2021 SUSTAINABILITY REPORT

First Financial Holding

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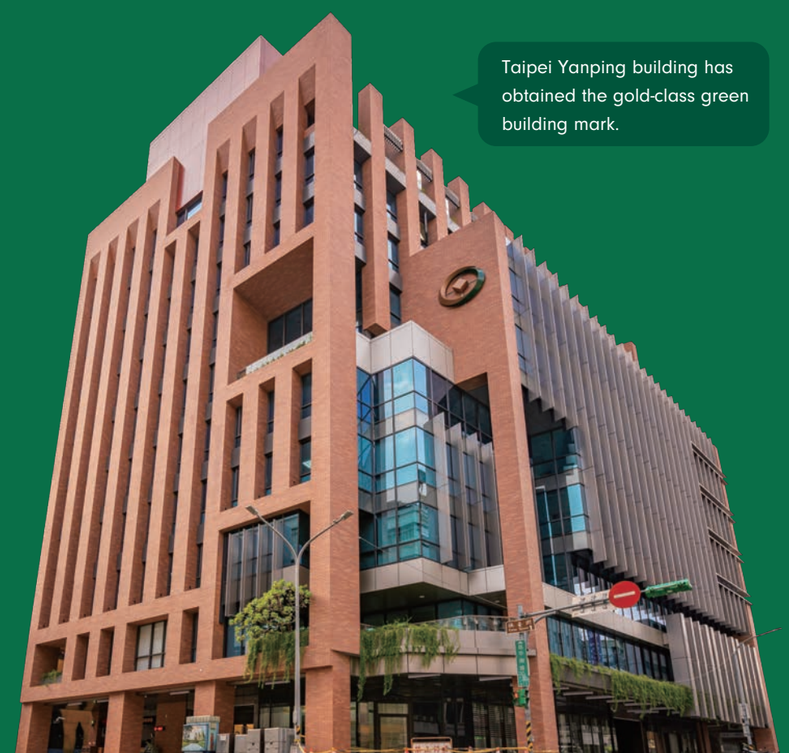

Taipei Yanping building has obtained the gold-class green building mark.

Report information

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 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 denominated in New Taiwan Dollars (NTD).

◇ Sustainability Reports from past years

◇ Reporting principles

The Global Reporting Initiative, GRI	GRI standards: Core option
	GRI guidelines and financial services sector disclosure standards
Taiwan Stock Exchange Corporation	Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
Sustainability Accounting Standards Board, SASB	Commercial Banks Sustainability Accounting Standard, Consumer Finance Accounting Standard
Task Force on Climate-Related Financial Disclosures, TCFD	TCFD Recommendations
International Advocacy	ISO 26000 Social Responsibilities Guidance
	Equator Principles,EPs
	United Nations Global Compact
	Sustainable Development Goals,SDGs
	Principles for Responsible Banking,PRB
	Principles for Responsible Investment, PRI
	Principles for Sustainable Insurance, PSI
	Green Bond Principles, GBP
	Social Bond Principles, SBP
	Sustainability Bond Guidelines, SBG
	Responsible Tax Principles

◇ External assurance of report

Standard	Certification Bodies
Environmental Education Site	Environmental Protection Administration, Executive Yuan
Product Carbon Footprint Label (First Bank Counter Service/Credit Card)	
Product Carbon Footprint Reduction Label (First Bank Counter Service)	
AA 1000 Assurance Standard application type 2 high level of assurance.	British Standards Institution, BSI
ISO 45001 Safety and Health Management System.	
ISO 20000 IT Service Management System	
Task Force on Climate- related Financial Disclosures (TCFD) Report (Conformity) Verification Statement	
ISO 27001 Information Security Management System	British Standards Institution, BSI/ SGS Taiwan
SAES No. 1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" （SASB-Commercial Bank、SASB- Consumer Finance）	Ernst & Young Global Limited
Accounting Research and Development Foundation of Taiwan, Statement of Auditing Standard No. 34 "Implementation of Financial Information Agreement Procedures"	
SAES No. 1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information"(Taipei Exchange Operation Directions for Sustainable Bonds,GBP,SBP,SBG.)	PricewaterhouseCoopers (PwC) Taiwan
ISO 14064-1 Greenhouse Gas Inventory	SGS Taiwan
ISO 50001 Energy Management System	
ISO 14001 Environmental Management System	
ISO 20400 Sustainable Procurement - Guideline	
ISO 46001 Water Efficiency Management Systems	
Category 3 in ISO 14064-1 (Indirect emissions from transportation - business travel)	
Category 4 in ISO 14064-1 (Indirect emissions caused by disposal business waste)	
BS 10012 Personal Data Management System	
Carbon Footprint Verification Statement (First Bank Counter Service)	
Product Carbon Footprint Criticality Verification Statement (First Bank Credit Card)	Environment and Development Foundation

◇ Contact method

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Chairman's Message

The global economy rebooted following the mass vaccination against COVID-19 in 2021. As new order and new economic and financial trends ensue, FHC continued to focus on FinTech innovation and talent development to strengthen its business resilience at this critical moment. Externally, the Company actively complied with government policies and assisted customers with innovation and transformation. Thanks to the concerted efforts of employees in the Group, FFHC was able to report another record-high profit. In 2021, the Group's consolidated assets of reached NT$3.74 trillion and the consolidated income was NT$62.604 billion. The net earnings after tax totaled NT$19.739 billion, consolidated ROE and ROA were 8.86% and 0.55%, respectively, and the earnings per share after tax was NT$1.52. Except for the bank, all other subsidiaries performed exceptionally well and their share of contributions to total profits reached a new high of 12.1%.

The use of the power of financial markets to promote corporate sustainable development has become a core value in international financial development policies. To incorporate ESG (environmental, social and governance) into its corporate culture with the management philosophy of "Building Ethical Governance for a Sustainable Future," FFHC established the CSR Committee in 2011, but this committee was renamed the ESG Committee in 2022. The ESG Committee has six trans-company groups working under it, namely, "Corporate Governance", "Responsible Finance", "Sustainable Financial Products and Services", "Employee Care", "Environmental Sustainability", and "Community Engagement". ESG performance indicators were incorporated into the performance evaluation of subsidiaries to accelerate our progress in promoting sustainable development.

FFHC continued to strengthen climate change governance in response to business risks in the finance industry brought forth by climate change. The Responsible Finance, Sustainable Financial Products and Services, and Environmental Sustainability Working Groups of the ESG Committee are tasked with identifying potential climate change risks and opportunities. The groups use 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 climate change, establish mitigation measures, set short-, medium- and long-term goals, follow up on KPI results, and report implementation results to the Board of Directors. To establish an effective and systematic response mechanism, FFHC conducted scenario analysis on climate risk cases, quantified the financial impact of climate risks, and prepared the 2020 TCFD report, which received the highest level of certification (Level 5+) by the British Standards Institution (BSI), setting an unprecedented example in the financial industry. Our subsidiary, First Bank, is also a signatory to the Equator Principles (EPs) and since then to the end of 2021, the bank has approved NT$19.578 billion in funds to finance 7 projects. In addition, four taskforces under the Green Finance Committee: "Sustainable Lending", "Sustainable Investment", "Climate-related Financial Disclosure (TCFD)" and "Carbon Disclosure (CDP)", incorporated climate-related risks into the company's overall risk assessment framework and convened quarterly meetings to give the Committee a report of the implementation progress. They also help companies and investors to invest in green and sustainable industries and ensure that their climate change risks are reasonably reflected in business decisions.

Since 2009, the Group has launched a number of green financing programs to promote the sustainable development of the environment and support industries in transitioning into a low-carbon economy. As of the end of 2021, the cumulative approved domestic and foreign green financing projects reached NT$16.97 billion. The Group also launched sustainability-linked loans offering preferential interest rates to companies with improved environmental performance indicators compared to the previous year. As of the end of April 2022, NT$59.3 billion in sustainability-linked loans have been approved to 33 customers. As a means of encouraging corporate borrowers to devise long-term business plans for low-carbon transition, we issued NT$1 billion in sustainable development bonds to finance the construction of solar power plants and wind farms, among other renewable energy projects. Additionally, First Consulting raised and managed a green energy fund of NT$682 million and First Venture Capital also invested NT$300 million in the construction of solar power plants with a total installed capacity of approximately 56.5MW. Once the power plants are completed, they are expected to reduce 56,500 tons CO_2e of carbon emissions each year, which is equivalent to the annual carbon sequestration of 145 Da'an Forest Parks.

To create a low-carbon city in response to the government's green energy policy, FFHC leads by example and formed a "Green Building Certification Program" team in 2010. As of the end of 2021, we have refurbished 29 existing buildings, which obtained the Green Building Label from the Ministry of the Interior ((Diamond class for 27 buildings, Copper class for one building, and Certified for one building). Two newly constructed buildings obtained the "Gold-class" Green Building Label. Our London Branch received the "Pass" green building rating in the BREEAM (Building Research Establishment Environmental Assessment Method) assessment, becoming not only the Company's first green building overseas, but also the first overseas building owned by a Taiwanese financial institution. Through these green buildings, we reduced 2,834 tons CO_2e, which is equivalent to the annual carbon sequestration of 7.3 Da'an Forest Parks. In addition, FFHC has constructed 17 solar-powered branches with an annual carbon reduction of 107.99 tons CO_2e. Between 2015 and 2021, we purchased green electricity and carbon credits, reducing reduce a total of 3,266,900 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. For two of our branches, one in Wanhua and the other in Huashan, we built an ecological hydroponic green roof featuring a solar power generation and rainwater harvesting system to create a zero carbon aquaponic farm that generates solar power and harvests rainwater. In 2021, the farm generated 2,669 kWh of solar power and helped reduce annual carbon emissions by 1.34 metric tons CO_2e. For this reason, our Wanhua Branch was certified by the Environmental Protection Administration as an "Environmental Education Facility." The Company also launched four environmental education courses, covering core competencies in the following topics: energy conservation and carbon reduction in green buildings, climate change risk management, green loans and financing review, and green consumer finance. We hosted 10 sessions of courses targeting enterprises, government agencies, and schools for a total of 271 participants. We also actively promote urban renewal and accelerated reconstruction of dangerous and old buildings by providing relevant financial services such as the one-stop financing and consulting service for urban renewal and preferential loans for accelerated reconstruction of dangerous and old urban buildings. Reconstructed buildings are transformed into energy-efficient and eco-friendly communities. As of the end of 2021, we have accumulated 136 such cases and approved a total of NT$87.4 billion in loans; of which, 77 cases obtained the Silver-Level Green Building Label or above and benefitted 2,555 households. These services are offered in response to the government's goal of promoting environmentally friendly and low-carbon cities.

