareholding trusts starting from 2019. The Bank provides a fixed amount of deposit each month. As of the end of 2021, 94% of individuals have participated in the program. The Bank deposited a total of NT$89.60 million. We help employees share the Company’s growth and the interest derived from rising stock prices through long-term shareholding of the Company’s shares to strengthen cohesion. When they resign, employees could withdraw the entire amount invested in their voluntary pension account, whereas the amount that can be withdrawn from the mandatory pension account is dependent on employees' number of years in the trust plan:

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

First Life Insurance appropriates retention benefits for employees each month and purchases group annuity insurance based on the preferences of employees to strengthen their economic independence after retirement. As of the end of 2021, a total of 107 employees participated in the program and we appropriated a total of NT$39.03 million.

First Financial Investment Trust has implemented a long term incentive plan for fund managers that exceeds 1 year. 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 1.5:1. We also use transparent and fair promotion and performance evaluation mechanisms to create a diversified bonus system to provide the young generation with a fair, transparent, and promising future. The retention rate of new employees was 90.63% in 2021. 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 Risks and dismissed employees are provided with severance pay and pay in lieu of notice in accordance with work rules, as to cover employees’ living costs after retirement or while they seek employment.

◊ Employee Resignations in 2021

<table>
<thead>
<tr>
<th>End of 2021</th>
<th>Total no. of employees</th>
<th>Less than 30</th>
<th>30-50 years old</th>
<th>Over 51 years</th>
<th>Retirement at 65 years</th>
<th>Less than 30</th>
<th>30-50 years old</th>
<th>Over 51 years</th>
<th>Retirement at 65 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>9,420</td>
<td>114</td>
<td>137</td>
<td>21</td>
<td>58</td>
<td>71</td>
<td>110</td>
<td>18</td>
<td>56</td>
<td>330</td>
</tr>
<tr>
<td>2020</td>
<td>9,450</td>
<td>114</td>
<td>137</td>
<td>21</td>
<td>58</td>
<td>71</td>
<td>110</td>
<td>18</td>
<td>56</td>
<td>330</td>
</tr>
<tr>
<td>2021</td>
<td>9,450</td>
<td>114</td>
<td>137</td>
<td>21</td>
<td>58</td>
<td>71</td>
<td>110</td>
<td>18</td>
<td>56</td>
<td>330</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resignation rate (%)</td>
<td>9.81</td>
<td>8.43</td>
<td>7.26</td>
<td>6.96</td>
<td></td>
</tr>
<tr>
<td>Resignation rate (Excluding dismisses)</td>
<td>7.82</td>
<td>7.06</td>
<td>5.89</td>
<td>5.81</td>
<td></td>
</tr>
<tr>
<td>Voluntary separation rate (%)</td>
<td>7.54</td>
<td>6.82</td>
<td>5.68</td>
<td>5.67</td>
<td></td>
</tr>
<tr>
<td>Average recruitment cost (NT$)</td>
<td>7,120</td>
<td>8,723</td>
<td>2,491</td>
<td>11,708</td>
<td></td>
</tr>
<tr>
<td>Total no. of employees</td>
<td>9,227</td>
<td>9,560</td>
<td>9,849</td>
<td>9,969</td>
<td></td>
</tr>
</tbody>
</table>

◊ Ratio of open positions filled by internal candidates in past years

<table>
<thead>
<tr>
<th>Category</th>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of open positions filled by internal candidates (%)</td>
<td>79.62</td>
<td>73.84</td>
<td>84.21</td>
<td>79.53</td>
<td></td>
</tr>
<tr>
<td>Ratio of management positions filled by internal candidates (%)</td>
<td>98.93</td>
<td>98.63</td>
<td>100</td>
<td>99.29</td>
<td></td>
</tr>
<tr>
<td>Ratio of non-management positions filled by internal candidates (%)</td>
<td>33.53</td>
<td>57.16</td>
<td>58.75</td>
<td>42.67</td>
<td></td>
</tr>
</tbody>
</table>

Note: The turnover rates of senior executives and middle/low-level employees of the Group are 2.5% and 15.3%, respectively.
3-3 Employee Communication and Commitment

To respond to the Company’s business development and protect employee rights, regarding the minimum notice period for important job changes, the Company complies with the "LDO 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 "Equal Employment Promotion Act.” We specify regulations in the Work regulations 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 stoppage of production 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 other reasons 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 existing business management systems. The results of the Employee Commitment Survey of the Group in the past three years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of questionnaires</th>
<th>Number of returned questionnaires</th>
<th>Recovery rate (%)</th>
<th>Overall commitment (%)</th>
<th>Level of commitment of male employees (%)</th>
<th>Level of commitment of female employees (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>8,792</td>
<td>8,495 (Male:3,487/Female:5,008)</td>
<td>94.93</td>
<td>88.43</td>
<td>87.91</td>
<td>91.43</td>
</tr>
<tr>
<td>2020</td>
<td>9,053</td>
<td>8,896 (Male:3,487/Female:5,409)</td>
<td>98.27</td>
<td>92.58</td>
<td>93.79</td>
<td>92.54</td>
</tr>
<tr>
<td>2021</td>
<td>9,051</td>
<td>8,792 (Male:3,584/Female:5,147)</td>
<td>98.64</td>
<td>91.03</td>
<td>91.45</td>
<td>90.01</td>
</tr>
</tbody>
</table>

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: • Enhance training for professional competencies and establish transparent talent assignment mechanisms. • We continue to recruit new employees, implement job rotation, and strengthen orientation training to eventually achieve equal job distribution and assist employees in learning different business practices. • 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: • 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 6.96% in 2021 was lower than the 7.26% in 2020. First Bank evaluated employees under the age of 45 with high potential and high potential based on the results of competency assessments. A total of 26 employees have been reassigned to core businesses. • The Company cooperated with external professional institutions in foreign language learning programs and employees pass foreign language certification tests. As of the end of 2021, 3,044 employees passed English proficiency certification tests and 357 employees passed other foreign language proficiency certification tests. • When promoting local hires, we compile a list of candidates eligible for promotion and provide it as a reference for overseas units, thereby helping these units promote local talents and implement local business strategies. To ensure that we offer more competitive salaries to local hires, we regularly review salary standards for local hires and adjust them accordingly as needed by overseas units and based on the Company’s business strategies. • FFHC has again raised the childbirth subsidy for employees to NT$100,000 for the first child and NT$150,000 for the second child and every child thereafter. • Review the differences in the benefits provided by the Company and other financial institutions and increase related benefits. The total employee welfare costs in 2021 amounted to NT$17.33 billion, up 7.44% from 2020. • When the senior executive resigns, 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.

Employee communication, complaint, and whistleblowing channels

1. 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.
2. The telephone number and e-mail for employee complaints are posted under the “Stakeholder Communications” section of our corporate website. The “ESG – Sustainability Report” section also features a stakeholder opinion survey that can also be used as a channel for employee communication and complaints.
3. The compliance system at each company requires "the compliance officer should provide improvement suggestions for violations of the law or regulations. Where the improvement suggestion is not accepted by the management and leads to major losses for the company, a report should be prepared and submitted at once, the supervision/indispen- sible directors and Audit Committee notified, and the competent authority informed as well.”
4. A range of transparent, equal and convenient complaints channels have been established including the “President’s Mailbox,” “Aikas Mailbox,” “Employee Support Hotline,” and “Chief Auditor’s Mailbox” to ensure complaints are handled properly.
5. 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.
6. 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 employ-ees in addressing the issue immediately and provide psychological counseling and legal assistance in accordance with the Company’s internal rules and regulations.
7. A proposal system and themed competitions are used to encourage employee to make suggestions on process improvements. A total of 147 employee recommendations were proposed in 2021 including improving the quality of services, improvement of current operations, improvement of automated services, improvement of operation methodology, cost savings, and building a better corporate image. All recommendations were studied closely by the relevant departments and 74 of them were eventually accepted.
8. To ensure open communications between the employer and employees, employee suggestions from each depart-ment are proposed for discussion and communication during the regular “Employee-Employee Meeting” and monthly meetings.
9. We conduct employee commitment surveys as channels for them to express opinions. We also formulated improve-ment mechanisms to follow up on the effectiveness of improvements.

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

Level of commitment—breakdown by age and management level

<table>
<thead>
<tr>
<th>Category</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age under 3</td>
<td>94.92%</td>
<td>85.46%</td>
<td>93.50%</td>
</tr>
<tr>
<td>Age between 30-50</td>
<td>95.39%</td>
<td>82.64%</td>
<td>91.46%</td>
</tr>
<tr>
<td>Age above 51</td>
<td>92.74%</td>
<td>84.99%</td>
<td>92.35%</td>
</tr>
<tr>
<td>Senior supervision</td>
<td>92.30%</td>
<td>82.10%</td>
<td>96.53%</td>
</tr>
<tr>
<td>Junior supervisor</td>
<td>95.25%</td>
<td>85.51%</td>
<td>91.25%</td>
</tr>
</tbody>
</table>

Note: This year, the employee commitment of the Group dropped by 1.55% compared with the previous year. Although all subsidiaries have achieved the set goals, except for the slight decrease in employees' job satisfaction due to the epidemic, it is planned to investigate other factors and strengthen communication with employees to improve the overall commitment.
To create a positive work environment, maintain the physical and mental well-being of employees as well as build up passion

**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 (including epidemic prevention leave) and 30 days of paid sick leave
- Number of leave days for wedding, funeral, and miscarriage exceeds statutory requirement
- One-day of volunteer leave
- Paid leave for COVID-19 self-isolation

**Employee dormitories and guest houses**
- Employee guest houses in Beiliu, Penghu, and Hualien
- Employee dormitories in Taichung, Tainan, Kaohsiung and Hualien

**Health management**
- Health exam for employees and their families
- Health workshops and nutrition management
- Medical clinics and Nicholas nutritionist
- Abnormal Workload/related Disease 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 fee
- Subsidy for birthday celebrations, annual parties and holiday travel
- Subsidy for funerals
- Subsidy for recreational courses and events
- Employee deposit and shareholding trust
- Employee group annuity insurance
- COVID-19 Prevention Insurance and subsidies for relevant supplies

**Implementation results of employee welfare measures in 2021**
- To encourage employees to build families and raise children. We provide NT$150,000 in marriage allowances and 14 days of marital leave which is superior to regulations defined in the Labor Standards Act. A total of 186 employees applied for the marriage allowance in 2021 which totaled NT$27.32 million.
- We encourage single employees to take part in socializing activities for unmarried people organized by public institutions. A total of 5 employees took part in the activities and received NT$14,000 in subsidies.
- We provide a total of 44 days of paid maternity 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 399 people applied for such leave in 2021 and the average duration was 8.05 days.
- FFHC apprains full-time nurses and inhouse physicians to provide pregnant employees with related health instructions and consulting services. We provided pregnant employees with the “First Pregnancy Pack” and adjusted the work environment of pregnant employees when assessed as needed.
- Effective as of January 2021, childbirth subsidy (NT$550,000 for first child, NT$480,000 for second child, and NT$100,000 for third child and onwards) has been raised to NT$100,000 for every child, and in August of the same year, it was further raised to NT$115,000 for the first child and NT$150,000 for the second child and every child thereafter. In 2021, the Company provided NT$204 million to subsidize the birth of 256 babies. Over the past five years, an average of new borns every year increased by more than 30 babies or a growth of more than 15%. As of the end of 2021, 1,236 new babies were born.
- To ensure the safety of pregnant employees commuting to and from work, the Company introduced a “Transportation Subsidy for Pregnant Employees” in August 2020. Pregnant employees who need to commute to work by train, taxi, or buses can apply for this subsidy, and each pregnant employee is entitled to a maximum of NT$10,000. In 2021, this subsidy was granted to 12 pregnant employees.
- Maternity leave of 54 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 164 employees applied for the leave in 2021, and the average duration was 43.27 days.
- In 2021, the Company is planning to increase the number of days of prenatal checkup/paternity leave to 18 days (which surpass the legal requirement of 7 days) and maternity leave to 58 days (which surpass the legal requirement of 56 days).
- We provided female employees with the “First Pregnancy Pack” and “First Mommy Pacakge”, and continually evaluated adjustments for the work environment of pregnant employees.