We responded to the United Nations' Sustainable Development Goal for providing financial services to disadvantaged groups and remote areas. We actively promote inclusive finance and expand financing services for domestic small and medium enterprises. As of the end of 2021, the outstanding loans to SMEs amounted to NT$866.5 billion and our market share has topped all domestic banks for 12 consecutive years. We continue to support small and micro enterprises with a total of 7,512 beneficiaries of the "Loans for Young Entrepreneurs and Start-ups," "Loans for Minor Entrepreneurs" and "Micro Loans for Female Entrepreneurs" and NT$6.41 billion in loans. We also launched the "Micro Enterprise e-Services" for small and micro enterprises to quickly obtain start-up loans and operating capital; 9,336 applications were filed in 2021. First Bank offers a 24-hour online loan application service on its Epidemic Relief Loan Platform to help customers, including businesses and workers, who were affected by the COVID-19 pandemic to obtain relief funds as soon as possible. As of the end of 2021, First Bank approved 122,193 applications totaling NT$306.9 billion. We launched the "LOHAS retirement section" to provide a retirement wealth management service, "e-First Smart Wealth Management," for the aging population in Taiwan. Through this service, the trust assets of elderly customers and people with disabilities reached NT$11.246 billion. We processed 207 "Comfort Loan" reverse mortgage loans in 2021 approving an amount of approximately NT$1.194 billion.

To keep pace with the evolving FinTech, adapt to changes in economic activities caused by the pandemic, and attract young customers, First Bank's iLEO digital account is now made available to minors over the age of 7 who hold an ID card. This marks First Bank as the first financial institution in Taiwan to provide a comprehensive online account opening service for adults, minors, and sole proprietors. The iLEO digital account users have exceeded 810,000 by the end of 2021, 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%. To expand consumer mobile payment applications, we continue to work with eight major electronic payment companies including "JKOS (JKOPAY)", "iPass (LINE Pay Money)", "EasyCard (Easy Wallet)" to set up the "Payment Facilitated by Pre-arranged Deposit Account Link". First Bank ranked first among their partner banks and we have intensified the open API links with businesses of the Group and inter-industry partners to create a diverse financial ecosystem to provide financial services for daily necessities and social life.

FFHC uses group resources and employees to actively support social and charitable activities. We use the four major charitable strategies including "social care", "artistic cultural creation", "sports and contests", and "green care" to help resolve social and environmental issues by providing subsidies for breakfast for elementary schools in remote areas, financial support for disadvantaged schoolchildren, cultivation of sports talents, and provision of free exhibition and performance platforms to disadvantaged groups and artists and food banks. We organized 147 charitable activities in 2021 and invested NT$84.23 million. We also issued the World Card, Leezen Card, Living Green Card, Yilan Card, Taoyuan Card, and other green credit cards and donate a certain amount of the spending to environmental conservation and social welfare initiatives. We encourage cardholders to engage in sustainable consumption and the cumulative donations from the credit cards amounted to NT$648 million as we work with employees, suppliers, and customers in charitable activities.

To create a friendly and safe workplace, the Group establishes a friendly, gender-equal work system and workplace, focusing on seven aspects: corporate culture, organizational structure, salary and benefits, education and training, work-life balance, child birth measures, and workplace safety. We have a higher percentage of female executives and employees, and our female executives also have higher average salaries and remuneration than their male counterpart. To assist employees in maintaining work–life balance, FFHC provides leave benefits that exceed 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 14 days of paid epidemic prevention leave and working from home, among other flexible working measures and practices that surpass legal requirements. To address social issues arising from the low birthrate in Taiwan, we significantly increased employees' childbirth allowances in 2017, adding on top of that another NT$30,000 in marriage allowance. In 2021, we further increased childbirth subsidies to NT$100,000 for the first child and NT$150,000 for the second child and every child thereafter. As of the end of 2021, employees have given birth to 1,236 infants. The Group also planned to provide 58 days of maternity leave and 8 days of prenatal checkup/paternity leave, effective as of 2022, both of which surpass legal requirements and serve to help us realize the vision of creating a happy workplace.

FFHC delivered a brilliantly outstanding ESG performance in 2021, as evidenced by our inclusion as a constituent stock in DJSI "World Index" for four consecutive years and in "Emerging Markets" for six consecutive years, and ranking first in Taiwan and sixth worldwide among all banking enterprises. FFHC attained yet again the "A List" in the CDP climate change questionnaire and is the only financial institution in Taiwan to be ranked in the Leadership Level for four consecutive years. We were also rated as a top 5% listed company in the Corporate Governance Evaluation of Taiwan Stock Exchange Corporation for seven consecutive times. In the future, FFHC will continue to harness its power in the financial industry, drawing on its foundation in regulatory compliance, internal control, cyber security, and risk management, to continuously refine its corporate governance, promote sustainable finance, and bolster the Group's business components and competitiveness in sustainability to increase the long-term value of being the "No. 1 Brand in Sustainable Finance".

First Financial Holding Chairman

Yechin Chion

Awards And Acknowledgments In 2021

Overall ESG Performance

- FFHC was rated as a top 5% listed company in the TWSE Corporate Governance Evaluation for the 7th time.
- Received 5 major awards in the "Taiwan Corporate Sustainability Awards" including the "Taiwan Corporate Sustainability Report Awards - Banking and Insurance Platinum Award", "Gender Equality Leadership Award", "Social Harmony Leadership Award", "Growth through Innovation Leadership Award", and "Information Security Leadership Award".
- Awarded the Taiwan Sustainability Action Award "Environmental Sustainability Factors -Gold Award" and "Social Harmony Factors -Silver Award" and "Taiwan Sustainable Investment Award-Banking Model Award" by the Taiwan Institute for Sustainable Energy.
- FFHC was included as constituent stock in the "FTSE4Good Emerging Index" for 5 years in a row.
- FFHC received the "Sustainability Excellence Award" from the British Standards Institution (BSI) for the 6th consecutive year.
- First Securities was selected as "The Best List of Disclosures for Institutional Investors Stewardship 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 Yunlin County Government
- Awarded the "Environmental Volunteer Environmental Medal 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.

FFHC was selected for inclusion as a constituent in the 2021 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.

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 Relief Loans of Domestic Banks"." Excellent Award for COVID-19 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.
- First Bank was awarded the "Best Social Responsibility Award-Auxiliary category" and the "Best Insurance Professional Award-Auxiliary category " of the "Insurance Faith, Hope and Love Award" by RMIM Inc.
- Recognized for excellent performance in the "National Insurance Coverage Improvement Plan" for the 26th consecutive time
- Received the "Group Award of the Social Education Contribution Award" from the Ministry of Education for the second time.
- Won the "Permanent Award- Gold Award" of the 15th Arts & Business Awards from the Ministry of Culture.
- Awarded 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.

Products 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","100 Billion Insurance Project Promotion Excellence Award" "Guarantee Utilization Rate Excellence Award" by the MOEA and the FSC.
- 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 the Overseas Credit Guarantee Fund.
- First Life Insurance's "Meihaoanjia Mortgage Term Life Insurance" was awarded the 18th National Brand Yushan Award "Best Product Award".
- 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", and "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".

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).

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

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

Paperless business and operations reduced carbon emissions by **17,559** tons of CO_2e, equivalent to the annual amount of carbon absorption by **45** Daan Parks.

Society

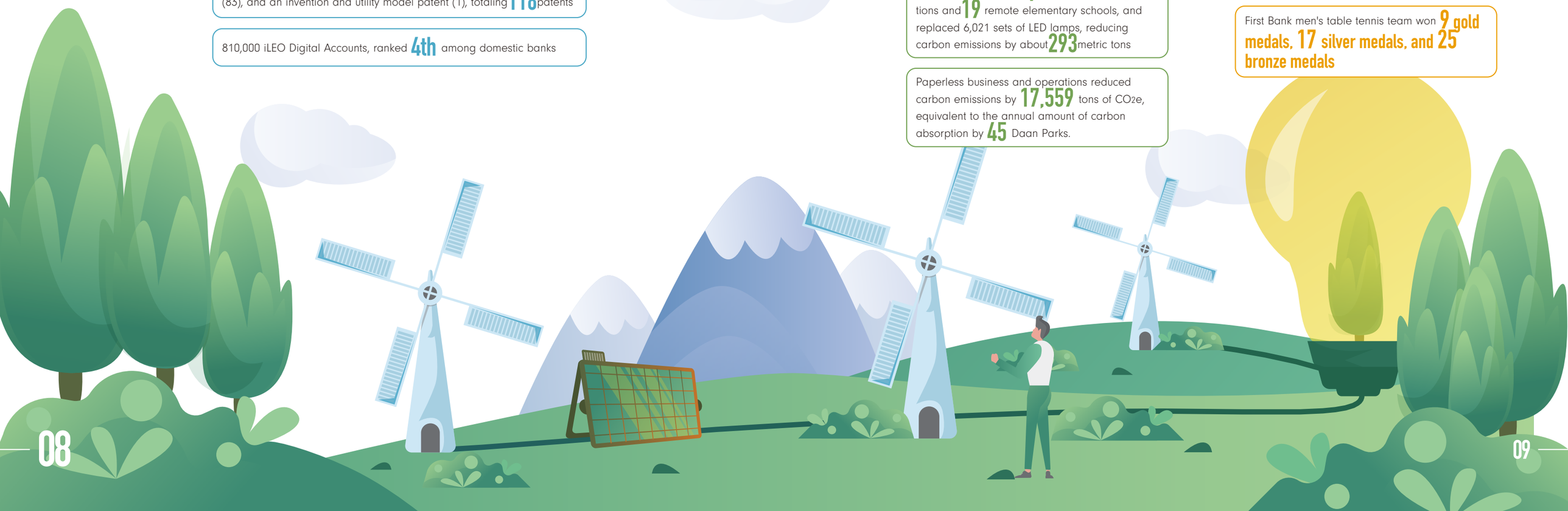
Selected as a constituent stock of "Taiwan High Compensation 100 Index" for **8** consecutive years and "Taiwan Employment Creation 99 Index" for **12** consecutive years

A total amount of NT$ **84.23** million was invested in social participation

1st place in the " Performance Evaluation for Trust of Senior Citizens and Persons with Disabilities"