- FFHC Headquarters building, First Bank IT building, Zhongshan building, and Bade building were set the breastfeeding room and also certified for excellence by the Taipei City Department of Health and women will all certified for excellence by the Taipei City Department of Health. All these breastfeeding rooms were used on total 236 people in 2021.
- We organized workplace breastfeeding and childcare health talks on breastfeeding, infant allergies and breastfeeding, breastfeeding in the workplace, and baby sleep advice.
- FFHC Charlottenburg building, First Bank IT building, Zhongshan building, and Bade building which were set breastfeeding room and also certified for excellence by the Taipei City Department of Health and women will all certified for excellence by the Taipei City Department of Health. All these breastfeeding rooms were used on total 276 people in 2021.
- To help employees take care of both work and family, we implement a family-friendly policy that encourages employees to arrange leisure activities with their family on their off-duty. We launched a “parental subsidy program” in 2021, offering employees a subsidy of NT$10,000 for taking 7 days off, NT$15,000 for taking 10 days off, and NT$10,000 for taking 14 days off. The Company provided a total of NT$32,047,500 in subsidies in 2021.
- The Company established 26 sports and cultural clubs for approximately 1,106 employees and their dependents.
- Various sports and recreational activities (including singing competition, tennis/softball tournament, domestic travel voucher subsidies, etc.) promote organized for employees and their dependents to promote a healthy, motivated and optimistic workplace. Up to 9,102 people took part in these events in 2021 and the Company provided NT$129,481,706 in subsidies.
- We provide a total of 44 days of paid personal leave (including 7 days of family care leave). These type of leave were applied by for 279 employees, averaging 204 hours per person.
- Various subsidies are also provided for employees’ children. A total of NT$14,29 million was disbursed.
- FFHC has signed an agreement with a wellknown national chain to provide all employees with discounted daycare services.
- FFHC organized workplace childcare health talks, family reading, and relaxing childcare activities. A total of 726 people in 2021.
- We continue to offer employee insurance and benefits with the same preferential rates as current employees. In addition to regular organizing socializing activities each year, we also invite retired employees to participate in sports, cultural, and health activities organized by the Group (e.g. singing contests tennis/softball tournament, etc.) to continue to care about the life and physical and mental health of retired employees.

- To help employees take care of both work and family, we implement a family-friendly policy that encourages employees to arrange leisure activities with their family on their off-duty. We launched a “parental subsidy program” in 2021, offering employees a subsidy of NT$10,000 for taking 7 days off, NT$15,000 for taking 10 days off, and NT$10,000 for taking 14 days off. The Company provided a total of NT$32,047,500 in subsidies in 2021.
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- Various sports and recreational activities (including singing competition, tennis/softball tournament, domestic travel voucher subsidies, etc.) promote organized for employees and their dependents to promote a healthy, motivated and optimistic workplace. Up to 9,102 people took part in these events in 2021 and the Company provided NT$129,481,706 in subsidies.
- As a means of encouraging employees to take part in volunteerizing activities, the Company continued to adopt the volunteer leave system in 2021, which allows employees to earn points and redeem them for one day of volunteering leave (3 points). In total, 15 employees are qualified to redeem points for one day of volunteerizing.
- Retired employees enjoy group insurance benefits with the same preferential rates as current employees. In addition to regular organizing socializing activities each year, we also invite retired employees to participate in sports, cultural, and health activities organized by the Group (e.g. singing contests tennis/softball tournament, etc.) to continue to care about the life and physical and mental health of retired employees.

- To mitigate the impact of the COVID-19 pandemic on overseas personnel, we distributed support kits totaling more than NT$85 million to employees assigned to overseas units in 36 cases, and provided paid disease prevention leave for quarantined employees during the quarantine period. Employees assigned overseas are provided with official leave for wellness management when they are transferred from and return to their offices. The number of subsidized airplane tickets for family visits, health examination subsidies, and annual leave that were unused in 2021 were NT$59,292,500.
- To comply with the government’s pandemic prevention policy and provide employee care, in 2021, the Company provided another NT$9,600,000 in COVID-19 insurance subsidy for employees in Taiwan. The insurance was purchased by the company to benefit 8,879 employees purchased the COVID-19 insurance, totaling NT$379,816.
- A total of 1,482 people applied for COVID-19 testing (including rapid antigen test andPCR) totaling NT$289,050.
Review and evaluate the impact of the Company's business activities and work environment on occupational safety and health.

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

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

Supervise and implement plans
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.

Occupational safety and health
GRI: 403

4-1 Occupational Safety and Health Risk Management Map
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 10 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.

FFHC Pension Contribution Plans in Past Years
<table>
<thead>
<tr>
<th>Category</th>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Pension System</td>
<td>2018</td>
<td>247,787</td>
<td>274,071</td>
<td>317,994</td>
<td>290,930</td>
</tr>
<tr>
<td>Old Pension System</td>
<td>2018</td>
<td>357,919</td>
<td>352,208</td>
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<td>334,554</td>
</tr>
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<td>Overseas</td>
<td>2018</td>
<td>15,969</td>
<td>16,514</td>
<td>18,798</td>
<td>17,883</td>
</tr>
</tbody>
</table>

Note: Please refer to page 306-308 of the Company’s 2021 Annual Report for detailed information on the pension contribution plan and contribution status.

Statistics on applicants for child care leave in 2021

<table>
<thead>
<tr>
<th>Item</th>
<th>2021 Total no. of employees on parental leave</th>
<th>2021 No. of applicants for child care leave</th>
<th>2021 No. of returning employees expected (A)</th>
<th>2021 No. of returning employees (B)</th>
<th>2020 No. of returning employees (C)</th>
<th>2021 No. of actual employees who returned from child care leave and stayed for at least 1 year (D)</th>
<th>Reinstate- ment rate (%) (B/A)</th>
<th>Retention rate (%) (D/C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>385</td>
<td>98</td>
<td>108</td>
<td>92</td>
<td>78</td>
<td>65</td>
<td>85.19</td>
<td>83.55</td>
</tr>
<tr>
<td>Total</td>
<td>309</td>
<td>19</td>
<td>13</td>
<td>12</td>
<td>9</td>
<td>8</td>
<td>92.31</td>
<td>80.00</td>
</tr>
<tr>
<td>Grand Total</td>
<td>694</td>
<td>117</td>
<td>121</td>
<td>104</td>
<td>87</td>
<td>73</td>
<td>85.95</td>
<td>82.95</td>
</tr>
</tbody>
</table>

Statistics on rate of reinstatement and retention in past years

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinstatement rate (%)</td>
<td>95.18</td>
<td>81.82</td>
<td>93.62</td>
<td>85.54</td>
<td>Total</td>
</tr>
<tr>
<td>Retention rate (%)</td>
<td>93.56</td>
<td>90.91</td>
<td>93.27</td>
<td>92.31</td>
<td>Total</td>
</tr>
</tbody>
</table>

Reinstatement rate (%) (B/A) = 85.19
Retention rate (%) (D/C) = 85.95

Occupational safety and health management procedures
1. Evaluate health hazards
2. Formulate corresponding plans
3. Supervise and implement plans
4. Performance assessment and improvement

Food Safety
Dementia
Overwork
Accidents and injuries
Mental stress
Cancer
Obesity
Cardiovascular disease
Vision
Infectious disease

Impact on Company Operations

Statistics on applicants for child care leave in 2021

2021 Total no. of employees on parental leave

2021 No. of applicants for child care leave

2021 No. of returning employees expected (A)

2021 No. of returning employees (B)

2020 No. of returning employees (C)

2021 No. of actual employees who returned from child care leave and stayed for at least 1 year (D)

Reinstatement rate (%) (B/A)

Retention rate (%) (D/C)

2021 Health Issue Risk Map

Probability
High
Medium
Low

2021 Total no. of employees on parental leave

2021 No. of applicants for child care leave

2021 No. of returning employees expected (A)

2021 No. of returning employees (B)

2020 No. of returning employees (C)

2021 No. of actual employees who returned from child care leave and stayed for at least 1 year (D)

Reinstatement rate (%) (B/A)

Retention rate (%) (D/C)

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Reinstatement rate (%) (B/A) = 85.19
Retention rate (%) (D/C) = 85.95

FFHC Pension Contribution Plans in Past Years

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Note: Please refer to page 306-308 of the Company’s 2021 Annual Report for detailed information on the pension contribution plan and contribution status.

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 10 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 2021 health risk map, the Company listed the top 8 issues with medium to high probability of occurrence and 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, and assist employees with work, family, and health problems, support employees to work with peace of mind, and improve organizational performance.
1. Health Check: We provide regular physical health examinations superior to regulatory requirements and provide subsidies for health examinations for senior executives, overseas personnel, night shift personnel, and catering personnel each year. We also conduct supplementary 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 77 senior executives, 29 overseas personnel and 157 employees work at night and in the kitchen. In 2021 and subsidies amounted to approximately NT$1.35 million.

2. Abnormal Workload-Triggered Diseases Prevention Plan: Evaluation is performed once a month by completing the table of hazard reporting through internal telephone or onsite interviews. They provide employees with healthcare instructions and recommendations for improvements and follow-up on their improvement status. We organized health examinations for 77 senior executives, 29 overseas personnel and 157 employees work at night and in the kitchen. In 2021 and subsidies amounted to approximately NT$1.35 million.

3. Maternal Employee Health Protection Plan: We provided 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 also conduct supplementary 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 77 senior executives, 29 overseas personnel and 157 employees work at night and in the kitchen. In 2021 and subsidies amounted to approximately NT$1.35 million.

4. Maternal Employee Health Protection Plan: We provided 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 also conduct supplementary 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 77 senior executives, 29 overseas personnel and 157 employees work at night and in the kitchen. In 2021 and subsidies amounted to approximately NT$1.35 million.
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:

A. 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 Law", "Enforcement Rules of the Occupational Safety and Health Law", 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 41% 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.

◇ The Company's occupational health and safety management system

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization</td>
<td>For the Occupational Safety and Health Committee, the President appoints the Vice President of a business group to oversee committee operations.</td>
</tr>
<tr>
<td>Risk identification</td>
<td>By using the Occupational Safety and Health Act and PDCA management cycle as framework, the Company adopts different communication channels and conducts questionnaire surveys through automatic inspection programs, health examination programs for all employees, and four major programs for mental and physical health protection, to identify safety risks that might occur in various operating procedures, contents, and environments. Risk maps showing the health of employees are also analyzed. In 2021, evaluations showed that medium high risk factors were infectious disease, obesity, cardiovascular disease, accidental injuries(traffic accidents), mental stress, and cancer.</td>
</tr>
<tr>
<td>Target setting</td>
<td>• To achieve 72% outpatient visits for those with serious health issues shown on medical check-up reports.</td>
</tr>
<tr>
<td>Supervision mechanisms</td>
<td>The Occupational Safety and Health Committee tracks the implementation results of occupational safety and health issues on a quarterly basis, and reports to the PHRC Board of Directors for supervision and management every year.</td>
</tr>
<tr>
<td>Internal</td>
<td>• Internal audit: In 2021, matters that necessitate correction in accordance with ISO 45001-based internal audits were all corrected before the external audit.</td>
</tr>
<tr>
<td>External audit</td>
<td>• External audit: In 2021, the external audit based on ISO 45001 found no deficiencies.</td>
</tr>
<tr>
<td>Performance-linked remuneration</td>
<td>The Company adopts a performance management system (KPI) to regularly evaluate the occupational safety and health management performance of supervisors in charge of a business unit's occupational safety and health (OSH supervisor).</td>
</tr>
</tbody>
</table>

In addition, the performance evaluation of OSH supervisors is correlated with their performance in supervising occupational safety and health management and is included in their annual performance evaluations. Their remuneration and job performance are highly correlated.