Provided a total 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**

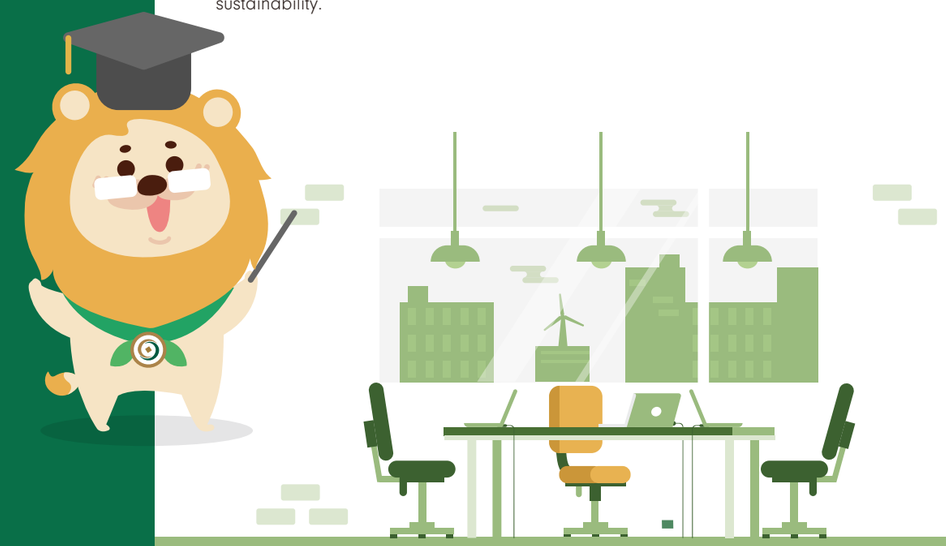


Sustainable Governance Operation Mechanisms

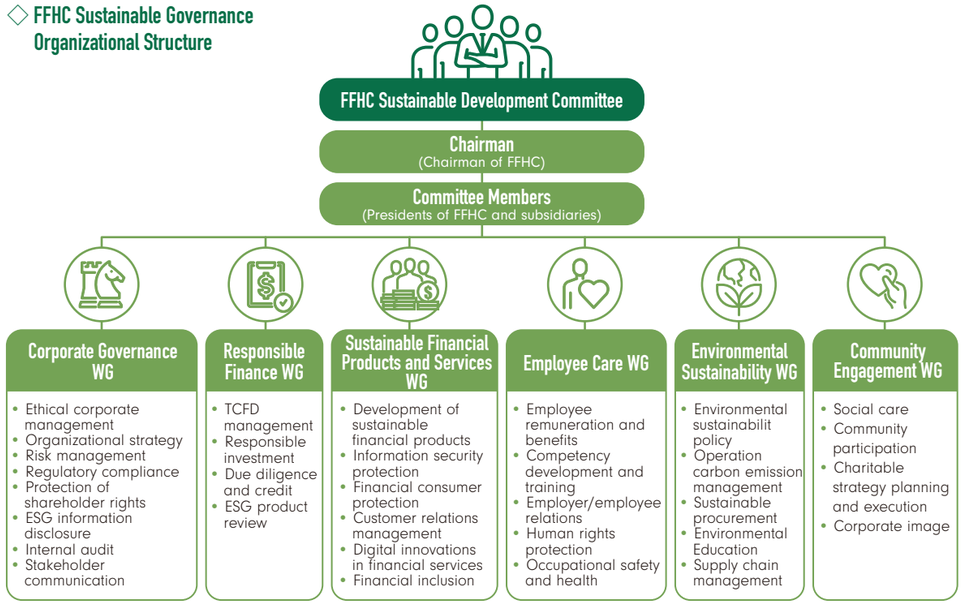
I. Sustainable Governance Organizational Structure

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 of the Group as members of the Committee. Renamed "Sustainable Development Committee" in March 2022. The Committee set up trans-company working groups on "Corporate Governance", "Responsible Finance", "Sustainable Financial Products and Services", Employee Care", "Environmental Sustainability", and "Community Engagement". A dedicated ESG unit is also assigned by the President each subsidiary for ESG communications, liaison and the provision of related information. The core team consists of 92 people (1 chairman, 8 committee members, 2 conveners, 6 executive directors, and approximately 75 employees split among the various working groups). The Sustainable Development committee is administered 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 " 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 United Nations Principles for Responsible Banking (PRB), Principles for Responsible Investment (PRI), and Principles of Sustainable Insurance (PSI) to incorporate ESG issues into the development strategies and operating procedures of core businesses such as investment, financing, underwriting, and insurance. We established the Group's sustainable lending, sustainable investment, and sustainable insurance policies to help customers and investees fulfill their obligations for environmental protection and social sustainability.



◇ FFHC Sustainable Governance Organizational Structure



II. Sustainable Development Committee Functions and Team Operation Mechanism

Every year, each working group of the Sustainable Development committee compiles the E.S.G. Issues of Concern to FFHC stakeholders, then draws up the short-term, mid-term, and long-term ESG targets, and drafts action plans 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.

01 Sustainable Development Committee Working Groups
Compile issues, draw up short-term, mid-term, and long-term targets and draft action plans and subsidiaries' annual ESG assessment basic items

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

03 Sustainable Development Committee Working Group Meetings
Discuss and revise short-term, mid-term, and long-term targets and draft action plans and subsidiaries' annual ESG assessment basic items

04 Sustainable Development Committee
Evaluate short-term, mid-term, and long-term targets and subsidiaries' annual ESG assessment basic items and announce the implementation of action plans

05 Convene Sustainable Development Committee Working Group Meetings
Track and review annual goals (including subsidiaries' annual ESG assessment basic items) completion on a quarterly basis

06 Sustainable Development Committee
Review execution and evaluate improvement plan for unfulfilled annual goals (including subsidiaries' annual ESG assessment basic items)

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

First Financial Holding Sustainable Development Milestones

2011

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

2012

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

2013

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

2014

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

2015

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

2016

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

2017

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

2018

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

2019

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

2020

- Revised FFHC CSR Code of Conduct
- Selected as a constituent stock in DJSI World Index for the 3rd consecutive year and DJSI Emerging Markets for 5 consecutive years
- The only financial institution in Taiwan to attain CDP Leadership A List recognition twice and received Leadership ranking for financial institutions for three consecutive years
- Rated as a top 5% listed company in the for the fifth year in the Corporate Governance Evaluation
- Twice selected as a constituent stock with AA ESG Ratings for banking enterprises in the MSCI Global Sustainability Index
- Included as constituent stock in the "FTSE4Good Emerging Index" on the London Stock Exchange for the fourth consecutive year
- First Bank and First Life Insurance were rated among the "Top 20% of the Fair Customer Treatment Principles Evaluation Rankings"
- Received 6 major awards in the "Taiwan Corporate Sustainability Awards" including the "Taiwan Corporate Sustainability Report Awards Banking and Insurance Platinum Award", "Gender Equality Leadership Award", "Social Harmony Leadership Award", "Growth through Innovation Leadership Award", and 2 "Information Security Leadership Award".

2021

- Revised the First Financial Holding CSR Policy to " Corporate Sustainable Development Policy "
- Revised Guidance on CSR for FFHC
- Changed the name of the FFHC CSR Committee to "ESG Committee" and adjusted the five Working Groups to six Working Groups
- FFHC was selected for inclusion as a constituent in the 2021 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, and ranked first in Taiwan's banking industry and top six in the world.
- First Financial Holding Company won international recognition with the "A " score again 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 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 for the 2nd time.
- 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.
- Received 5 major awards in the "Taiwan Corporate Sustainability Awards" including the "Taiwan Corporate Sustainability Report Awards Banking and Insurance Platinum Award", "Gender Equality Leadership Award", "Social Harmony Leadership Award", "Growth through Innovation Leadership Award", and "Information Security Leadership Award".
- FFHC was included as constituent stock in the "FTSE4Good Emerging Index" for 5 years in a row.
- First Securities was recognized by the FSC as "Top 20% of the Fair Customer Treatment Principles Evaluation Rankings".

2022

- Amended the Guidance on CSR for FFHC as the "Guidance on Sustainable Development for First Financial Holding"
- Renamed the Corporate Sustainable Development Policy of FFHC "Sustainable Development Policy"
- Renamed the Corporate Sustainable Development Committee of FFHC "Sustainable Development Committee"
- First Financial Holding Company was awarded the highest A-rating Leaderboard in the CDP 2021 Supply Chain Engagement Rating.
- To manage patents and trademarks, First Bank passed the Taiwan Intellectual Property Management System (TIPS) A-level verification by Industrial Development Bureau, MOEA, which is the No. 1 among government-owned banks.
- FFHC ranked in the top 5% of Corporate Governance Assessment Program for the 7th time.

Stakeholder Communication And Materiality Analysis

I. Stakeholder identification and communication

The opinions of stakeholders have served as the guiding principle for the development of the FFHC sustainable development strategy since the first 2011 Sustainability Report was published in 2012. Listening to the opinions of stakeholders and compiling the Environmental (E), Social (S) and Governance (G) issues of concern to stakeholders is used to internalize the issues as the corporate sustainability targets. The Group also refers to international sustainability standards and initiative such as the GRI Standards, ISO 26000, SDGs (Note 1), TCFD (Note 2),and the Equator Principle(Note 3). Sustainability evaluations such as the CDP (Note 4), DJSI (Note 5), MSCI ESG Ratings (Note 6), specific issues for the finance industry such as the PRB (Note 7), PRI (Note 8), SASB(Note 9) , GRI disclosure indicators for the financial services industry, stakeholder communications and feedback, and the Group's sustainable development strategy for sustainable finance are adopted as the basis for materiality analysis for the identification of 19 material issues in 3 major dimensions including Governance, Environment and Society. The issues are internalized as the Company's targets for sustainable development and organized as the basis for drafting reports.

Identify

01 Stakeholder identification

We embraced the spirit of the five main areas in the AA1000 Stakeholder Engagement Standards (AA1000 SES) regarding dependency, responsibility, influence, representativeness, and diversity by convening the ESG Committee's working groups for joint discussion and identification of the seven major stakeholders with the most influence and closest relations in the operations of the Group:
1.Employees/Union/Retired employees, 2.Shareholders/Investors/Analysts, 3.Customers, 4.Suppliers, 5.Community/Non-profit organizations/Non-government organizations/Academics and experts, 6.Government and competent authorities, 7.Media/financial institutions

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

II. Sustainable analysis matrix for issues of concern

The ESG Committee team members will then evaluate the "degree of impact of each issue on the outside", and score factors such as revenue, customer satisfaction, employee cohesiveness, and brand image to understand key issues under different factors and determine the importance of each sustainability issue and the order in which it will be disclosed

◇ Materiality analysis matrix for issues of concern

Analyze

03 Survey the level of concern

FFHC used an online and paper-based survey to collect information on the level of interest of the seven types of stakeholders in sustainability issues and recovered a total of 736 valid questionnaires including 289 from customers, 25 from suppliers, 54 from investors, 261 from employees, 54 from the media/other financial institutions, 7 from the government, and 46 from communities/NPOs/academics and experts.

04 Analyze sustainability issues' degree of impact of on the outside

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

05 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.

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 service industry, the corresponding 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.

Action

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

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

Note：
Note1: Sustainable Development Goals, SDGs
Note2: Task Force on Climate-Related Financial Disclosures, TCFD
Note3: Equator Principles, EPs
Note4: Carbon Disclosure Project, CDP
Note5: Dow Jones Sustainability Index, DJSI
Note6: Morgan Stanley Capital International, MSCI ESG Ratings
Note7: Principles for Responsible Banking, PRB
Note8: Principles for Responsible Investment, PRI
Note9: Sustainability Accounting Standards Board, SASB

◇ Explanation of Differences and Adjustments in Material Issues Compared to 2020

Material Issue	Differences	Reason for Adjustment
Responsible Finance	Name change	In line with the international sustainable development trend, First Bank has officially joined the Equator Principles Association to implement environmental and social risk control for large-scale project financing. Each group company has also formulated sustainable lending, sustainable investment and sustainable insurance policy, incorporating ESG issues into the development strategies and operational procedures of core businesses such as investment, financing, underwriting and insurance, guiding clients and investee companies to fulfill their responsibilities for environmental protection and social sustainability, and providing sustainable financial products or services that generate social and environmental value, thereby dividing "sustainable finance" into two major issues, "Responsible Finance" and "Sustainable Financial Products and Services". Changed the name of "Customer Service and Privacy Protection" to "Fair customer treatment and privacy protection".
Sustainable Financial Products and Services		
Fair customer treatment and privacy protection		Changed the name of "Customer service and privacy protection" to "Fair customer treatment and privacy protection".
Human rights protection		Changed the name of "Human rights" to "Human rights protection".
Risk management and continuous operation		The financial environment and business model are changing drastically. The development of industry trends and the risk management arising from the continuation of the pandemic also test whether an enterprise can continue to maintain a sound operation and development ability. Therefore, the name of "Risk Management" has been changed to "Risk management and continuous operation".
Sustainable Procurement and Supplier Management	New issue	"Supplier Sustainability Management and Sustainable Procurement" was originally classified under the scope of "Low-carbon operation and circular economy". In order to strengthen the engagement of suppliers and effectively manage the environmental, human rights and social risks hidden in the supply chain, "Sustainable Procurement and Supplier Management" has been listed as a major issue.
Tax Governance		"Tax Governance" was originally listed as the category of "Corporate Governance", but due to the new Common Reporting Standard (CRS) tax system, increasing the transparency of tax information and combating tax evasion has become an international trend, therefore, "Tax Governance" has been listed as a major issue.