<table>
<thead>
<tr>
<th>Applicability</th>
<th>KPI</th>
<th>Calculation Formulas (scoring criteria)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OSH supervisor</td>
<td>Performance in supervising occupational safety and health management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Un satisfactory (&lt;60%): Half of the KPIs in the semi-annual evaluation have not been completed or there are major deficiencies that cannot be corrected immediately; thus, posing risk of immediate labor inspection and punishment.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Correction needed (61%-74%): Half of the KPIs in the semi-annual evaluation have not been completed but can be corrected immediately before labor inspections.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Meet expectation (75%-84%): All of the KPIs in the semi-annual evaluation have been completed and although there are minor deficiencies but they can be corrected immediately.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Outstanding performance (&gt;85%): All of the KPIs in the semi-annual evaluation have been completed and were almost faultless.</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of meetings</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Proposals</td>
<td>15</td>
<td>10</td>
<td>9</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

All business units have appointed an OSH supervisor, first-line personnel and the prevention manager to protect the safety and health of business units. Certified personnel are also dispatched to receive on-the-job training in 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

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Trainees and Training Hours for Workplace Safety and Hygiene Managers</td>
<td>71 / 2,405</td>
<td>728 / 7,539</td>
<td>29 / 645</td>
<td>702 / 5,205</td>
<td></td>
</tr>
<tr>
<td>Number of Trainees and Training Hours for Fire Hazard Prevention Management</td>
<td>69 / 828</td>
<td>95 / 1,116</td>
<td>695 / 4,314</td>
<td>9 / 108</td>
<td></td>
</tr>
<tr>
<td>Number of Trainees and Training Hours for Emergency Rescue</td>
<td>41 / 738</td>
<td>625 / 2,840</td>
<td>53 / 594</td>
<td>19 / 362</td>
<td></td>
</tr>
<tr>
<td>Number of Trainees and Training Hours for ISO 45001 Management Systems</td>
<td>99 / 707</td>
<td>50 / 179</td>
<td>29 / 645</td>
<td>46 / 66</td>
<td></td>
</tr>
</tbody>
</table>

General employees: 3 hours of OSH in-service training over 3 years.

Note: The number of trainees or hours of training in 2020 and 2021 decreased compared with previous year because the Company shortened its inhouse ISO 45001 course and employees were only asked to attend external occupational safety and health courses, as needed, unless training is required by law.
B. 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. The President is committed to becoming a signatory to the occupational safety and health policy, and this commitment is announced on the company’s Intranet. The Plan-Do-Check-Act (PDCA) management approach is adopted to strengthen various management measures. The scope was expanded to include the following: Support and participation by leaders, collection and planning of internal and external issues, needs and expectations of stakeholders, establishment and evaluation of risk identification procedures, consultation and communication with non-management personnel, application of performance indicators, and evaluation of the effectiveness of corrective and preventive measures. Meanwhile, through management review, internal audit, automatic inspection, safety and health inspection, and other mechanisms, we identify safety concerns and opportunities for correction to ensure that the spirit of such a system is effectively implemented across management. This system has been certified by the British Standards Institute (BSI) and applies to all business units in Taiwan, including employees who work in the company’s head office building and contractors.

C. 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.

D. 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 15,881 people were enrolled in 2021; First Securities, First Life Insurance, First Securities Investment Trust also provide group insurance for employees. A total of 160 employees were insured at a cost of NT$ 4,716,000. First Bank personnel stationed overseas are not only covered by local group medical insurance but also enrolled in the International SOS for emergency medical assistance. Half of the cost is borne by the company to meet emergency medical needs. The Group purchased COVID-19 insurance for its employees in 2021 to take care of its employees and protect them during the pandemic. The insurance covers hospital stays in general hospitals, wards, negative pressure isolation rooms, or intensive care units and self-isolation expenses to implement employee epidemic prevention. A total of 8,979 employees were insured.

E. 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 66 in 2021. 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 8.

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

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of people on occupational injury leave</th>
<th>Number of days of occupational injury leave</th>
<th>Occupational injury rate (Note 1)</th>
<th>Last day rate (% Note 2)</th>
<th>Disabling Injury Frequency Rate (FR, Note 4)</th>
<th>Severity of disabling injuries rate % (SR, Note 5)</th>
<th>Number of days absent (excluding leave)</th>
<th>Absenteeism rate % (Note 6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>66</td>
<td>1,564</td>
<td>0.66</td>
<td>79.08</td>
<td>3.34</td>
<td>13,575</td>
<td>0.55</td>
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<table>
<thead>
<tr>
<th>Gender</th>
<th>2018</th>
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<tbody>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Occupational injury rate</td>
<td>0.47</td>
<td>0.63</td>
<td>0.46</td>
<td>0.84</td>
</tr>
<tr>
<td>Absenteeism rate</td>
<td>0.82</td>
<td>0.30</td>
<td>0.61</td>
<td>0.36</td>
</tr>
</tbody>
</table>

Note: 1. Occupational injury rate: Number of people on occupational injury leave 2. Last 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:

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

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 the total number of days lost due to disabling injury for every million work hours (to nearest integer). The formula is as follows:

\[
\text{Disabling Injury Severity Rate (SR)} = \frac{\text{Total number of days lost due to disabling injury}}{\text{Total hours worked}}
\]

6. Absence Rate: Days of leave / (Occupational injury + sick leave and maternity 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 other diseases, including the operation + post-operation recovery = checkups + rehabilitation.

7. Aipsial 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
GRI: 201, 203, F37, F58, F61a, F61e
SASB: PS-CB.240a.4

5-1 Charitable strategy

We respond to the United Nations Sustainable Development Goals (SDGs) and actively use core functions to help solve social and environmental problems. We continued the four major charitable strategies of “Social Card”, “Sports Competition”, “Artistic Culture Creation”, and “Green Card” in 2021 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.

<table>
<thead>
<tr>
<th>Solution</th>
<th>Amount Unit. ten thousand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Card</td>
<td></td>
</tr>
<tr>
<td>Proceeds from “financing projects for the reconstruction of dangerous and old buildings”</td>
<td>127,000</td>
</tr>
<tr>
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<table>
<thead>
<tr>
<th>Solution</th>
<th>Amount Unit. ten thousand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Benefits</td>
<td></td>
</tr>
<tr>
<td>Number of beneficiaries in the financial seminars in remote areas, campuses, and communities</td>
<td>8,991 persons, 8,614 persons, 8,615 persons</td>
</tr>
<tr>
<td>Amount of donations from customers for charity organizations made through First Bank credit cards</td>
<td>49,500</td>
</tr>
<tr>
<td>Amount of donations allocated to public welfare organizations/ community integrated service centers (stonewash) from digital account application and life insurance purchasing</td>
<td>-</td>
</tr>
<tr>
<td>Number of beneficiaries of disadvantaged schoolchildren (including rebates from the World Card, breakfast for schoolchildren in remote areas, financial support for disadvantaged schoolchildren, and financial industry scholarship donations) and amount donated</td>
<td>2,137 / 452, 2,224 / 483, 2,228 / 441</td>
</tr>
<tr>
<td>Purchase of gifts for the charity year-end party and income for the performance of disadvantaged groups</td>
<td>124, 100, 152</td>
</tr>
<tr>
<td>Number of beneficiary households of donations to the Food Bank and amount</td>
<td>460 households / 105, 730 households / 110, 1,410 households / 17</td>
</tr>
<tr>
<td>Number of beneficiaries in overseas charitable activities and amount of donations</td>
<td>1,400 persons / 129, 555 persons / 75, 400 persons / 41</td>
</tr>
<tr>
<td>Number of beneficiaries in domestic volunteer clinic activities and amount of medical expenses saved</td>
<td>1,635 persons / 25, 1,600 persons / 24, 628 persons / 91</td>
</tr>
</tbody>
</table>

Resolved social and environmental issues

<table>
<thead>
<tr>
<th>Driving force</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>The wealth gap between urban and rural areas makes it difficult for disadvantaged groups to obtain education resources and financial information and services</td>
<td>Provide cutting-edge singers, musicians and vulnerable groups to perform on stage.</td>
</tr>
<tr>
<td>Many buildings in cities are too old and they affect the safety of the people and their property and it affect the quality of life</td>
<td>The arts, cultural, and sports sectors were identified 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.</td>
</tr>
<tr>
<td>Taiwan’s aging society has made the lack of resources for long-term care of the elderly increasingly severe</td>
<td>Promote public welfare projects related to arts and culture education, expand the horizons of the Taiwanese people towards arts and culture, build a legacy of Taiwan’s traditional arts and culture, enhance the cultural competence of customers and employees, and enhance customer loyalty; at the same time, assist the development of the cultural and creative industry through financial products or services, and add the beauty of art to collaborative relationships.</td>
</tr>
<tr>
<td>We encourage customers to donate by credit card to solve the problem of a lack of resources for disadvantaged groups and rural residents, and spread the impact of our company as a member of the financial industry to every corner in Taiwan</td>
<td>Since the launch of the trust service for film grants in 2004, we have cooperated with the Ministry of Culture for a long time. Up to 80% of the industry companies have handled the film trust service with First Bank, and we accepted more than 230 cases, with a total amount of NT$13 billion. We also assisted in the development of the domestic cultural and creative industries by providing and processing loans for the said industries. The total credit balance of the loans in 2021 reached NT$25.961 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 Startups in the Cultural and Creative Industries” in Taiwan and abroad (number of medals)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Solution</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awards won by the First Bank men’s table tennis team in Taiwan and abroad (number of medals)</td>
<td>8 gold medals, 16 silver medals, 21 bronze medals</td>
<td>2 gold medals, 1 silver medal, 3 bronze medals</td>
<td>9 gold medals, 17 silver medals, 25 bronze medals</td>
</tr>
<tr>
<td>Rewards won by the First Bank women’s table tennis team in Taiwan and abroad</td>
<td>141</td>
<td>24</td>
<td>No award money provided for winners</td>
</tr>
<tr>
<td>Number of participants in the national tennis and table tennis tournaments</td>
<td>1,881 persons, 1,881 persons</td>
<td>Cancelled due to the pandemic</td>
<td></td>
</tr>
<tr>
<td>Donations to social welfare foundations from the Ministry of Finance “Unified Invoice Cup for Road Running”</td>
<td>5808</td>
<td>364</td>
<td>36.5</td>
</tr>
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Resolved social and environmental issues
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<tr>
<td>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</td>
<td>Physical strength is national strength. We help promote the development of sports in Taiwan and enhance the Taiwanese people’s and employees’ willingness to participate in sports, thereby making the development of sports more vigorous in Taiwan and cultivating outstanding athletes with potential. These measures help to inject youth and vitality into the enterprise.</td>
</tr>
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<th>Solution</th>
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<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from loans for the cultural and creative industry</td>
<td>41,400</td>
<td>44,652</td>
<td>42,837</td>
</tr>
<tr>
<td>Number of borrowers of loans to cultural and creative industry</td>
<td>1,550 borrowers, 3,464 borrowers, 4,335 borrowers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of borrowers of loans to cultural and creative industry that specializes in film and television</td>
<td>90 borrowers, 140 borrowers, 251 borrowers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of winners and economic value in the Taiwan and Taipei Lantern Festivals</td>
<td>17,39 million visitors / 380,850, 118,2 million visitors / 700,000</td>
<td>Cancelled due to the pandemic</td>
<td></td>
</tr>
<tr>
<td>Total number of participants and income in National Taiwan University Hospital and large events</td>
<td>10,200 participants / 13, 9,100 participants / 10,191 participants / 42,001 participants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of participants and sessions of art and cultural exhibitions (total online views and sessions)</td>
<td>12,000 persons / 12 sessions, 9,200 persons / 9 sessions, 11 sessions / 7,200 persons / 2 sessions, 2,500 persons / 3 sessions, 64,625 persons / 4 sessions</td>
<td></td>
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Social Card

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<th>2020</th>
<th>2021</th>
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<tbody>
<tr>
<td>“GLORY! World Card” in circulation and the proceeds</td>
<td>2,449 cards / 1,846, 3,071 cards / 1,782, 3,715 cards / 1,003</td>
<td></td>
<td></td>
</tr>
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<td>Proceeds from “financing projects for the reconstruction of dangerous and old buildings”</td>
<td>127,000</td>
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<td>45,672</td>
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<td>Premium income from micro insurance products</td>
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### Green Care

#### Solution

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</tr>
</thead>
<tbody>
<tr>
<td><strong>The number of Green Public Welfare Credit Cards</strong> (Leezen Card, Yilan Card, Living Green Card, and Taoyuan Card) in circulation and their proceeds</td>
</tr>
<tr>
<td>1147,548 Cards / 4,706</td>
</tr>
<tr>
<td>Related proceeds from urban renewal financing projects</td>
</tr>
<tr>
<td>Green loan proceeds</td>
</tr>
<tr>
<td>Investment proceeds in green bonds</td>
</tr>
<tr>
<td>Few Plus Two Industries’ policy (green energy technologies, Asia Silicon Valley, biomedical technologies, defense, smart machinery, new agriculture, and circular economy) related proceeds</td>
</tr>
</tbody>
</table>

#### Commercial benefits

- Social/environmental benefits
  - Proceeds from Renewable Energy Creation Loans | 1,246 | 1,356 | 2,048 |
  - Proceeds from investing in solar power plants | 310 | 995 | 829 |

#### Social/environmental benefits

- Number of beneficiaries of environmental education | 54 beneficiaries | 38 beneficiaries | 157 beneficiaries |
- Number of trees planted and annual carbon absorption volume | 5,631 trees / 56.31 MT CO2e | 530 trees / 0.1 MT CO2e |
- Number of LED lighting equipment installed in the Green Light Program and the reductions in electricity consumption, electric bill, and carbon emissions each year | 1,184 sets / 2,068 MT CO2e | 2,156 sets / 3,192 MT CO2e |
- Carbon emissions reduction in investments in solar power plants | 11,000 MT CO2e / 54,000 MT CO2e |
- Landowners’ proceeds from urban renewal financing projects | - | 1,838,574 | 2,445,940 |
- Carbon emissions reduction in urban renewal financing projects | - | 997.7 MT CO2e | 946.1 MT CO2e |
- Rebate from Green Public Welfare Credit Cards (Leezen Card, Yilan Card, Living Green Card, and Taoyuan Card Note) | 1,557 | 1,478 | 1,787 |
- Green volunteer participation and number of beneficiaries | 1,606 beneficiaries / 4,422 beneficiaries | 1,228 beneficiaries / 1,718 beneficiaries |
- Volunteer service satisfaction rate | 82.86% | 92.28% | 89.53% |

### 5-2 Benefit evaluation

In order to effectively measure the input resources and output benefits, FPHC adopts the community investment management model of London Benchmarking Group (LBG), and uses quantitative data to evaluate the input resources, benefits, results and long-term impact of each project on society. We invested a total of NT$584.23 million in the four major charitable strategies in 2021. We also used the LBG model to evaluate the proportion of investments in the past four years.

#### Event type

#### Type of resources committed

- 2018 | 2019 | 2020 | 2021
- Charity events | Commercial initiatives
- Charitable events | Investment in community |
- Unit: ten thousand NTD

First Financial Holdings has established a volunteer service team since 2011, including "Green volunteers" who promote sustainable environment and "Giving Volunteers" who care for the disadvantaged. In 2021, a total of 147 charity activities were held, including 45 loving volunteer activities, 52 green volunteer activities, and 50 financial knowledge promotion activities on campus and in the community. The volunteer service participants totaled 1,559 and the beneficiaries totaled 17,150 in 6,045 hours of services. Between 2011 and 2021, volunteers participated in events for a total of 24,247 times, benefiting over 108,752 people and clocking in a total of 98,828 hours of service.

To learn about the participants' satisfaction rate of volunteer activities, we also distributed 7,633 surveys and recovered 99.69% of the surveys. 89.53% of the participants have expressed their satisfaction with the events, and set a target of achieving year-on-year growth at 3% starting from 2021 in terms of the number of volunteers.

### 5-3 Volunteer Service
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.

Provide financial education to disadvantaged groups and in remote areas

Financial education activities and promotion in rural areas, schools, and communities

<table>
<thead>
<tr>
<th>Services</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Session 6:</td>
<td>Number of Participants: 8,077</td>
<td>Session 5:</td>
<td>Number of Participants: 5,563</td>
</tr>
<tr>
<td>Session 6:</td>
<td>Number of Participants: 5</td>
<td>Session 5:</td>
<td>Number of Participants: 3,164</td>
</tr>
<tr>
<td>Session 6:</td>
<td>Number of Participants: 5,363</td>
<td>Session 5:</td>
<td>Number of Participants: 3,586</td>
</tr>
</tbody>
</table>

 Cancelled due to the pandemic

Volunteer services incorporated with the promotion of retirement trusts and disability trusts for customers with physical or mental disabilities


Investment Primary School - Wealth Management Number One*

Session 1: (Taipei Family Helper Center and TCWC Children Home) Beneficiary: 33 children.

Investment checkup seminar in rural communities

Session 5: Number of Participants: 1,520

Gender equality education and anti-discrimination education

Session 4: Number of Participants: 1,500

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.

Online financial education

Services

<table>
<thead>
<tr>
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<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online:</td>
<td>Number of Participants: 1,946</td>
<td>Online:</td>
<td>Number of Participants: 3,697</td>
</tr>
<tr>
<td>Number of Participants: 89</td>
<td>1,893</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Helping villages with no doctors to address the shortage of medical resources in mountains and remote area

In order to address the problem of insufficient medical resources in mountains and remote areas, the First Bank Culture Education Foundation collaborated with the Saint Mary’s Hospital Luchou to jointly build the “Aohua Medical Rehabilitation Center” in 2021. Aohua Village, Nianao Township is located at the southernmost tip of Yilan County and is close to Hualien County. It is a village with very inconvenient transportation. In addition, most of the local villagers work in farming and take odd jobs, which makes them prone to injury. Most of the elderly suffer from osteoarthritis and other degrees of limb degeneration, and are in urgent need of rehabilitation. To help people in remote villages obtain better medical resources and save them the trouble of having to travel long distances to seek medical attention, the First Bank Culture Education Foundation sponsored the physical therapy equipment and other equipment required by the “Aohua Medical Rehabilitation Center” and provided indigenous villagers in Yilan and Hualien with rehabilitation medical care nearby. It is estimated that more than 4,000 people will benefit each year.
Social Care

Disadvantaged Assistance

• First Bank Culture & Education Foundation donated 1% of payments made with the First Bank Wallet Card to the “School Education Savings Account” platform of the Ministry of Education. The platform sponsors education, school lunchboxes, and after-school classes for disadvantaged schoolchildren in remote areas to help their schooling. We helped 259 economically disadvantaged schoolchildren and those suffering from drastic changes in their families in their education, with an amount donated totaling NT$935,000.
• We donated NT$2.5 million to the Financial Service Industry Education Foundation. We supported 1,059 students from poor and disadvantaged families. We have donated NT$17.5 million over 7 years and assisted 11,465 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 327 disadvantaged schoolchildren in Anksing, Zhongsheng, and Erchong Elementary Schools for 11 consecutive years to provide education assistance programs to 3,679 students for 11 years.
• Collaborated with the Foundation of Helping Underprivileged Students of Taipei City and the Jen Ji Shiang Social Service Institute of Taipei City to promote micro-insurance and assist the disadvantaged in building insurance protections. A total of 341 schoolchildren benefited in 2021.
• We sponsored the breakfast program of “Firstan Elementary School” in remote areas of Nantou County and provided breakfast to 103 disadvantaged schoolchildren for the entire year.

Charitable Donation

• Together with the Andrew Food Bank, we donated 1,000 food care boxes to assist disadvantaged families in remote areas in 10 counties and cities throughout northern, central, southern, and eastern Taiwan.
• Donation of physiotherapy equipment and other equipment needed for the establishment of the “Ashura Medical Rehabilitation Center” by the Saint Mary’s Hospital Luobong, which is expected to benefit more than 4,000 people every year.
• Donation of NT$5 million to help the patients injured in the “D042 Taroko Express Accident” with expenses related to their follow-up medical treatment, their everyday lives, and their return to society.
• Donation of NT$5 million to assist the people affected by the Kaohsiung Chungchongcheng Building fire and help them overcome their difficulties as soon as possible.
• 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$17,000,000 in 2021.
• Together with the “House of Dreams”, we launched the IEO Digital Account charity account opening campaign: “You open account, I donate, and we jointly build the future for young people”. A total of NT$12,600 was donated in 2021.
• Sponsored the Power Youth Care Foundation and SunnyHills “Mid-Autumn Festival Charity Project” by purchasing 300 boxes of pineapple cakes and gifting them to 20 elementary schools in remote areas that have received long-term support from the Bank.
• We responded to the “Buying Power Social Innovative Products and Services Procurement Incentive Mechanism” of the Ministry of Economic Affairs Procurement from social innovation organizations listed in the “Social Innovation Database” on the Social Impact Platform of the Small and Medium Enterprise Administration, Ministry of Economic Affairs for about NT$6.12 million.

Health and Gender Education

• We held 8 life education seminars and invited people with disabilities, disadvantaged children, and international athletes from Taiwan to share tips on how to go through life with an optimistic attitude, benefiting a total of 1,200 school children.
• Promotion of gender equality concepts through financial education promotion activities. A total of 29 sessions were held, benefiting around 1,998 people.

Donations to fight COVID-19

• To support fruit farmers in Taiwan, 50 metric tons of pineapples were purchased and shared with 40 social welfare organizations and schools in remote areas that have received long-term support from the Bank, as well as customers and employees; about 3.5 metric tons of mangoes were also purchased and gifted to 50 social welfare organizations, thereby fulfilling our corporate social responsibility and encouraging the public to support local agricultural products together.
• Donated epidemic prevention supplies and necessities to the elderly in remote areas who were cared for by the Peace Foundation Penghu Office and Hualien Social Welfare Foundation Basic Angel Service Station. A total of 270 people benefited.
• Taoyuan is at the front lines of Taiwan’s long-term fight against the pandemic, therefore we donated 10 “Contactless Intelligent SafePass (CIS) Kiosk” and 2 “TOCC Kiosks” to Taipei Veterans General Hospital, Taoyuan Branch and Taoyuan Armed Forces General Hospital.
• Donated 2 “UV-C Automatic Ultraviolet Disinfection Human Body Temperature Measurement Security Gates” to Yulin St. Joseph’s Hospital to tightly assist the hospital in carrying out epidemic prevention.
• Donated 5,000 isolation gowns to 5 medical institutions including Pub.Hospital of the Ministry of Health and Welfare, St. Joseph’s Hospital, Yuan’s General Hospital, Fangliao General Hospital, and Taitung Christian Hospital, thereby ensuring that frontline medical staff have sufficient PPE during the pandemic, and contributing to the safety of medical staff through practical actions.
• The Vientiane Branch responded to the Laos government’s pandemic prevention needs by donating 2,000 USD to the government’s special account for pandemic prevention and control. These funds were used by the Laos government for pandemic control and helped the local people unite against the pandemic.