III. Stakeholder Communication Channels and Results

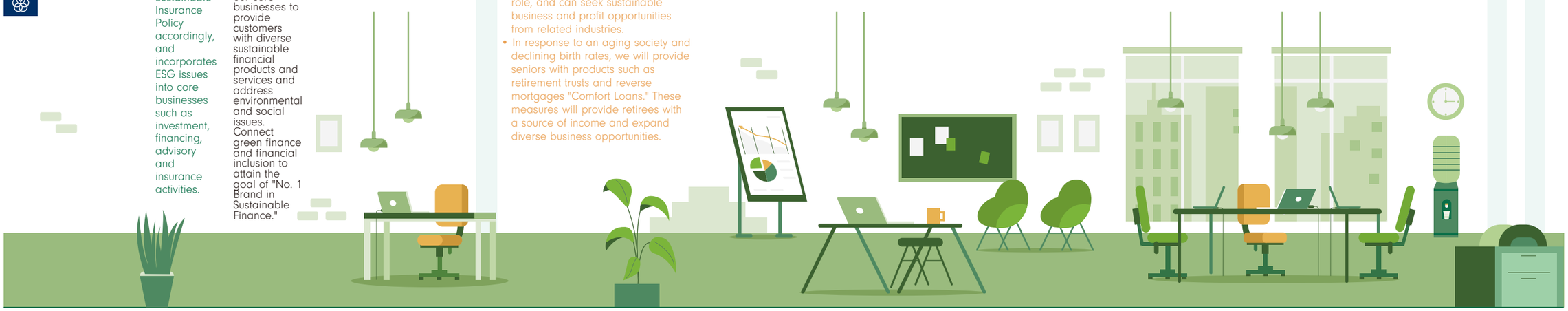
Stakeholder	Materiality	Communication channel and frequency	Material Issue	Communication highlights and accomplishments
Employees	Employees are the company's most important asset, and are crucial to the company's competitiveness. The support of employees is critical to our sustainable development and the most important component in our sustainable development fulfillment	• Monthly/ Quarterly: Employer/ employee meeting/Employee Welfare Committee, Labor Safety and Health Committee, Labor Pension Oversight Committee • Annually: Employee Commitment Survey • At least once a Year: Employee Savings and Stock Ownership Committee • Every 3 years: Committee Revision of collective bargaining agreement • Permanent: Employee and sexual harassment complaint hotline, fax, e-mail,Employee forum on internal website, "Whistleblower section," " President's mailbox" and "Ideas mailbox" • Ad hoc: First e-Academy digital learning system, Morning/evening business unit meetings	• Talent recruitment and skills development • Occupational Safety and Health • Talent retention and diverse welfare • Ethical corporate management • Business performance • Human rights protection	• In 2021, 3,044 employees passed English proficiency certification tests such as the LTTC, IELTS, TOEFL, TOEIC, BULATS, and GEPT while 307 employees passed the JLPT and the LTTC's Japanese, Spanish, Korean, and German language certifications • An Employee Commitment Survey was held in 2021, with a result of 91.03% • Chosen for inclusion in the "Taiwan Employment Creation Index 99 " for the 12th consecutive year • Included in the"Taiwan High Compensation 100 Index" for 8 consecutive years • 1,522 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
Shareholders/ Investors	To protect shareholder equity and to treat all shareholders equally, a corporate governance system has been set up to ensure that shareholders enjoy the right to full information, participation, and decision-making on important company matters	• Quarterly: Hosting of domestic investor seminars • Monthly and quarterly: Business performance report • Yearly: Convening of general shareholder meeting, Issuing Chinese and English annual reports, sustainability report, Annual ESG credit rating meetings of credit rating agencies, Participation in the DJSI comparison, climate change questionnaire, water questionnaire, and other international ESG ratings • Permanent: Telephone and e-mail of the spokesperson and investor relations department available from the corporate website's investor services section, Stakeholder survey in the corporate website's ESG section, Videos of investor seminars are concurrently published on our corporate website for viewing by investors(Retained for one year) • Ad hoc: Publication of corporate governance, investor seminar presentations, financial information, annual reports, Sustainability reports and stock-related information on both English and Chinese corporate website, Attend investor seminars at the invitation of securities brokers to communicate with investors, Participation in domestic and international corporate governance-related organizations	• Business performance • Corporate governance • Tax Governance • Risk management and continuous operation • Ethical corporate management • Prevention of money laundering, financial fraud and terrorism financing • Information security • Responsible Finance • Sustainable Financial Products and Services • Climate Change Strategy and Management • Human rights protection	• Annually implement internal/triennially commission external professional independent institutions to evaluate the performance of the Board of Directors (individual director) and functional committees, the results of which are reported to the Board before the end of Q1 of the following year and disclosed on the Company's website • First Securities was selected as "The Best List of Disclosures for Institutional Investors Stewardship in 2021" by the Taiwan Stock Exchange. • The Company was selected as a constituent stock in the DJSI "World Index" for the 4th consecutive year and was selected as DJSI Emerging Markets for the 6th consecutive year • FFHC was included as constituent stock in the "FTSE4Good Emerging Index" for 5 years in a row. • Won the "A List " in the CDP third times and has been ranked "Leadership Level" for 4 consecutive years • According to the credit rating reports issued by credit rating agencies such as Taiwan Ratings, S&P, and Moody's, the Group has a strong competitive advantage in the financial industry and is a model of sound corporate governance; in the financial market, we have demonstrated solid corporate values, distributed customer base along with sound financial structure, risk control and excellent asset quality • As a Premium member of the ACGA, the Company analyzed the latest corporate governance information and reports, participated in annual forums and seminars, and accord with the latest development trends in corporate governance • Institutional investors' opinions and issues of concern are reported to the Board regularly to assist all directors, executives and independent directors with understanding the opinions of shareholders
Customers	In keeping with the philosophy of "Customer Service Comes First," FFHC continues to provide customers with innovative products and quality services. We also ensure the transparency and security of products and service information while treating customers in a fair and reasonable manner to commit ourselves to improving customer satisfaction.	• Permanent: All of our Group subsidiaries have customer complaint channels, including business units, customer service hotlines, and e-mail; The companies' contacts are established on the Group's official website; we publish the telephone number, address, and email of the contact person • Regularly: Statements, latest financial information, event information, "Customer Information Confidentiality Measures" and "Customer Service Commitment", Hosting of service role-model competitions • Ad hoc: Conduct customer satisfaction surveys through telephone surveys, e-mail surveys, customer service hotlines or outside survey firm; Host seminars on trusts for seniors and the handicapped, financial planning and investment seminars, industrial park seminars and ESG engagement	• Fair customer treatment and privacy protection • Information security • Responsible Finance • Sustainable Financial Products and Services • Ethical corporate management • Risk management and continuous operation • Climate Change Strategy and Management • Finance innovation and inclusiveness • Business performance	• First Securities was recognized by the FSC as "Top 20% of the Fair Customer Treatment Principles Evaluation Rankings". • 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 Relief Loans of Domestic Banks"and "System, Whole Plant and Engineering Industry Export Syndicated loan 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 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 Fund. • "iLEO Digital Account" was selected as the 4th "Internet Word of Mouth 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$41.1 billion
Suppliers	Suppliers are FFHC's green partners. The supplier management and ESG product review mechanisms are used to select qualified vendors who conform with the spirit of corporate sustainable development as long-term partners in implementing ESG together	• Permanent: Whistleblower section • Regularly: If suppliers involve in environmental pollution, violation of labor laws and regulations, or threat to public interests, they will be required to give an explanation or be excluded as potential partners • Before listing: 1.Require companies that sell fund and insurance products through First bank to have compiled Sustainability Reports or issued a Sustainable Development Commitment 2. Review the ESG evaluation criteria of wealth management products through the ESG product review mechanism. The level of risk shall be classified based on the nature of these products before putting them on the market • Ad hoc: Organize supplier meetings, Transparency of tender information and publication on corporate website	• Sustainable 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 8 major government-owned financial holdings and banks to extend the concept of ESG and sustainable development to suppliers and crediting 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

Stakeholder	Materiality	Communication channel and frequency	Material Issue	Communication highlights and accomplishments
Governments/ competent authorities	Government policies influence the direction of business operations. FFHC actively cooperates with government policies, complies with regulatory laws, and develops a sound business environment	• Permanent: Establish an effective corporate governance structure and improve internal control system • Ad hoc: Participate in seminars, symposiums, public hearings, competitions and evaluations hosted by the competent authorities ;Compliance with the relevant laws and policies of the competent authorities and cooperate with their monitoring and inspections ;Disclose business-related information on the Market Observation Post System and corporate website	• Ethical corporate management • Corporate governance • Prevention of money laundering, financial fraud and terrorism financing • Risk management and continuous operation • Low-carbon operation and circular economy • Fair customer treatment and privacy protection • Sustainable Financial Products and Services • Responsible Finance • Climate Change Strategy and Management • Sustainable Procurement and Supplier Management • Information security • Occupational Safety and Health • Community engagement	• According to the results of the TWSE Corporate Governance Evaluation, FFHC was rated as a top 5% listed company for the 7th consecutive year. Selected as a constituent 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 5rd 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 platform 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" from the National Police Agency, Ministry of the Interior. • Won the "Permanent 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$933,000 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
Media/ Financial institutions	Media is one of the key channels for communication between FFHC and the other types of stakeholders. We disclose E.S.G-related information through the media at different times	• Permanent: Establish a spokesperson and PR department for liaising purposes • Ad hoc: Participation in assessments, seminars and conferences; Hosting of press conferences and issuing of press releases	• Business performance • Ethical corporate management • Information security • Corporate governance • Fair customer treatment and privacy protection • Finance innovation and inclusive-ness • Talent retention and diverse welfare • Community engagement	• 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
Community/ Non-profit organization/ Non-government organization/ Academics and experts	Communities form the social foundations for the development of FFHC. We actively participate in local community activities as part of our business operations and pay attention to how our operations affect the local community in order to build community rapport	• Regular: Hosting of art exhibitions , concerts and cultivating table tennis teams • Ad hoc: Hosting of blood drives /donation/compassion/green organic/recruitment of caring and green volunteers such as beach and mountain clean-up; organize financial school/ Green finance and environmental education courses /health and financial seminars/remote area free clinics; Sponsorship of tennis, table tennis /weightlifting/athletics/taekwondo/ar-chery/road running/badminton, participate in ESG related organizations, Hosting of energy-conservation symposiums and participation in sustainable finance seminars	• Community engagement • Sustainable Financial Products and Services • Climate Change Strategy and Management • Low-carbon operation and circular economy	• Assisted a total of 3,679 disadvantaged schoolchildren in Ankeng, Zhongzheng, and Erchong Elementary Schools for 11 consecutive years • Provided education assistance programs Sponsored the "Financial Service Industry Education Foundation" with NT$2.5 million in 6 consecutive years and helped 1,539 students from poor and disadvantaged backgrounds complete their studies in 2021 • First Bank donated 6‰ of payments made with the Leezen Card totaling NT$11.08 million to the "Tze-Xin Organic Agriculture Foundation" and the "Bliss and Wisdom Foundation of Culture and Education." The donations help provide guidance on organic certification of agricultural products, promotion of organic vegetarian school meals, clean-up of water sources, and enhancing spiritual education • We have helped 14 elementary schools in rural areas of Nantou and Taitung County, etc. install 2,599 sets of LED lighting equipment. We estimate that the replacement would reduce about 218,000 kWh of electricity, cut electricity costs by approximately NT$872,000, and reduce 110.7 metric tons of CO_2e each year • Launched 4 environmental education courses, namely, Energy Conservation and Carbon Reduction in Green Buildings, Climate Change Risk Management, Green Loans and Loan Review, and Green Consumer Finance and developed 2 sets of new environmental education online interactive courses, hosted 10 sessions of courses on environmental education targeting enterprises, government agencies, and schools, with a total of 271 people participated • Sponsored "Taiwan Indigo Dye Association" to organize "Campus Environment Education-al Lectures - The Beauty of National Parks in Taiwan" for schoolchildren to connect with, learn about, and further take action to protect nature and become junior environment keepers, benefiting a total of 2,609 schoolchildren • The "Planting Tree for Love" campaign was held for 6 consecutive years, and a total of 5,771 trees were planted, reducing CO_2e by 57.71 metric tons per year. • Held the "I Love Beautiful Sea" beach clean-up activity for five consecutive years, collecting a total of 13,567 kg of waste such as driftwood, fishery and general waste • Promoted gender equality concept through after-school programs of the volunteers. A total of 29 sessions were hosted, benefiting 1,998 people • Purchased 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 Economic Affairs, and won the third place in the "Buying Power Social Innovative Products and Services Procurement" of the Ministry of Economic Affairs • Donated NT$84.23 million to social engagement in 2021 • 1,559 volunteers participated in 2021, benefiting 17,150 people and 6,045 hours of service