Volunteering and Care

• 45 loving volunteer activities were held to accompany elderly people living alone, disadvantaged groups and financial education.
• The Prism Feihe Branch and its customers visited Ba Lai Township, Sua County, Kompart province and Poik Phnub sub-district in Phnom Penh, benefiting about 400 people over the course of two overseas volunteer activities. Since 2016, a total of 8,035 overseas disadvantaged people have benefited.
• We worked with Mammila Christian Hospital and Taipei Medical University Hospital Fang Hair Medical Youth Service Group for the 6th straight year to provide care for residents in remote areas in Hualien and Penghu, and sponsored 20 free clinics and 4 liver disease patient gatherings in Mammila Christian Hospital.

Sharing Feelings on Pandemic

Four online concerts were held, inviting inspiring figures to record ideas in advance at home, including singing, sharing stories with the public, and chatting about tips for coping with the pandemic, so as to enhance people’s resistance to stress and strengthen their resolve.
Green Care

Environmental Education Promotion

- Arranged an environmental education course at Tan Nan Elementary School in Nantou. A video discussing Miday Island taught the students about the crisis faced by the marine environment, so the students could learn to reduce the use of plastic products in their everyday lives. A total of 56 students benefited.

- Arranged an environmental education course at Sammin Primary School in Taoyuan. Through interactive games, children were taught to recognize environmental protection labels, and correct environmental protection concepts were conveyed to the students, benefiting about 55 people.

- Sponsored “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 from an early age, benefiting about 2,609 schoolchildren; furthermore, together with the “Taiwan Indigo Dye Association,” we invited disadvantaged children from an afterschool program at the Naiyinchang Happiness and Usability Center and Erinong Elementary School in Sanchong District of New Taipei City to walk the Qingtiangang and Erziping trails of Yangmingshan, so that the importance of cherishing the natural environment can be cultivated among children from an early age. A total of 46 people benefited.

- We hosted 6 beach cleanup activities “I Love Beautiful Oceans.” 367 volunteers picked up a total of 230 kg of fishery waste, general waste, and driftwood.

- Donated training supplies to the Bank’s table tennis team in the work study program so that players can have better facilities and environments to practice to improve the quality of training, benefiting about 150 people.

- In order to optimize the grassroots weightlifting training environment, we sponsored 5 junior high school weightlifting teams that have high potential but lack resources, and provided them with weightlifting training facilities and equipment, so as to enhance the athletes’ competitive ability.

- In order to support high-potential talent in Taekwondo at the grassroots level in remote areas, we sponsored 10 Taekwondo school teams from elementary, junior high, and senior high schools, providing players with equipment for competition, so as to cultivate outstanding sports talent in remote areas.

- Since 2019, we have been providing monthly food allowances to disadvantaged students or disabled athletes with high potential, in order to help them become stars in the future and bring glory to Taiwan on the international stage. A total of 5 athletes received the allowances in 2021.

Green Volunteers

- We organized 52 Green Volunteer events to support organic farms, protect coastlines, plant trees for carbon reduction, adopt contract growers, and implement the Green Light Sustainability Program and other Green Volunteer activities. We invested a total of NT$1,390,000 and harvested and purchased 2,856 kg of organic vegetables. We also purchased nearly 400 kg of organic red sweet potatoes of “Taiyuan No. 66.”

- In response to Arbor Day, we went to Kaohsiung City Leren Center to plant 83 pots of succulents and 10 saplings with the disadvantaged students, achieving 0.1 metric tons of CO2e in emissions reductions.

- Set up a booth at the “KaoHsiung E-sports Tournament” event, showcasing relaxing and interesting interactive games that integrated the spirit of green finance and environmental sustainability. Additionaly, we purchased agricultural products from organic farms that have received long-term support from the Bank, and gifted them to the people participating in the event.

- We hosted 6 beach cleanup activities “I Love Beautiful Oceans.” 567 volunteers picked up a total of 230 kg of fishery waste, general waste, and driftwood.

Green Cooperation

- Joined the Group’s subsidiaries, First Financial Holding Co., Ltd. used the 2‰ donations from the transactions with the First Bank Living Green Card to work with suppliers and customers in assisting 14 elementary schools in remote areas in Hualien County, Nantou County, and Taitung County with the installation of 2,599 sets of LED lighting equipment, which are estimated to reduce electricity use by about 218,000 kWh, cut electricity costs by approximately NT$87,000, and reduce emissions by 110.7 metric tons of CO2e each year.

- First Bank donated 2.6% from transactions paid using the Lienan card, which amounted to NT$11.08 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, cleanup of water sources and enhancing spiritual education.

- The First Bank donated 3% of the Yilan Card to the Yilan County Government for 2.52 million dollars, which was used for social welfare and tree planting and tree protection.

Table tennis training

- We established the men’s table tennis team in 2011 and 1 table tennis players were selected into the national team in 2021. They won a total of 9 gold, 17 silver, and 25 bronze medals. We also continued to sponsor training fees for 9 schools including Shiu De Elementary School in New Taipei City and benefited 272 players.

- In order to project a younger corporate image and expand our business to the younger generations on campus, we sponsored the 4th “League of Legends School Championship” of Taiwan eSports League Co. Ltd. In 2021, a total of 71 events were completed, accumulating a total of more than 2 million viewers.

Sports competition

- Donated training supplies to the Bank’s table tennis team in the work study program so that players can have better facilities and environments to practice to improve the quality of training, benefiting about 150 people.

- In order to optimize the grassroots weightlifting training environment, we sponsored 5 junior high school weightlifting teams that have high potential but lack resources, and provided them with weightlifting training facilities and equipment, so as to enhance the athletes’ competitive ability.

- In order to support high-potential talent in Taekwondo at the grassroots level in remote areas, we sponsored 10 Taekwondo school teams from elementary, junior high, and senior high schools, providing players with equipment for competition, so as to cultivate outstanding sports talent in remote areas.

- Since 2019, we have been providing monthly food allowances to disadvantaged students or disabled athletes with high potential, in order to help them become stars in the future and bring glory to Taiwan on the international stage. A total of 5 athletes received the allowances in 2021.

League of Legends School Championship

- Races were held on the Katagatan Boulevard and at the Dajia Riverside Park, and 716,888 uniform invoices were collected. The winnings of more than NT$150,000 were donated to 21 recipient groups. Approximately 20,000 people participated in the road race events.

Unified Invoice Cup for Road Running

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Artistic Cultural Creation

Charity movie screenings to support the cinema of Taiwan

In collaboration with our client Showtimes Cinemas, the Bank booked a cinema for the first time for a screening of the movie "Listen Before You Sing". More than 100 children that were receiving help from the Bank as well as school teachers and volunteers were invited to watch the movie, showing how the Bank is taking practical actions to support the cinema of Taiwan and leveraging the synergistic effect of public welfare to encourage children to be optimistic about the future and bravely pursue their dreams.

Support indigenous music talent

Sponsored the “Chin-Ai String Orchestra” life and education fund for disadvantaged students, not only continuing to cultivate indigenous music talent but also taking practical actions to improve music education in remote areas.

Promotion of anti-drug education

We organized the “Red Strawberries Say No to Drugs” campus tour events in 4 schools in the Tainan area with our customer, Grace Hsiao Dance Taipei, to teach youths to say no to drugs, benefiting approximately 628 students.

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. As of the end of 2021, 117 art and cultural exhibitions had been held, attracting more than 117,000 visitors. However, due to the impact of the COVID-19 pandemic, we organized another 4 sessions of “The Artistic World - Online Art and Cultural Event” where we shared artists’ creative process and works. The event allowed audiences to appreciate and experience art over the Internet.

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Finance innovation and inclusiveness
GRI: FS7, FS8, FS14, FS16

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 financial 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’s “iLEO Digital Account” upholds the core values of “simplicity, speed, innovation, and thoughtfulness” and targets the digital natives under 35 years old. Customers only need to complete the four steps of online account opening application before having a comprehensive digital financial account with multiple functions such as Taiwan dollar deposit, foreign currency deposit, trust fund management and so on.

In order to improve the diversified application channels for iLEO digital accounts and continue to penetrate the young generation, in 2021, it was connected with the service platform of the National Development Council, so that minors can obtain personal household registration information through the MyData platform when applying for the iLEO digital account, and the legal representative information of the underage customers can also be confirmed at the same time to carry out the account opening verification operation.

iLEO is now entering the stage of “knowing you best” brand value. In addition to launching a “multi-person collection service” to address the pain points of collection and payment during the pandemic, it has also created a “to-do calendar” with personalized reminders and an “expense analysis” feature for instant advice. In addition, the big data list is used to send customized advertisements, and the “iLEO’s Lab” has been established to incorporate emerging technologies such as AI technology and data computing, to create a digital financial innovation base for the First Bank.

Since its launching, the iLEO digital account users have exceeded 810,000, with an annual growth rate of 80.7% in 2021. It won the “2021 Best Reviewed Online Awards” of the DailyView, and is the fourth largest digital account in Taiwan. The number of “iLEO APP” downloads reached 252,000, with an annual growth rate of 57.62%.

6-2 Smart Applications

First Securities “e-account opening” upholds its “three rows 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 29,418 people have opened accounts as of the end of 2021, which is an increase of 85.92% over the same period in 2020.
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 44% of all cards issued in 2021.

**Single proprietorship online insurance verification platform**

Considering that most small sole proprietorships do not have high-standard online identity verification tools such as MOEACA ID card or financialCA ID card, for sole proprietors that apply for the Central Bank’s bailout loan scheme C as long as the responsible person has his / her identity verified online, the insurance verification procedure can be completed without an ID card, and the funds will be allocated within one day after the insurance verification at the soonest, benefiting small businesses affected by the pandemic while staying in line with the pandemic control consensus on safety, convenience and contact reduction of the online population.

**Artificial intelligence applications**

- First Bank promoted the “swiped 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. In 2021, a total of 41,104 credit loan and mortgage limit calculations were conducted through digital channel and 27,651 applications were filed. In addition, in order to enhance the efficiency of microfinance loan approval, the “single loan application access” has been established, actively inviting payroll transfer clients of the bank to apply for credit loans, also, the automatic review mechanism has been introduced to reduce manual work processes.

- 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 9,316 loan applications on “Micro Enterprise e-Services” in 2021.

**Robotic Process Automation, RPA**

During the credit review process, RPA is used to assist in collecting regular and highly repetitive customer data for analysis or review. By the end of 2021, 131 RPA operation procedures have been officially launched, reducing a total of 1,047 million hours of operating manpower, equivalent to the workload of 525.53 full-time employees.

**Real-time advance payment collection**

In order to improve the timeliness and convenience of securities transactions for customers, First Bank and First Securities have cooperated to establish a real-time advance payment collection function. When a securities client authorizes the purchase of “securities requiring advance collection of funds”, the system will automatically debit the client’s account with First Bank in real-time to reduce operational risks and improve efficiency.

**Mobile and online insurance**

Provide consumers with multiple channels to purchase insurance products. Customers can purchase First Life Insurance’s “internet sensitive annuity insurance” and “a travel insurance” through the mobile device of the First Bank financial consultant or by themselves through the First Bank digital channel.

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 eBank App - Overseas Branch Internet Banking” and “Financing eBank 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.

**Least Developed Countries, LDCs**

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 internet 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. In addition, “non-designated account transfer/verification function and 3Secure push verification service” have been added to the online banking and mobile banking APP to provide LDCs with more secure and convenient digital financial services.

**Mobile Payment**

First Bank has fully introduced the shared QR Code service at “Taiwan Pay.” Its “First e-Mobility”, “iLEO Taiwan Pay”, or “Taiwan Pay 1 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 2021, 679,901 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)”, “Pass (LINE Pay Money)”, “EasyCard (Easy Wallet)”, “Cash (Cash Pay)”, “Gama Pay”, “wPay”, “CPay”, 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 of financial services to all stages of one’s life and provide omnipresent financial services. We shall continue to strengthen core technologies and capacity and establish competitive advantages in intangible assets.