Sustainable Development Goals

Material Issue and GRI specific topics	Materiality to Operations	Policies	Commitment	Action	Responsible Unit	Risks and Opportunities of Key Impact	KPI	2021 Goals	Completion Rate	2022 Goals	Medium/Long-Term Goals (2023-2027)	Value Chain Stage and Relations: Procurement/Suppliers	Front-end Financial Services for Customers[Note 1]	Financial Transactions[Note 2]	Back-end Financial Services for Customers[Note 3]	Old Assets[Note 4]
Information security GRI 203: Indirect Economic Impacts GRI 418: Customer Privacy FN-CB-230a.2, FN-CF-230a.3	In the face of business models of digital transformation and new forms of cyberattacks that appear each day, the only way to effectively protect the Company and customers' interests and achieve corporate sustainable development is through the constant improvement of information security systems and management strategies.	The "Information Security Management Regulations for FFHC and its Subsidiaries" was established to strengthen information security management by the Company and its subsidiaries, and ensure the security of information systems, equipment, network, and data.	Strengthen information security management, and protect and control data, systems, equipment, and network to ensure the security of information systems, equipment, network, and data.	• Banks and securities subsidiaries have appointed the Chief Information Security Officer (CISO). • SOP and inspection procedures are established for the development, conversion, online and upgrade of core and application systems, in order to ensure their confidentiality, integrity and availability. It is also commissioned external professional institutions to conduct vulnerability scanning and penetration tests, and periodically update security measures such as information security protection and vulnerability patching. • Traffic scrubbing and instruction intrusion prevention systems are established for the lines of external network services, in order to ensure the internal information security. • Periodically perform email social engineering exercises and raise information security awareness in daily operations by promoting precautions for social engineering prevention through education and training. • Carry out financial security governance maturity assessment pursuant to the Financial Supervisory Commission "Financial Cyber Security Action Plan", and commissioned external professional consultants to proceed it.	Sustainable Financial Products and Services WG	Risk: • 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 (online loan platforms, new payment tools and complex financial transactions), all of which have challenged the information security protection capabilities. • Information security issues resulting from insufficient internal security awareness and hacking attacks will lead to losses of the Company and customers. Opportunity: • The COVID-19 pandemic has driven the outbreak of digital financial business opportunities, and it has a safe and stable information security management structure and mechanism. • Implement information security and formulate plans related to information business continuity operations and emergency response plans for cyber threats to effectively maintain normal operation of the Company's core systems, and contribute to the development of digital financial business opportunities.	KPI 1: Conduct the review of ISO 27001 Information Security Management System	At least twice a year	100%	At least twice a year	At least twice a year	●	●	●	
							KPI 2: Conduct email social engineering exercises	Unit:: % Company: Open email / Click on links / Deliver return slip / Open attachments / Phishing successful Bank: <0.5 / <0.5 / <0.5 / <0.5 / <0.1 Securities, Securities Investment Trust: <2.5 / <2.5 / <2.5 / <2.5 / <2 Life Insurance: <2.5 / <2.5 / <2.5 / <2.5 / <1.8	100%	Unit:: % Company: Open email / Click on links / Deliver return slip / Open attachments / Phishing successful Bank: <0.5 / <0.5 / <0.5 / <0.5 / <0.1 Securities, Securities Investment Trust: <2.3 / <2.3 / <2.3 / <2.3 / <1.8 Life Insurance: <2.3 / <2.3 / <2.3 / <2.3 / <1.6	By 2027 Unit:: % Company: Open email / Click on links / Deliver return slip / Open attachments / Phishing successful Bank: <0.5 / <0.5 / <0.5 / <0.5 / <0.1 Securities: <1.5 / <1.5 / <1.5 / <1.5 / <1 Securities Investment Trust: <1.5 / <1.5 / <1.5 / <1.5 / <1 Life Insurance: <1.5 / <1.5 / <1.5 / <1.5 / <1				
							KPI 3: The time needed for switching from the core information system to the backup center and for resuming operations	Company / Switching Time Bank: 0.5 hours Securities: 1 hours Securities Investment Trust: 2 hours Life Insurance: 2 hours	Bank/ Securities/ Securities Investment Trust/ Life Insurance: 100% Life Insurance: 83%	Company / Switching Time Bank: 0.5 hours Securities: 1 hours Securities Investment Trust: 2 hours Life Insurance: 2 hours	Company / Switching Time Bank: 0.5 hours Securities: 1 hours Securities Investment Trust: 2 hours Life Insurance: 2 hours				
Business performance GRI 201: Economic performance	Companies should pursue excellent business performance and profits to maintain their operations and development, drive domestic economic growth, and spur job creation.	Focus on the trend of global production and sales chain transfer and low-carbon transformation, and continuously innovate and improve service models to create sustainable competitiveness.	The COVID-19 pandemic has plunged the global economy into severe stagnation. The Group will plan our overseas presence when necessary, integrate the values of product design and marketing channels of each subsidiary, respond to the trend toward localization and diversion of global supply chains in the post-pandemic era, and seize business opportunities lie in the return of Taiwanese companies, financial management for high-net-worth assets, startups, and green energy to enhance the Group's competitiveness in sustainable management.	Continue to strengthen the development of core businesses of each subsidiary and the close link between innovative product design and integrated marketing, promote the integration of cross-border, cross-industry and cross-reality, and create the maximum value for the Group.	Corporate Governance WG	Risk: • Increase the competitiveness after the consolidation of domestic peers. • The new economic model in the post-pandemic challenges the marketing capabilities of physical channels. Opportunity: • Return of overseas Taiwanese capital, and business opportunities such as high-asset financial management, digital, green energy industry and low-carbon transformation. • An ecosystem of various business entities and cross-industry alliances, connecting financial services and customer's life.	KPI 1: After-tax net profits budget achievement rate (NT$100 million)	NT$17.049 billion	116%	NT$20.313 billion	The annual growth rate of after-tax net profits is not lower than the average real growth rate of the domestic financial and insurance industry in the past three (3) years	●	●	●	
							KPI 2: The ratio of non-banking subsidiaries profits	8%	151%	10%	The ratio of non-banking profits continues to increase					

Material Issue and GRI specific topics	Materiality to Operations	Policies	Commitment	Action	Responsible Unit	Risks and Opportunities of Key Impact	KPI	2021 Goals	Completion Rate	2022 Goals	Medium/Long-Term Goals (2023-2027)	Value Chain Stage and Relations: Procurement/Suppliers	Front-end Financial Services for Customers[Note 1]	Financial Transactions[Note 2]	Back-end Financial Services for Customers[Note 3]	Old Assets[Note 4]
Sustainability Financial Products and Services 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 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	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 businesses such as investment, financing, advisory and insurance activities.	• Fulfill the social responsibility of the financial industry in the financial supply chain, ensure that operating activities, products, and services do not impact the society and ecological conservation, reduce the impact of products and services on the society and environment, and improve the social and environmental benefits created by the products and services. • Combine core competencies and take advantage of our core businesses to provide customers with diverse sustainable financial products and services and address environmental and social issues. Connect green finance and financial inclusion to attain the goal of "No. 1 Brand in Sustainable Finance."	• Strength the connection with ESG business model and through comprehensive channels such as financing, investment and commodities to continue investing in industries and small and medium enterprises related to environmental protection and green energy, aging population and low birth rate. We seek to support the development of environmentally and socially friendly industries and guide customers to fully implement ESG. • Combine the core functions of the financial industry to provide financially disadvantaged groups with equal access to financial services and create a win-win, friendly financial environment for consumers and financial institutions.	Sustainable Financial Products and Services WG	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 "Five Plus Two (5+2)" innovative economic development plan, the financial industry plays an indispensable role, and can seek sustainable business and profit opportunities from related industries. • In response to an aging society and declining birth rates, we will provide seniors with products such as retirement trusts and reverse mortgages "Comfort Loans." These measures will provide retirees with a source of income and expand diverse business opportunities.	GRI Financial Services Sector Disclosures: Active ownership FS11: Percentage of assets subject to positive and negative environmental or social screening GRI Financial Services Sector Disclosures: Local community FS14: Initiatives to improve access to financial services for disadvantaged people FS15: Policies for fair design and sale of financial products and services FN-CB-240a.1, FN-CF-000.A, FN-CF-000.B	KPI 1: Number of financing projects for urban renewal and the reconstruction of dangerous and old buildings	10 projects	450%	12 projects	Accumulate 50 projects	●	●	●	○
							KPI 2: Green financing (including green industry, green enterprise and green building) loan balance	NT$85 billion	100%	NT$100 billion	by 2027 NT$120 billion					
							KPI 3: Number of micro-insurance policies provided for the economically disadvantaged to gain basic coverage	300 policies	114%	320 policies	By 2027 370 policies					
							KPI 4: New volume of "Green Consumption Loans"	NT$800 million	432%	NT$2 billion	A total of NT$7.5 billion					
							KPI 5: Number of new loan accounts of Comfort Loan	80 accounts	259%	160 accounts	Accumulate 600 accounts					