Open API Platform
In order to actively promote the development of Open Banking and cooperate with the competent authorities in the process of open banking, First Bank was approved by the FSC as one of the first open banks to start the second phase of the “consumer information inquiry” business, launching services in cooperation with Taiwan Depository & Clearing Corporation (TDCC) and Far East Tone. Through the linking of the second-phase API project, consumers can inquire about their financial transactions at the First Bank through TDCC’s “epassedbook” APP or Far East Tone’s “InDay Wallet” APP after authorizing First Bank to provide their financial transaction information, offering customers a faster, more convenient and better financial service experience.

iLEO coin collection platform
In May 2021, First Bank officially launched the “iLEO coin collection platform”. By adding First Bank LINE official account as friend and participating in the random marketing campaigns, customers can start collecting iLEO coins; or by converting “Taiwan Pay bonus points” and credit card bonus points into “iLEO coins”, customers can redeem them for iLEO’s merchandise or discount coupons from different business partners, etc., combining financial information conveyance and life entertainment experience. By the end of 2021, more than 140,000 people have used the platform.

6-6 Cross-Industry Alliance and Open API Connection
Through the standardization Open API of the Financial Information Service Co. Ltd., First Bank and First Life Insurance work 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. 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.

6-7 Social Media
First Bank and First Securities Investment Trust continue to manage various social networks (e.g. Facebook, LINE, IG, and YouTube), digital content (such as LEO’s life) and IP character (LEO) to increase the channels for customer communication, and to thus provide customers with information about promotions and daily lives and to gauge customer identification with the Bank and their service requirements.

The First Bank Facebook fan page combines the products with current affairs and issues in daily life to compose posts, enhancing the communication and stickiness of customers of all ages.

In order to increase the diversification of its YouTube channel, First Bank added a new program “LEO News Channel 2.0” in 2021, which actually reached the public through in-street interviews.

First Bank’s Instagram account attracts the attention of young people with rich and lively content such as lucky draws and LEO filters.

In response to the impact of the pandemic, the demand for delivery services has greatly increased. We worked with large-scale delivery platform “Uber Eats” on the campaign of registering for “stay-at-home living” promotion every month and enjoying 10% credit card rewards (limited to 1,500 persons per month) when ordering the First Bank credit card for payment.

To encourage people to go out less and search for housing items more through online channels, First Bank and Tainan Realty Estate launched a contact-free AI real-time viewing section together, allowing home buyers to notify the real estate agent with one click about online house viewing, combining with First Bank’s online mortgage service to provide customers with one-stop service. And the Bank also cooperated with “SPH Housing Transaction Network” to connect with the housing loan platform through API, allowing customers to make a one-stop shopping when choosing a house, viewing a house, and buying a house.

Cooperate with “Metro Taxi 178 Ride-hailing APP” with bonus points - iLEO coin, and allow customers to redeem points for car-ride coupons and friends to enjoy exclusive car-ride coupons for downloading merchant’s APP.

In order to allow people to enjoy a variety of financial products and services through digital channels at home, we cooperated with CardU.com.tw and launched the campaign of enjoying a new customer gift of NT$1,000 and a 7-11 coupon of NT$50 when applying for the LEO digital account; meanwhile, we cooperated with “PCHOME” in LEO digital account opening campaign to integrate financial services into customers’ lives.

On the “Protection-type Insurance Product Platform” of Fudini, we provide protection-type products such as Living Small-sum Life-time Insurance, term life insurance, one-year critical illness insurance, and 20-year critical illness insurance, allowing the public to experience convenient and independent digital insurance services.

We participated in the “nontobacco medical claims” project co-operated by the Life Insurance Association and the Taipei City Hospital. Policyholders can obtain medical diagnosis certificate and other related documents from multiple medical institutions authorized by the policyholders through the blockchain platform of the Life Insurance Association, and apply for medical insurance claims services from multiple insurance companies to speed up claims settlement time and reduce forgeries of diagnosis certificates.

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<th>First Bank Facebook fan page</th>
<th>Reach</th>
<th>Number of fans</th>
<th>Promoted services bound</th>
<th>Business cases promoted</th>
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<table>
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<tr>
<th>First Securities Investment Trust</th>
<th>Reach</th>
<th>Number of fans</th>
<th>Promoted services bound</th>
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<td>4,400,000</td>
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</tr>
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</table>

The most popular one in the domestic financial industry
INDEPENDENT ASSURANCE OPINION STATEMENT

First Financial Holding 2021 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 purpose of assuring its statements relating to its sustainability report, 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 2021 Annual Sustainability Report.
2. The evaluation of the nature and extent of the FFHC’s adherence to AA1000AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000AS 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 2021 Annual Sustainability Report provides a fair view of the FFHC sustainability programmes and performances during 2021. 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 performance information of Environment, Social and Governance (ESG) 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 assurance 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 1 external stakeholders to conduct interview
— interview with 26 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 reproduce
— 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 AA1000AS v3 (2018)

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AS (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 the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the FFHC’s inclusivity issues and has demonstrated sustainable conduct supported by top management and implemented in all levels among organization.

Materiality

The FFHC publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of FFHC and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the FFHC’s management and performance. In our professional opinion the report covers the FFHC’s material issues.

Responsiveness

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

Impact

FFHC has identified and fairly represented impacts that were measured and disclosed in probability 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 in First Financial Holding 2021 Annual Sustainability Report are reliable.

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 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 high 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.

Statement No: SRA-TW-2021055

For and on behalf of BSI:

Peter Pu, Managing Director BSITaiwan

BSI Taiwan Headquarters: 2ndFloor, No. 37, Ji-Hua Rd., N. Hu Dist., Taipei 104, Taiwan, R.O.C.

A Member of the BSI Group of Companies.
English Translation of a Report Originally Issued in Chinese

Assurance Report of Independent Auditors

To First Financial Holding Co., Ltd.

1. Scope

We have been engaged by First Financial Holding Co., Ltd. (the “Company”) to perform a limited assurance engagement in relation to and report on the selected sustainability information included in the Company’s 2021 Sustainability Report (“the Report”).

Regarding the performance information selected by the Company and their applicable criteria, please refer to Appendix A: “Summary of Subject Matters Assured”.

Management responsibility

The Company is responsible for the preparation of the Report in accordance with appropriate criteria, including referring to the disclosure of financial indicators of G4 standards issued by the Global Sustainability Standards Board (GSSB), and compiling in accordance with the disclosure standards issued by the Sustainability Accounting Standards Board (SASB) for commercial banks industry and consumer finance industry, and for the design, execution and maintenance of internal controls in regard to report preparation to support the collection and presentation of the Report.

Independent Auditor’s Responsibility

Our responsibility is to plan and perform limited assurance engagement in accordance with the SAES NO. 1 Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the Taiwan Accounting Research and Development Foundation.

2. Assurance

The procedures performed in limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement so that the level of assurance is substantially lower than reasonable assurance engagement. While we considered the effectiveness of the Company’s internal controls when determining the nature and extent of procedures, our procedures were not designed to provide assurance and opinion on internal controls.

To conclude for limited assurance, our procedures performed included:

- Interviewing with the Company’s management and personnel to understand the Company’s sustainability implementation and the reporting process;
- Understanding the expectations and requirements of the main stakeholders and stakeholders of the Company, the specific communication channels between the two parties, and how the Company responds to such expectations and requirements through interviews and inspection of relevant documents;
- Performing analytical procedures on the selected performance information, gathering and checking other supporting documentation and management information obtained, testing samples if necessary;
- Reading the Report to ensure the overall sustainability implementation is consistent with our understanding.

3. Limitations

Non-financial information contained within the Report are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also, assurance engagements are based on selective testing of information being examined, and it is not possible to detect all of the existing material misstatements whether resulting from fraud or error.

4. Quality and Independence

We are in conformity with Taiwan SAS No. 46 “Quality Control for Public Accounting Firms” to establish and maintain a sound system of quality control, including code of professional ethics, professional standards and those written policies and procedures in applicable regulations. We are also in conformity with related independence and other ethics requirements in Taiwan’s Norm of Professional Ethics, whose basic principles are integrity, objectivity, professional competence, due care and professional behavior.

5. Conclusion

Based on our procedures and evidence obtained, nothing has come to our attention that causes us to believe that any material modifications or adjustments should be made to the selected sustainability information in accordance with applicable criteria, and nothing has come to our attention that causes us to believe that any material modifications or adjustments should be made to the Report compiled in accordance with the disclosure of financial indicators of G4 standards, and the disclosure standards issued by the SASB for commercial banks industry and consumer finance industry.

Tseng, Yu-che
Ernst & Young, Taiwan
June 24, 2022

Notice to Readers

The reader is advised that the assurance report has been prepared originally in Chinese. In the event of a conflict between the assurance report and the original Chinese version or difference in interpretation between the two versions, the Chinese language assurance report shall prevail.
Appendix A: Summary of Subject Matters Assured

No. 1  Pg. 89

Subject Matter Information:
Approximately $90 million (3.4% of) of credit card data were used for the second time in 2021. No. of account holders affected by the data breaches involving personally identifiable information that occurred in 2021.

Note: The scope of information statistical disclosure hereunder covers FFHC and all its subsidiaries.

Applicable Criteria:
FN-CF-220a.2

• The information leakage hereunder is subject to the statistics of penalty cases published on the website of the competent authority.
• The information leakage hereunder is based on whether it is leaked outside the FFHC, and the information leakage behavior does not comply with the FFHC’s relevant regulations on confidentiality and information security management.

No. 2, 3  Pg. 89

Subject Matter Information:
In 2021, FFHC had no data and personal information leakage cases, and no legal proceedings related to customer privacy.

Note: The loss number hereunder is the same as the refund amount.

Applicable Criteria:
FN-CF-220a.2

1. No account holders whose information is used for secondary purposes: Refers to the first point in the technical protocol of SASB FN-CF-220a.1, and in accordance with the statistics on the First Financial Holding Co., Ltd.’s (hereinafter referred to as the “FFHC”) system parameters, as of December 31, 2021, the total number of customers using customer data for secondary purposes has been accumulated.
2. On Page 198 Table “Credit card fraud”, Fraud number and Loss amount of (Non-)presenting a physical credit card.

Note: The financial losses hereunder are subject to the statistics of penalty cases published on the website of the competent authority.

Subject Matter Information:
In 2021, FFHC had no data and personal information leakage cases, and no legal proceedings related to customer privacy.

Note: The loss number hereunder is the same as the refund amount.

Applicable Criteria:
FN-CF-220a.2

1. No account holders whose information is used for secondary purposes: Refers to the first point in the technical protocol of SASB FN-CF-220a.1, and in accordance with the statistics on the First Financial Holding Co., Ltd.’s (hereinafter referred to as the “FFHC”) system parameters, as of December 31, 2021, the total number of customers using customer data for secondary purposes has been accumulated.
2. Percentage involving personally identifiable information (PII): Refers to the second point in the technical protocol of SASB FN-CF-220a.1, and based on FFHC’s Information Security Incident Management Regulations, the total number of data breaches that occurred in 2021.

Applicable Criteria:
FN-CF-230a.1, FN-CB-230a.1

• Number of data breaches: Refers to the first point in the technical protocol of FN-CF-230a.1 and FN-CB-230a.1, and based on FFHC’s Information Security Incident Management Regulations, the percentage of data breaches involving personally identifiable information in 2021.
• Number of account holders affected: Refers to the third point in the technical protocol of SASB FN-CF-230a.1 and FN-CB-230a.1, and 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 2021.

No. 4  Pg. 198

Subject Matter Information:
On Page 198 Table “Credit card fraud”, Fraud number and Loss amount of (Non-)presenting a physical credit card.

Note: The loss number hereunder is the same as the refund amount.

Applicable Criteria:
FN-CF-230a.2

1. Referred to the first, second and third points in the technical protocol of SASB FN-CF-230a.2, statistics on the amount of fraud/s. No. of account holders affected by the data breaches involving personally identifiable information that occurred in 2021.

No. 5  Pg. 88-90, 92-95

Subject Matter Information:
On Page 88-90, 92-95 the content of “Fair Customer Treatment and Privacy Protection” and “Information Security”.

Disclosure Elements Corresponding Report Contents

Privacy/ Personal Information Policy

Applicable scope, and all actions taken for personal information by all personnel of the company 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.

Scope of Privacy/Personal Information Protection

The information security risk of personal information leakage is included in the emerging risks, and major risk identification, measurement, supervision and control procedures are established, stipulating that each subsidiary shall incorporate personal data protection procedures into the internal control system and conduct regular self-checks to ensure the implementation of the policy.

Information Security Policy

The information security risk of personal information leakage is included in the emerging risks, and major risk identification, measurement, supervision and control procedures are established, stipulating that each subsidiary shall incorporate personal data protection procedures into the internal control system and conduct regular self-checks to ensure the implementation of the policy.

Privacy/Personal Information, Internal Control

Overview branches also follow the personal information protection policies stipulated by the competent authorities of various countries. After the UK left the European Union in 2021, EU’s “Standard Contractual Clauses” (SCC) signed by the London branch will still remain valid, and its legal compliance officer will continue to serve as the DPO, and will continue to pay attention to the revision progress of the “International Data Transfer Agreement (IDTA)” of the ICO. British competent authority, so as to facilitate timely revision of internal policies, procedures and international data transfer agreements.

No. 5  Pg. 88-90, 92-95

Subject Matter Information:
On Page 88-90, 92-95 the content of “Fair Customer Treatment and Privacy Protection” and “Information Security”.

Disclosure Elements Corresponding Report Contents

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Information Security Policy

The information security risk of personal information leakage is included in the emerging risks, and major risk identification, measurement, supervision and control procedures are established, stipulating that each subsidiary shall incorporate personal data protection procedures into the internal control system and conduct regular self-checks to ensure the implementation of the policy.
variable salaries of employees of FFHC and all its subsidiaries are counted in 2021, and used to calculate the ratio of variable
ity strategy and also reflects employees' job performance and fairness in such assessment.
ated risks.
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
• First Bank has cooperated with the Financial Information Sharing and Analysis Center (FISAC) in evaluating the Cybersecurity Assessment Tool (CAT), and has produced the FISAC Taiwan’s version of cybersecurity maturity assessment.
• First Bank, First Securities and First Life Insurance have all introduced the ISO 27001 information security management system, and First Bank has introduced the ISO 20000 information service management system and obtained the BS 10125 personal information management systems certification in 2021. First Life Insurance still obtained BS 10125 personal information management systems certification. These certifications will enable them to use a third-party independent organization to identify blind spots in their implementation and verify the effectiveness of information security management.
• First Bank’s Digital Security Division has established a KPI for adding two international information security licenses each year.
• First Bank continues to purchase 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 complete-
ness 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, including building and verifying the internal webpage application firewall function, introducing mail cleaning operations and providing mail encrypted attachment detection, and improves network and information system security capabilities.
• 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.
• The Company enhanced information security education to prevent malicious programs from penetrating the Company’s information system through social engineering. First Bank, First Securities, First Securities Investment Trust, and First Life Insurance organized 24 social engineering drills every quarter within the scope of security monitoring for all employees. The employee test coverage rate was 100% and drill items included opening email, clicking on the link, delivery receipt, opening the attachment, and successful phishing.
• Information security-related items such as the completion rate of the drill and the occurrence of information security hazards causing the Company or its subsidiaries to be severely punished by the competent authority are listed as annual performance appraisal indicators for employees.

Information Security Governance Maturity

Applicable Criteria:
FN-CF-270a.3, FN-CB-250a.2
Referred to the first to seventh points in the technical protocol of SASB FN-CF-270a.3 and FN-CB-250a.2, we confirm and clarify the information security management policy and structure of FFHC, and protect and identify methods of information security-reliated risks.

No. 7
Page 199
Subject Matter Information:
On Page 199 Table “Indicators of loan and credit card products - distinguished by credit risks”, Approval rate of Loan and Credit card of each risk level customers.

Note:
• Prepaid card products are not provided by First Bank. Therefore, in accordance with “Key Points of Credit Rating of First Bank’s Consumption Amount” and “Credit Card Application Scorecard Development Manual”, risks of loan and credit card application are distinguished, and the approval rate and interest rate/approval rate are counted.
• Classification of Credit Risk. low risk means credit rating 1 to 9 of the consumer finance application, high risk means credit rating 10 to 15 of the consumer finance application.
• Classification of Credit Card Risk. low risk means credit rating 1 to 8 of the credit card application, high risk means credit rating 9 to 13 of the credit card application.

Applicable Criteria:
FN-CF-270a.2
Refers to the first and second points in the technical protocol of SASB FN-CF-270a.2, the approval rate and statistical applica-
tion of loan and credit approval rate is counted separately on the basis of credit risk level, and counted the overall loan and credit card approval rate after credit risk assessment.

No. 8
Page 199
Subject Matter Information:
On Page 199 Table “Indicators of loan and credit card products - distinguished by credit risks”, Interest rate, Average amount terms and Average number of accounts held of Loan and Credit card of each risk level customers.

Note:
• First Bank does not have any additional product charges due to credit risk.
• The status of average annual interest rate, average account term and average number of account held hereunder is distinguished in accordance with First Bank’s internal credit card risk related rating methods.
• Prepaid card products are not provided by First Bank. Therefore, in accordance with “Key Points of Credit Rating of First Bank’s Consumption Amount” and “Credit Card Application Scorecard Development Manual”, risks of loan and credit card application and related data are distinguished and counted.
• Classification of Credit Risk. low risk means credit rating 1 to 9 of the consumer finance application, high risk means credit rating 10 to 15 of the consumer finance application.
• Classification of Credit Card Risk. low risk means credit rating 1 to 8 of the credit card application, high risk means credit rating 9 to 13 of the credit card application.

Applicable Criteria:
FN-CF-270a.3
Average fees from add-on products for customers with FICO scores above and below 660. Refers to the first point in the technical protocol of SASB FN-CF-270a.3, review First Bank’s additional product fees due to credit risks.
• Average APR, average age of accounts and average number of trade lines for customers with FICO scores above and below 660. Refers to the second, third and fourth points in the technical protocol of SASB FN-CF-270a.3, for loan and credit card products, the average annual interest rate, average account term and average number of account held are distinguished and counted in accordance with credit risks.
• Average annual fees for pre-paid products for customers with FICO scores above and below 660. Refers to the fifth point in the technical protocol of SASB FN-CF-270a.3, review First Bank’s annual fees for holding pre-paid products.

No. 9
Page 199

Subject Matter Information:
In 2021, the Group received a total of , of which 56 are notified by the competent authority (see appendix for details: sustain-
able operation indicators).

Note: The information sources of the competent authority hereunder are mainly based on the filing records of the complaint cases archived by the FHC, except for the statistics on the complaint cases of the Financial Ombudsman Institution and FSC Banking Bureau.

Applicable Criteria:
FN-CF-270a.2
• Number of complaints filed with the Consumer Financial Protection Bureau (CFPB) - Refers to the first point in the technical protocol of SASB FN-CF-270a.4, statistics on the percentage of customer complaints filed by the competent authority of FHC in 2021.
• Percentage with monetary or non-monetary relief - Refers to the second point in the technical protocol of SASB FN-CF-270a.4, statistics on the percentage of all FHC’s customer complaints filed by the competent authority that failed the mediation in 2021.
• Percentage that resulted in investigation by the CFPB - Refers to the fourth point in the technical protocol of SASB FN-CF-270a.4, statistics on the percentage of all FHC’s customer complaints filed by the competent authority that entered into the Financial Ombudsman Institution in 2021.
No. 10  Pg. 199
Subject Matter Information:
In 2021, the Group had 9 sanctions by competent authorities and lawsuits related to product sales and services, with a total loss of NT$1,406,437 (see appendix for details: sustainable operation indicators), the Group has improved the relevant deficiencies and added relevant control mechanisms, effectively enhancing the protection of consumers’ rights and interests.

Note:
• The sanction cases counted by the competent authority herein are consistent with the description of the sanction cases issued by the FSC Insurance Bureau.
• The amount of property damage herein does not include the financial loss of the case being accepted.

Applicable Criteria:
FN-CF-270a.5
Refers to the first point in the technical protocol of SASB FN-CF-270a.5, inventory of FFHC’s sanction cases and litigations related to product sales and services that have been counted by the competent authority.

No. 11  Pg. 82
Subject Matter Information:
In 2021, the total number of valid credit card customers of First Bank was 641,991.

Note:
Pre-issued card products are not provided by First Bank.

Applicable Criteria:
FN-CF-002.A
Refers to SASB’s activity metric FN-CF-002.A, statistics on the total number of customers with valid credit cards held by First Bank as of December 31, 2021.

No. 12  Pg. 82
Subject Matter Information:
In 2021, the total number of valid credit card customers of First Bank, and the number of cards in circulation reached 1,413,713.

Note:
• Pre-issued card products are not provided by First Bank.
• The number of credit cards in circulation herein are consistent with the relevant statistical data of the Banking Bureau.

Applicable Criteria:
FN-CF-001.B
Refers to SASB’s activity metric FN-CF-001.B, statistics on the number of credit cards in circulation with valid credit cards held by First Bank as of December 31, 2021.

No. 13  Pg. 198
Subject Matter Information:
On Page 85 Table, the total number of loan accounts and the total balance of small businesses of First Bank as of December 31, 2021.

Note: 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, employer fewer than 20 employees, registered capital is less than NT$5 million, or annual revenue is less than NT$10 million.

Applicable Criteria:
FN-CB-240a.1
• Refers to the first point in the technical protocol of SASB FN-CB-240a.1, the number of loans outstanding qualified to programs designed to promote small business made by First Bank as of December 31, 2021.
• Refers to the second point in the technical protocol of SASB FN-CB-240a.1, the amount of loans outstanding qualified to programs designed to promote small business made by First Bank as of December 31, 2021.

No. 14  Pg. 163
Subject Matter Information:
On Page 163 Table “Provide financial education to disadvantaged groups and in remote areas”.
Note: The definition of group herein includes disadvantaged groups and rural areas as defined by the competent authority.

Applicable Criteria:
FN-CB-240a.4
Refers to the first and second points in the technical protocol of SASB FN-CB-240a.4, statistics on the total number of customer engagements in providing financial education for the unbanked, underbanked, or underserved customer group in 2021.

No. 15  Pg. 65
Subject Matter Information:
In 2021, the Company had no financial losses resulting from litigation involving fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, corruption, or other violations of financial industry laws and regulations.

Note: The financial losses herein are subject to the statistics of pertinent cases published on the website of the competent authority.

Applicable Criteria:
FN-CB-510a.1
Refers to the first point in the technical protocol of SASB FN-CB-510a.1, the total amount of monetary losses incurred in 2021 as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws and regulations.

No. 16  Pg. 65
Subject Matter Information:
The whistleblower system and procedures in page 65 Table “Whistleblower System, Process, and Results” in Chapter “Ethical corporate management”.

Disclosure Elements  Corresponding Report Contents
Whistleblowing Policy  The “Whistleblower System Implementation Rules” reviewed and passed by the Board of Directors. Our subsidiaries all established a whistleblower system that was reviewed and passed by their respective Board of Directors.
Whistleblowing Contact  The internal audit unit/endorsement supervisor at the Company and subsidiaries is responsible for handling whistleblower cases.
Whistleblowing 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.
Whistleblowing Acceptance Requirements  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.
Whistleblower Procedure  • 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. In the process of the acceptance and investigations of reports, individuals with conflicts of interest shall be removed.
• Depending on the type of case, an independent unit is designated to conduct the investigation. For cases received by the Company and investigated by a subsidiary, the subsidiary is required to report investigation results to the Company.
• The investigation unit shall complete the investigation within 2 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 10 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. Documentation of case acceptance, investigation processes, and investigation results shall be retained in complete written format or digital files for at least 5 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.
• 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 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”.