Material Issue and GRI specific topics	Materiality to Operations	Policies	Commitment	Action	Responsible Unit	Risks and Opportunities of Key Impact	KPI	2021 Goals	Completion Rate	2022 Goals	Medium/Long-Term Goals (2023-2027)	Value Chain Stage and Relations: Procurement/Suppliers	Front-end Financial Services for Customers[Note 1]	Financial Transactions[Note 2]	Back-end Financial Services for Customers[Note 3]	Old Assets[Note 4]
Ethical corporate management GRI 205: Anti-corruption FN-CB-510a.1, FN-CB-510a.2	Corporate management focuses on integrity which is implemented in operations and management and compliance to prevent employee fraud, penalties, and damage to business reputation and customer trust in the brand.	Formulate relevant regulations concerning ethical management, establish solid business operations and ethical corporate culture, and realize sound management and corporate governance by requiring directors, supervisors, managers, and employees to understand and abide by the Group's ethical and moral values.	We are committed to the business philosophy of integrity, transparency, and accountability and establish policies based on integrity. The policies are implemented in internal management and external business activities.	• The Ethical Management Committee is comprised of all independent directors and is responsible for the establishment and amendment of the ethical management policies of the companies and organizations of the Group. • The Group's subsidiaries and organizations periodically provide employees with education, training, and promotion related to ethical management. • The directors, supervisors, managerial officers, and employees of the Group's companies sign the Code of Conduct of Directors, Supervisors, Managerial Officers, and Employees by the end of each year or when they are appointed. • Amend the Company's whistleblowing system, make the acceptance, distribution and investigation of whistleblowing reports more independent and transport, and protect named whistleblowers.	Corporate Governance WG	Risk: • If the Company does not have a sound internal control system nor establish evaluation and prevention mechanisms for the risks of unethical conduct, it may be at risk of suffering from company and customer loss or being punished by the competent authority. The consequences will damage the Company's image. Opportunity: • Implement ethical management, avoid corruption and other unethical matters, thus preventing financial losses, establishing the Company as an entity that conducts business with integrity, and improving customer trust and loyalty.	KPI1: Training completion rate for ethical management training	100%	100%	100%	100%	◎	●	●	●
							KPI 2: Reporting the execution status of ethical corporate management to the Board of Directors	At least twice a year	100%	At least twice a year	At least twice a year					
Corporate governance GRI 405: Employee Diversity and Equal Opportunity	Sound corporate governance system strengthens the stability and transparency of corporate operations and increases companies' long-term value and competitiveness. It is the basis for companies' sustainable development.	Establish related regulations concerning corporate governance and tax governance policy, build an effective corporate governance framework, and shape the culture of corporate governance to protect shareholder equity, strengthen the functions of the Board of Directors, and improve information transparency.	• Directors possess the knowledge, skills, and experience necessary for performing their duties, are highly self-disciplined, and exercise their authority in accordance with the law, Company regulations, or decisions of the shareholders' meeting. • Disclose financial and ESG information related to operating activities and management performance in a timely and proper manner.	• Continue to conduct performance evaluation of the Board of Directors (including functional committees) and publicly disclose relevant information. Strengthen the functions of the Board of Directors and functional committees, and improve the objectivity and information transparency of the performance of the Board of Directors. • Published the Corporate Social Responsibility Report in Chinese and English in accordance with the Global Reporting Initiative Standards (GRI Standards) and the Sustainability Accounting Standards Board (SASB) and obtain third-party confirmation or assurance to increase the quality of information disclosure on ESG. • Increase the number of independent directors on the Board of Directors and implement the diversity and independence of board members. • The key points for the performance assessment of the sustainable development of subsidiaries are formulated to deepen the implementation and execution of ESG policies and ensure the achievement of ESG annual goals.	Corporate Governance WG	Risk: • A sound corporate governance is the cornerstone of corporate management. Failure to continuously improve the structure and system of corporate governance will hinder the competitiveness and innovative growth of companies. Opportunity: • Continuous strengthening of corporate governance can enhance the functions and responsibilities of the Board of Directors, increase the values of the sustainable development of the Company, and deepen the trust of stakeholders. • The Company will attract more investments by international investors if our ESG management is recognized by international institutions.	KPI 1: Results of the Board of Directors' internal performance evaluations	Commission external professional institutions to evaluate the performance of the Board of Directors	100%	Average score > 4 points	Commission external professional institutions to evaluate the performance of the Board of Directors in 2024		●	●	●
							KPI 2: Actual attendance rate of all/individual directors	85% / 80%	100%	85% / 80%	85% / 80%					
							KPI 3: Board diversity	The number of board seats for independent directors of the 7th Board of Directors reaches at least 1/3 (5 seats)	100%	The number of board seats for any gender directors reaches at least 1/3 (5 seats)	Continue to implement the diversity and independence of the Board of Directors					
							KPI 4: The quality of information disclosure on ESG	Preparation Standard: GRI Standards; SASB Commercial Banks Sustainability Accounting Standard Assurance Standard: AA1000TYPE2 Assurance Standard Application Type 2; ISAE International Standard on Assurance Engagement 3000	100%	Preparation Standard: GRI Standards; Two SASB Industry Standards; Principles for Responsible Banking (PRB) Assurance Standard: AA1000TYPE2 Assurance Standard Application Type 2 High Assurance Level; ISAE International Standard on Assurance Engagement 3000	Preparation Standard: GRI Standards + Integrated Report; Two SASB Industry Standards; Principles for Responsible Banking (PRB) Assurance Standard: AA1000TYPE2 Assurance Standard Application Type 2; ISAE International Standard on Assurance Engagement 3000; Responsible Banking Principles (PRB) verification with 2023 report.				

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Risk Management and Continuous Operation GRI 419: Socioeconomic Legal Compliance	Formulate appropriate risk management policies in response to changes in the financial environment and business models, the emergence of various emerging risks and the handling of business crises. Establish independent and effective risk management mechanisms to manage all business risks and ensure healthy operations and sustainable development.	• The Board of Directors of the Company is the highest-ranking unit responsible for implementing risk management and establishing an internal control system to ensure continuous and effective operations. • Incorporate emerging risks into our risk management policy to implement the Group's mechanisms for identifying, evaluating, controlling, and reporting risks. • Formulate the Crisis Response Principles, so as to capable to deal with the Group's business crisis in a timely and effective manner.	Plan overall operation strategies, risk management policies and guidelines, and draft operation plans, risk management procedures, and implementation guidelines.	• Evaluate the implementation status for legal compliance of each company and connect the results of evaluations to performance evaluations to increase the effectiveness of the implementation of the compliance system. • Establish horizontal communication mechanisms for the second and third lines of defense to strengthen legal compliance, internal control, and internal audit synergy. • Submission of the Group's climate change risk assessment result, its mitigation measures and implementation status to the Board of Directors. • Establish the pandemic prevention emergency response team to actively handle various pandemic prevention response measures and avoid business interruption due to the expansion of the pandemic.	Corporate Governance WG、Responsible Finance WG	Risk: • Risk management and supervision requirements derived from digital transformation, including personal data protection, information security and money laundering prevention and control, all test the response ability of the company • Failure to quickly resolve business crisis events and resume operations in a timely manner will affect the sustainable operation of the company. Opportunity: • Strengthen the capital structure by offsetting risks and increasing the value of capital to address the risks and impact of the COVID-19 pandemic and establish emergency response measures and epidemic prevention plans to ensure the continuity of operations. • Implementing risk management and adhering to internal control rules can effectively lower or prevent operational risks and mitigate financial losses. • When the increasing capital adequacy ratio, First Bank will be able to strengthen its risk-bearing capacity and enhance the stability and soundness of management. • If business crisis events can be quickly resolved and resumed operations in a timely manner, harm can be reduced, and property or reputation damage can be reduced.	KPI 1: Double leverage ratio and (DLR) and Group capital adequacy ratio (CAR)	＜120% ≧110%	100% 100%	＜120% ≧110%	＜120% ≧110%	●	●	●	
							KPI 2: First Bank capital adequacy ratio (CAR) and Tier 1 capital ratio	CAR＞13.5% Tier1＞11.25%	100%	CAR＞14% Tier1＞11.75%	From the end of 2023, the management targets of CAR, Tier 1, common equity ratio and leverage ratio of 14.25%, 12.25%, 10.75% and 5% will be continuously achieved.				
							KPI 3: First Bank ordinary share equity ratio and leverage ratio	Ordinary share equity ratio >9.75% Leverage ratio >5%	100%	Ordinary share equity ratio >10.25% Leverage ratio >5%					
							KPI 4: Strengthen legal compliance and internal control and internal audit synergy	Hold the "Seminar on Review of the Discrepancies in the Group's Internal Control System and Legal Compliance Enhancement Measures" every half year.	100%	Hold the "Seminar on Review of the Discrepancies in the Group's Internal Control System and Legal Compliance Enhancement Measures" every half year.	Continue to strengthen legal compliance and internal control and internal audit synergy				
Prevention of money laundering, financial fraud, and terrorism financing GRI 419: Socioeconomic Legal Compliance	The implementation of relevant regulations concerning Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) can reduce operating risks, avoid material penalties, benefit international business expansion, and increase the scale of operations.	Devise the Group's AML/CFT policies and plans, establish consistent AML/CFT regulations, formulate relevant regulations to protect depositors from fraud, and provide employees with education and training, thereby strengthening our ability to effectively stop scams from occurring.	All companies of the Group shall establish a culture of anti-money laundering and countering terrorism financing in accordance with government policies. They shall allocate the manpower and resources required for executing operations related to anti-money laundering, prevention of financial fraud, and countering terrorism financing.	• The Company convenes quarterly workshops for the chief compliance officers of each company of the Group to report their AML/CFT operations. • Conduct Institutional Risk Assessment (IRA) for money laundering and terrorist financing activities and follow up implementation status of improvement plans. • Implement fraud defense and reporting mechanisms and conduct financial education and promotion to provide financial knowledge such as fraud prevention and remedies. • Establish the Group's designated high-risk businesses and occupations for Anti-money Laundering and Combating the Financial Terrorism (AML/CFT), so as to facilitate the consistency of the risk assessment of subsidiaries.	Corporate Governance WG	Risk: • If the Company fails to comply with operating procedures for the prevention of money laundering, financial fraud, and countering terrorism financing, it will suffer major penalties, which will damage the company's image and business development. Opportunity: • Implementing the prevention of money laundering, financial fraud, and terrorism financing facilitates international business expansion and stabilizes the financial system.	KPI 1: Commission external professional institutions to verify the effectiveness of the AML system	First Bank, First Securities, First Securities Investment Trust, and First Life Insurance commission external consulting firms to verify the effectiveness of the AML/CFT system	100%	First Bank, First Securities, First Securities Investment Trust, and First Life Insurance commission external consulting firms to verify the effectiveness of the AML/CFT system	First Bank's subsidiaries will complete the construction of the overseas AML system by the end of 2023, and commission a third party to perform the verification of the overseas AML system.	◎	●	●	●
							KPI 2: Number of financial education and promotion held	61	100%	65	Accumulate 250 sessions				
							KPI 3: The domestic and international AML certificate attainment rate of supervisors and employees from the domestic AML responsible unit	90%	100%	90%	90%				

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Fair customer treatment and privacy protection GRI 417: Marketing and Labeling GRI 418: Customer Privacy GRI 419: Socioeconomic Legal Compliance GRI Financial Services Sector Disclosures: Local Community FS14: Initiatives to improve access to financial services for disadvantaged people FS15: Policies for fair design and sale of financial products and services FS16: Initiatives to enhance financial literacy by type of beneficiary FN-CF-220a.1, FN-CF-220a.2, FN-CF-230a.1, FN-CF-230a.3, FN-CF-270a.4, FN-CF-270a.5, FN-CB-230a.1, FN-CB-230a.2													●	●	●	
	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 reputation.	• 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 of FFHC and Subsidiaries" and relevant operating guidelines to protect the rights of data owners and strictly prevent external disclosure of customer data.	• Comply with applicable laws and regulations, including the Financial Consumer Protection Act and the Principles for the Fair Treatment of Customers and establish and announce relevant policies. Continue to train employees and raise their awareness, set up customer complaint and dispute settlement mechanisms, and properly handle customer complaints and disputes to protect customers' rights and interests. • Consider consumer interest while determining the remuneration system of sales personnel to avoid actions that overemphasize the achievement of business goals and cause damage to customers or consumers.	• Continuously conduct customer satisfaction surveys, provide customers with quality services, and properly handle customer opinions to maintain customer satisfaction. • Designed indicators of mismarketing 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 businesses and the expertise of business personnel. • Establish the "FFHC Operating Guidelines for Responding, Processing, Reporting, and Preventing Material Personal Information Incidents" to strengthen the Group's emergency response and preventive mechanisms for material personal information incidents.	Sustainable Financial Products and Services WG	**Risk:** • Failure to implement the Principles for Fair Treatment of Customers in the Financial Services will lead to incidents that infringe customer rights or violation of relevant regulations of the Personal Data Protection Act, ending up with penalties imposed by the competent authority and impact on customers' trust in the Company. • 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 losses and protect customers' rights, thereby obtaining customer trust and higher customer satisfaction.	KPI 1: First Bank, First Securities, First Securities Investment Trust, and First Life Insurance conduct customer satisfaction surveys (%) Bank 86.2 Securities 85.3 Securities Investment Trust 96.2 Life Insurance 72.3	100%	Bank 86.6 Securities 85.4 Securities Investment Trust 96.3 Life Insurance 73.5	Bank 87.6 Securities 86 Securities Investment Trust 97 Life Insurance 73.8				
							KPI 2: First Bank, First Securities, First Securities Investment Trust, and First Life Insurance conduct customer net promoter score surveys (points) Bank 46 Securities 53.4 Securities Investment Trust 56.2 Life Insurance 2	100%	Bank 46.4 Securities 53.5 Securities Investment Trust 56.3 Life Insurance 10	Bank 47.4 Securities 55 Securities Investment Trust 57 Life Insurance 12				
							KPI 3: Training completion rate of the "Personal Data Protection Act" training program	100%	100%	100%	100%				
							KPI 4: Training completion rate of the "Principles for Fair Treatment of Customers in the Financial Services Industry" of First Bank, First Securities, First Securities Investment Trust, and First Life Insurance	100%	100%	100%	100%				

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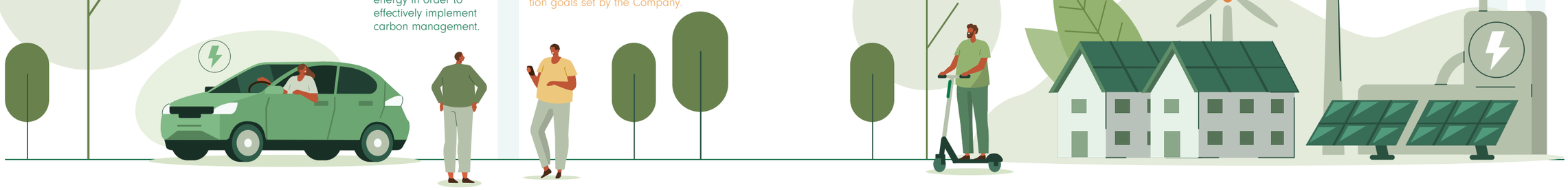
Responsible Finance GRI Financial Services Sector Disclosures: Product portfolio FS1: Policies with specific environmental and social components applied to business lines FS2: Procedures for assessing and screening environmental and social risks in business lines FS3: Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions FN-CB-410a.2													●	●	●	
	Conform to the development trend of international sustainable finance, it is imperative for financial institutions to implement responsible finance. In addition to identifying ESG risks in core businesses, financial institutions also work with stakeholders to attach importance to sustainable development issues and reduce the negative impact of financial products and services on the environment and society.	• Establish sustainable lending, responsible investment, and sustainable insurance policies to incorporate ESG issues into the development strategies and operating procedures of core businesses such as investment, financing, underwriting, and insurance, thereby guiding customers and investees to implement responsibilities for environmental 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.	Attach great importance to the role of financial institutions as key financial intermediaries and facilitators, we integrate ESG due diligent procedures into main business processes such as investment, financing, advisory and insurance, and safeguard the sustainable environment and society.	• Following by the guidelines of the Equator Principles, First Bank formulated the "Key Points for the Application of the Equator Principles to Credit Cases", continued to optimize the relevant operating procedures, forms and systems, and publicly disclosed the implementation of the Equator Principles. • Formulate ESG factor review standard operating procedures (SOP) for investment, financing and commodity review business, and discuss environmental, social and corporate governance issues with borrowers and investee companies, and guide companies to continue to invest in sustainable actions.	Responsible Finance WG	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 been placed on the non-investment list for violating social responsibility, it may further increase the risk of operational loss. • As domestic and international ESG related laws and regulations become more stringent, if the financial industry fails to carefully identify the ESG risks of customers and investee companies, it may further increase operational and profit risks. Opportunity: • By implementing responsible investment and due diligence credit policies, identifying and screening customers' ESG risks, it is helpful to reduce the risk of bad debts, improve the income, and comprehensively maintain the quality of the Group's assets.	KPI 1: Statistically communicate with clients and investee companies on the types of ESG issues, negotiation results and industry proportions, etc.	100%	100%	100%	100%				
							KPI 2: Abide by the Equator Principles, establish corresponding operating procedures, and support measures for prior communication with customers	100% (7cases)	100%	100%	100%				
							KPI 3: The ratio of attendance at shareholders' meetings of listed OTC companies	≧90%	100%	≧90%	≧90%				
							KPI 4: The ratio of the onshore 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%	Domestic: 100% Overseas: 90%				
Tax Governance													●	●	●	
	Paying taxes in accordance with the law will help promote economic growth and balanced regional development. The Company must comply with the local tax laws and regulations of the operating base, pay taxes honestly and declare on time.	Formulate tax governance policies to respond to international trends in tax governance and enhance the transparency of tax information.	Implements tax governance while creating profits, honestly declares and pays taxes in a reasonable manner in accordance with local laws and regulations of the operating base, and fulfill the commitment to tax governance.	• Proceed declarations and payments in accordance with tax laws and regulations, ensure that tax officers follow internal operating procedures and tax laws, and regularly report the implementation of tax management to the Board of Directors. • Ensure that tax officers are familiar with tax laws and regulations, and attend external tax training courses to improve the specialty of tax officers. • Comply with financial reporting standards and annual report disclosure requirements, and publicly disclose the tax information of the Group.	Corporate Governance WG	Risk: • Failure to implement tax governance may impact the Company's profits and financial burden, and even severely damage the Company's image and reputation. Opportunity: • The competitiveness of the Company can be increased and enterprise value can be created through an effective tax governance mechanism.	KPI 1: Strengthen tax governance structure	Periodically report to the Board of Directors on the implementation of tax management	100%	Periodically report to the Board of Directors on the implementation of tax management	Periodically report to the Board of Directors on the implementation of tax management				
							KPI 2: Enhance the transparency of tax information	Disclose tax governance policies and publish tax governance reports on the Company's official website	100%	Continue to publish tax governance reports on the Company's official website	Continue to publish tax governance reports on the Company's official website				

Material Issue and GRI specific topics	Materiality to Operations	Policies	Commitment	Action	Responsible Unit	Risks and Opportunities of Key Impact	KPI	2021 Goals	Completion Rate	2022 Goals	Medium/Long-Term Goals (2023-2027)	Value Chain Stage and Relations: Procurement/Suppliers	Front-end Financial Services for Customers[Note 1]	Financial Transactions[Note 2]	Back-end Financial Services for Customers[Note 3]	Old Assets[Note 4]
Low-carbon operations and circular economy GRI302: Energy GRI305: Emissions GRI307: Environmental Compliance	In line with "Taiwan's Pathway to Net-Zero Emissions in 2050" policy and the risks and opportunities of climate change, companies shall mitigate and adjust their actions simultaneously, reduce GHG emissions to alleviate the impact on the environment, and seize corresponding business opportunities by promoting the circular economy.	To ensure environmental and ecological sustainability, the Group upholds its responsibility for the sustainable development of the environment and adopts all low-carbon operation initiatives to cut greenhouse gas emissions and reduce waste. The Group also facilitates the transformation toward a low carbon economy.	• FFHC is committed to reducing greenhouse gas emissions and emissions intensity. It formulates operation strategies, sets carbon emissions reduction targets, and implements measures to improve energy efficiency to achieve the goal of reducing greenhouse gas emissions. • FFHC introduces high-performance electrical equipment, power generation systems, ISO verification guidelines, and products that adopt the cradle-to-cradle design. In principle, FFHC chooses suppliers from the area/country of operations to reduce carbon emissions in the transportation process and strives to reduce energy/resource consumption by incorporating the idea of the circular economy. • FFHC chooses to work with high-quality suppliers that comply with environmental regulations, human rights, and labor rights and jointly fulfills corporate sustainable development with them.	• 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 (WB2°C), i.e. 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. • 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 emission 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 or Energy Management Systems and obtained certification. We use various action plans to reduce carbon emissions in operations and continue to increase the use of renewable energy in order to effectively implement carbon management.	Environmental Sustainability WG	Risk: • Considering the early start of the Group's promotion of carbon reduction in category 1 and 2, relevant large scale energy-consuming equipment has been gradually replaced by energy-saving equipment. Therefore, the average reduction of annual carbon emissions from the previous year has become a bottleneck since 2018. If the carbon reduction needs to be achieved through green power procurement, the cost will be significant expensive. In addition, the domestic green power supply is in the beginning stage, if companies purchase green electricity in large quantities in order to comply with the 2050 Net-Zero Emission Policy of GHG Reduction and Management Act, the green electricity market may be in short supply. • The government requires users with a contractual capacity of 800 kW or more to save 1% of electricity every year. Although the Group has already taken action, the Group encounters a bottleneck to reducing carbon emissions. If the Group fails to achieve the carbon reduction target required by the government, it may face disciplinary action from the government. Opportunity: • Participate in environmental protection competitions hosted by external parties and strive for awards, and foster awareness on environmental protection and energy-saving. • Implementing energy conservation and carbon reduction helps reduce operating costs. • Employees agree and dedicate themselves to environmental protection work, and work together to achieve various energy-saving and carbon-reduction goals set by the Company.	KPI 1: Whole Group's category 1 and 2 emissions (metric tons/CO_2e)	350 metric tons/CO_2e	155%	557 metric tons/CO_2e	Accumulate 2,582 metric tons/CO_2e	◎	●	●	●
							KPI 2: Whole Group resource recovery amount	≧167.89 metric tons	139%	≧179.31 metric tons	Accumulate ≧936.98 metric tons					
							KPI 3: Number of existing buildings obtaining Green Building Mark	Accumulate 29 buildings	110%	Accumulate 34 buildings	44 buildings by 2027					
							KPI 4: Total kWh of purchased and used renewable energy	500,000 kWh	251%	1.637 million kWh	Accumulate 21.405 million kWh					
							KPI 5: The Group's total water consumption	<203.8 million liters	100%	<214.8 million liters	Accumulate <1,067.3 million liters					
							KPI 6: Whole Group garbage removal volume	<289.93 metric tons	100%	<287.7 metric tons	Accumulate <1433.4 metric tons					