No. 14
Note: Regulations hereunder include the whistleblowing policy, whistleblowing contact, whistleblowing channels, whistleblowing scope, whistleblowing acceptance requirements, whistleblowing procedure and whistleblowing incentives.

Applicable Criteria:
FN-CB-510a.2
Refers to the first point in the technical protocol of SASB FN-CB-510a.2, the company’s policies and procedures for disclosing whistle-blower systems are based on the “Whistleblower System Implementation Rules” applicable for 2021 of FFHC.

Subject Matter Information:
On Page 198 Table “Financial inclusion metrics and activity metrics for promoting small business development”, the number and value of checking and savings accounts of First Bank by person and small business as of December 31, 2021.

Applicable Criteria:
FN-CB-000.A
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, 2021.

Subject Matter Information:
On Page 198 Table “Financial inclusion metrics and activity metrics for promoting small business development”, the total number and balance of loans to individuals, small businesses and general businesses of First Bank as of December 31, 2021.

Applicable Criteria:
FN-CB-000.B
Refers to SASB’s activity metric FN-CB-000.B, the number and value of loans of First Bank by personal, small business and corporate as of December 31, 2021.

Subject Matter Information:
On Page 78 Table “[Corporate finance]: ESG-related products and their respective proportions”, the amount and percentage of ESG items.

Applicable Criteria:
GRI-G4-FS7 & GRI-G4-FS8
Refers to indicators of GRI-G4-FS7 and GRI-G4-FS8, statistics on the monetary value of the products and services designed to deliver the specific social and environmental benefit in the financial business of FFHC in 2021.

Disclosure Elements | Corresponding Report Contents
--- | ---
Whistleblowing 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.

Note: The scope of information statistical disclosure hereunder covers FFHC and all its subsidiaries.
Various Certifications
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<td>shared prosperity for current and future generations.</td>
<td>Sustainable financial products and services</td>
<td>P98</td>
<td></td>
</tr>
<tr>
<td>Principle 4: Stakeholders</td>
<td>We will proactively and responsibly consult, engage and partner with</td>
<td>Stakeholder Communication and Materiality Analysis</td>
<td>P4-45</td>
</tr>
<tr>
<td>relevant stakeholders to achieve society’s goals.</td>
<td>Responsible finance</td>
<td>P67</td>
<td></td>
</tr>
<tr>
<td>Principle 5: Governance &amp; Culture</td>
<td>We will implement our commitment to these Principles through</td>
<td>Sustainable Governance Operation Mechanisms</td>
<td>P4-43</td>
</tr>
<tr>
<td>effective governance and a culture of responsible banking.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principle 6: Transparency &amp; Accountability</td>
<td>We will periodically review our individual and collective implemen-</td>
<td>Sustainable Governance Operation Mechanisms</td>
<td>P4-43</td>
</tr>
<tr>
<td>tation of these Principles and be transparent and accountable for our</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>positive and negative impacts and our contribution to society’s goals.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Sustainable Operation Indicators

Financial Inclusion & Capacity Building

- Financial inclusion metrics and activity metrics for promoting small business development

<table>
<thead>
<tr>
<th>Item</th>
<th>Person</th>
<th>Small business</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of loan accounts</td>
<td>150,817</td>
<td>23,578</td>
<td>18,710</td>
</tr>
<tr>
<td>Value of loans (Unit: NT$1,000)</td>
<td>27,981,308</td>
<td>218,314,280</td>
<td>465,993,379</td>
</tr>
<tr>
<td>Number of checking and savings accounts</td>
<td>6,278,315</td>
<td>41,271</td>
<td></td>
</tr>
<tr>
<td>Value of checking and savings (Unit: NT$1,000)</td>
<td>1,574,188,755</td>
<td>14,010,632</td>
<td></td>
</tr>
</tbody>
</table>

Note:
- Exclude customers of overseas branches and subsidiaries.
- The number of loan accounts and checking and savings accounts of this year is changed to be calculated based on personal accounts.
- 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 or 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.

Information Security

- Credit card fraud

<table>
<thead>
<tr>
<th>Transaction type</th>
<th>Fraud number</th>
<th>Loss amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-presenting a physical credit card</td>
<td>6 cases</td>
<td>NT$165 thousand</td>
</tr>
<tr>
<td>Presenting a physical credit card</td>
<td>44 cases</td>
<td>NT$290 thousand</td>
</tr>
</tbody>
</table>

Note:
- Type of non-presenting a physical credit card, including online transaction counterfeiting.
- Types of presenting a physical credit card, including lost and stolen card, counterfeit card and counterfeited application.

Sales Process

- Indicators of loan and credit card products – distinguished by credit risks

<table>
<thead>
<tr>
<th>Industry category</th>
<th>Loan</th>
<th>Credit card</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low-risk credit rating</td>
<td>Low-risk credit rating</td>
</tr>
<tr>
<td>Approval rate (%)</td>
<td>61</td>
<td>4</td>
</tr>
<tr>
<td>Interest rate (%)</td>
<td>1.80</td>
<td>2.17</td>
</tr>
<tr>
<td>Average account terms (unit year)</td>
<td>6.99</td>
<td>7.27</td>
</tr>
<tr>
<td>Average number of accounts (credit card/field/unit/account/card)</td>
<td>1.06</td>
<td>1.02</td>
</tr>
</tbody>
</table>

Note:
- Prepaid card products are not provided by First Bank.
- First Bank does not have any additional product charges due to credit risk.
- Classification of Credit Risk: low risk means credit rating 1 to 9 of the consumer finance application, high risk means credit rating 10 to 13 of the consumer finance application.
- Classification of Credit Card Risk: low risk means credit rating 1 to 8 of the credit card application, high risk means credit rating 9 to 13 of the credit card application.

- Number of customer complaints counted by the competent authority

<table>
<thead>
<tr>
<th>Number of customer complaints counted by the competent authority (unit: case)</th>
<th>Cases established after mediation (%)</th>
<th>Cases failed after mediation (%)</th>
<th>Cases entering the review process (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>8</td>
<td>0.55</td>
<td>0.27</td>
</tr>
</tbody>
</table>

- Total financial losses resulting from product sales and services related litigation

<table>
<thead>
<tr>
<th>Litigation</th>
<th>Punishment of the Competent Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of cases</td>
<td>8</td>
</tr>
<tr>
<td>Incident description and improvement measure</td>
<td></td>
</tr>
</tbody>
</table>
- With respect to the termination process of the time deposit contract, the verification procedure has been proceeded in accordance with the regulations by the bank staff, and it was only a casebycase basis judgement. The business unit in charge will strengthen relevant education and training. 
- Seal signature on checks cannot be verified, the new function of continuous seal comparison in the trading system has been added. 
- Due to the negligence of court seizure procedures, a manufacturer has been appointed to develop a system, and uniformed the execution of branch seizure cases. 
- Customers accidentally slips and falls in a bank business unit, the gradient of the barrier-free slope of the business unit has been adjusted and pasted the anti-slip bar. 
- The other 4 lawsuits are still under trial.

<table>
<thead>
<tr>
<th>Total loss amount (Excluding the amount of losses which are still under trial)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NT$2,846,637</td>
</tr>
<tr>
<td>NT$1.2 million</td>
</tr>
</tbody>
</table>
SASB Sustainability Disclosure Topics & Accounting Metrics Content Index

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>CODE</th>
<th>ACCOUNTING METRIC</th>
<th>Chapter / Description</th>
<th>Pg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Privacy</td>
<td>FN-CF-200a.1</td>
<td>Number of account holders whose information is used for secondary purposes</td>
<td>Fair customer treatment and privacy protection</td>
<td>P89</td>
</tr>
<tr>
<td></td>
<td>FN-CF-200a.2</td>
<td>Total amount of monetary losses as a result of legal proceedings associated with customer privacy</td>
<td>Fair customer treatment and privacy protection</td>
<td>P89</td>
</tr>
<tr>
<td></td>
<td>FN-CB-200a.1</td>
<td>Number of data breaches</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FN-CB-200a.2</td>
<td>Number of account holders affected</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FN-CF-200a.3</td>
<td>Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud</td>
<td>Sustainable Operation Indicators</td>
<td>P198</td>
</tr>
<tr>
<td></td>
<td>FN-CF-200a.4</td>
<td>Description of approach to identifying and addressing data security risks</td>
<td>Fair customer treatment and privacy protection</td>
<td>P88.90</td>
</tr>
<tr>
<td>Data Security</td>
<td>FN-CB-200a.5</td>
<td></td>
<td>Information security</td>
<td>P92.95</td>
</tr>
<tr>
<td></td>
<td>FN-CB-200a.6</td>
<td>(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development</td>
<td>Sustainable financial products and services</td>
<td>P85.198</td>
</tr>
<tr>
<td></td>
<td>FN-CF-200a.7</td>
<td>(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development</td>
<td>Relevant information will be further disclosed in the future</td>
<td>-</td>
</tr>
<tr>
<td>Financial Inclusion &amp; Capacity Building</td>
<td>FN-CB-200a.8</td>
<td>Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers</td>
<td>Relevant information cannot be collected yet.</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>FN-CB-200a.9</td>
<td>Percentage of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers</td>
<td>Community engagement</td>
<td>P163</td>
</tr>
<tr>
<td></td>
<td>FN-CF-200a.10</td>
<td>Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold</td>
<td>Talent retention and diverse workforce</td>
<td>P143</td>
</tr>
<tr>
<td>Selling Practices</td>
<td>FN-CF-200a.11</td>
<td>Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660</td>
<td>Sustainable Operation Indicators</td>
<td>P199</td>
</tr>
<tr>
<td></td>
<td>FN-CB-200a.12</td>
<td>(1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines, and (5) average annual fees for pre-paid products, for customers with FICO scores above and below 660</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FN-CB-200a.13</td>
<td>Number of complaints filed with the Consumer Financial Protection Bureau (CFPB)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FN-CF-200a.14</td>
<td>Number of complaints filed with the Consumer Financial Protection Bureau (CFPB)</td>
<td>Fair customer treatment and privacy protection</td>
<td>P90, 199</td>
</tr>
<tr>
<td></td>
<td>FN-CF-200a.15</td>
<td>Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products</td>
<td>Sustainable Operation Indicators</td>
<td>P88, 199</td>
</tr>
<tr>
<td>Incorporation of Environmental, Social, and Governance Factors in Credit Analysis</td>
<td>FN-CB-210a.1</td>
<td>Commercial and industrial credit exposure, by industry</td>
<td>Relevant information will be further disclosed in the future</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>FN-CB-210a.2</td>
<td>Description of approach to incorporation of ESG factors in credit analysis</td>
<td>Responsible finance</td>
<td>P4.7.75</td>
</tr>
<tr>
<td>Business Ethics</td>
<td>FN-CB-510a.1</td>
<td>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</td>
<td>Ethical corporate management</td>
<td>P65</td>
</tr>
<tr>
<td></td>
<td>FN-CB-510a.2</td>
<td>Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities</td>
<td>Relevant capital adequacy management is disclosed on page 160 of the 2021 financial statements</td>
<td></td>
</tr>
<tr>
<td>Systemic Risk Management</td>
<td>FN-CB-550a.1</td>
<td>Global Systemically Important Bank (G-SIB) score, by category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity Metrics</td>
<td>FN-CF-000.A</td>
<td>Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account</td>
<td>Sustainable financial products and services</td>
<td>P82</td>
</tr>
<tr>
<td></td>
<td>FN-CF-000.B</td>
<td>Number of (1) credit card accounts and (2) pre-paid debit card accounts</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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