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



Material Issue and GRI specific topics	Materiality to Operations	Policies	Commitment	Action	Responsible Unit	Risks and Opportunities of Key Impact	KPI	2021 Goals	Completion Rate	2022 Goals	Medium/Long-Term Goals (2023-2027)	Value Chain Stage and Relations: Procurement/Suppliers	Front-end Financial Services for Customers[Note 1]	Financial Transactions[Note 2]	Back-end Financial Services for Customers[Note 3]	Old Assets[Note 4]
Climate change strategy and management GRI203: Indirect Economic Impacts GRI Financial Services Sector Disclosures: Product portfolio	Extreme weather events will impact the global economy and even constitute potential risks to the financial system. Therefore, companies must identify, evaluate, and manage climate-related risks and incorporate operational strategies to make correct economic policies and judgments.	• Incorporate the emerging risks of climate change risks into the overall risk management scope, periodically review the link between the financial planning, operational impact and value chain alignment arising from climate change and core business, and report to the management. • Inventory and identify the risks and opportunities of climate change that may be encountered by the Group's operating activities in accordance with the structure of "Recommendations of the Task Force on Climate-Related Financial Disclosures" (TCFD). Establish a response mechanism, and disclose the effectiveness of promoting climate change management.	• Conduct climate change and environmental sustainability engagement with stakeholders, identify customer groups sensitive to climate change, and evaluate the climate risks faced by investment/loan portfolios. For industries that are energy-intensive, consume large amounts of energy, and cause environmental pollution, the Company establishes credit caps for highly polluting/high energy consumption industries and monitors these industries on a monthly basis to enhance the Company's capabilities to withstand climate change risks. Moreover, the Company strengthens climate change governance and evaluates its financial correlation to lower risks and seize business opportunities. • Support low-carbon economy transformation: Integrate core competencies to help companies reduce the pollution and waste of resources in production or service process and provide the funding required for pollution prevention, green transportation, green building/green factory, energy and resource conservation, and other measures for improving the environment.	• Produce the report in accordance with the structure of "Recommendations of the Task Force on Climate-Related Financial Disclosures" (TCFD), and obtained the highest level certification of "LEVEL-5+" by the British Standards Institution (BSI), which is the first time in the financial industry. • Continue to fill out the CDP questionnaires for climate change. • Evaluate the feasibility of introducing the Science-based Carbon Reduction Targets (SBT), discuss and plan the GHG inventory mechanism for investment and financing targets, and set short/medium/long term targets for reducing the proportion of investment and financing in high-polluting (energy-consumption) industries. • Incorporate the climate change risks into the risk management policy, and report to the Board of Directors. Continue to identify the impact of climate entities and transition risks on operating activities, draw a materiality matrix, quantify the financial impact on the Company, and formulate relevant countermeasures.	Responsible Finance WG	Risk: • The Company's immediate climate change risks are strong winds and torrential rains brought by tropical cyclones; long-term climate change risks including sea level rise, extreme drought and extreme temperature changes, such risks may cause direct or indirect financial impact on the Group's assets, employees, investment and financing partners and collateral. • With the implementation of the "Carbon Border Adjustment Mechanism Plan" by the EU in 2026, carbon credits must be purchased for carbon-intensive products imported into the EU. If high-carbon emission industries fail to set a carbon reduction path in accordance with the Science-based Carbon Reduction Targets (SBT), their operational performance may be affected, and thereby reducing the quality of the Group's assets and increasing the probability of bad debts. Opportunity: • Cooperate with external professional organizations to conduct scenario analysis of climate risk cases, and quantify the financial impact caused by climate risks, establish an effective and systematic response mechanism, in order to improve the Company's resilience to climate change and reduce the financial impact.	FS1: Policies with specific environmental and social components applied to business lines						●	●	●
							KPI 1: Fill out the CDP questionnaires for climate change	100%	100%	100%	100%					
							KPI 2: Introduce science-based targets (SBT) for carbon reduction	Bank subsidiaries assess the feasibility of introducing SBT, and quantify the financial impact of climate change risks for 2 sensitive industries	100%	Evaluate the feasibility of entering into SBT, formulate reduction targets for the Group's category 1 and 2 carbon emissions, and consider to plan the GHG inventory mechanism for investment and financing objects of category 5 planning banks	100%					
							KPI 3: First Bank's credit caps for highly polluting/high energy consumption industries	＜14.8%	138%	＜14%	≤ 13% by 2026					
							KPI 4: Investment caps for highly-polluting (energy-consumption) industries	Bank ＜ 14% Securities ≤50% Life Insurance ＜ 15% Venture capital ＜ 10%	Bank 292% Securities 274% Life Insurance 343% Venture capital 1,176%	Bank ＜ 13% Securities ＜ 30% Life Insurance ＜ 13% Venture capital ＜ 10%	Bank ＜10% by 2026 Securities＜15% by 2027 Life Insurance ＜ 13% Venture capital ＜ 10%					

Material Issue and GRI specific topics	Materiality to Operations	Policies	Commitment	Action	Responsible Unit	Risks and Opportunities of Key Impact	KPI	2021 Goals	Completion Rate	2022 Goals	Medium/Long-Term Goals (2023-2027)	Value Chain Stage and Relations: Procurement/Suppliers	Front-end Financial Services for Customers[Note 1]	Financial Transactions[Note 2]	Back-end Financial Services for Customers[Note 3]	Old Assets[Note 4]
Sustainable Procurement and Supplier Management																
GRI 204: Procurement practices GRI 308: Supplier Environmental Assessment	Reduce environmental or human rights risks caused by the supply chain through sustainable procurement and supplier management, so as to reduce the Company's operation and goodwill risks.	Formulate the "Supplier Management Guidelines" as a policy and guiding principles for the management of suppliers of the Group, requiring suppliers to abide by the International Bill of Human Rights, laws, internationally recognized labor rights principles, related environmental protection regulations, occupational safety and health, ethical corporate management, corporate social responsibilities, and other international initiatives.	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 the suppliers who have signed the "Declaration on Human Rights and Environmental Sustainability Clause Clauses" and control points. Clearly stipulate to abide by regulations of prohibition of child labor, labor management, elimination of all forms of forced labor, no violation of basic labor rights, basic human rights, ethical management and business integrity.	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" to periodically audit whether suppliers are subject to environmental, occupational disasters or labor law violations. Monitor suppliers that have been penalized for violation of environmental protection regulations and requires them to submit improvement plans or terminate business relations.	Environmental Sustainability WG	Risk: • Some suppliers are monopolist or oligopolistic 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 is difficult to increase the green purchasing ratio. Opportunity: • Procurement of energy-saving and water-saving products with green mark will effectively reduce operating costs. • The Company conducts climate change and environmental sustainability engagement with suppliers, by sharing concepts of circular economy, hope to transform suppliers, seize sustainable business opportunities and exert the financial influence.	GRI 414: Supplier Social Assessment GRI Financial Services Sector Disclosures:Product portfolio FS2: Procedures for assessing and screening environmental and social risks in business lines						◎	●	●	●
							KPI 1: Signature rate of the "Declaration on Human Rights and Environmental Sustainability Clauses" of suppliers	100%	100%	100%	100%					
							KPI 2: Green procurement amount	≧NT$80 million	117%	≧NT$80 million	≧NT$80 million					
							KPI 3: Introduce the "ISO 20400 Sustainable Procurement - Guidance" and complete the certification	Completed the certification in June 2021	100%	Continue to proceed the performance evaluation and certification of sustainable procurement guidelines						
Talent recruitment and skills development																
GRI 202: Market Presence	In response to global business model changes and corporate sustainability, implementing talent recruitment from diverse backgrounds, and employees upskilling and retraining is the cornerstone to maintaining corporate competitiveness.	We recruit talent from diverse backgrounds based on the Company's operating strategy and goals for sustainable development, and provide them with comprehensive training and education. We cultivate our employees at all levels in making full use of their talents and accepting regular performance and career development reviews to effectively improve their skills and productivity.	Talent is the most important asset of the Company. In addition to recruiting like-minded partners, we continue to provide employees with skill training to improve their competitiveness in the workplace.	• The declining birthrate, the tide of retirement and the development of digital technology have changed the financial service model. Each subsidiary conducts strategic long-term manpower analysis and research, and discuss solutions for the manpower gap that may arise in the next 5 to 10 years and the recruitment of talents needed for sustainable development. • Participate in Campus Recruitment Events to attract outstanding talent. • Cultivate employees' multiple skills, provide them with digital courses related to their job responsibilities, encourage employees to engage in self-learning and lifelong learning. • Cooperate with the establishment of bilingual branches and overseas business promotion, actively recruit outstanding foreign language (English, Japanese, German) talents.	Employee Care WG	Risk: • Encounter the impact of the pandemic, continuous innovation 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. • Growing international business activities leads to stringent laws and regulations and rising regulatory risks. • The poaching of professional talent in overseas branches by competitors has resulted in the loss of middle-level executives, causing a talent management crisis in the company. Opportunity: • Digital services have increased significantly due to the pandemic, which can quickly accumulate digital thinking and learning capabilities of employees, it is contributable to the innovation and development of digital business models and practice the blueprint for sustainable development. • The rapid expansion of overseas bases provides employees with an international career stage and attracts a variety of outstanding talents to join. • The strengthen of digital learning platforms not only can improve the specialty of employees, but also can train employees in their second specialty and the ability to obtain professional licenses.	GRI 401: Employment GRI 402: Labor/Management Relations GRI 404: Training and Education							●	●	●
							KPI 1: Cultivate overseas trainees	20 trainees	110%	20 trainees and above	Depending on the demand for development among overseas employees					
							KPI 2: Satisfaction with training courses conducted for business units	81 points	109%	81 points	By 2025 85 points					
							KPI 3: Training hours per employee	Bank 40 Securities 50.5 Securities Investment Trust 50 Life Insurance 45	Bank 138% Securities 144% Securities Investment Trust 101% Life Insurance 144%	Bank 42 Securities 51 Securities Investment Trust 50 Life Insurance 51	Bank 45 Securities 51.5 Securities Investment Trust 51 Life Insurance 51					
							KPI 4: The percentage of taking English proficiency tests	33%	117%	37%	By 2025 40%					
							KPI 5: Average test score of each training course	75 points	109%	75 points	By 2025 77 points					
							KPI6: ESG Education and Training	100%	100%	100%	100%					
							KPI7: Share of women in STEM-related positions (as % of total STEM position)	38.5%	112%	43.5%	45%					

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Talent retention and diverse welfare GRI 401: Employment GRI 402: Labor/Management Relations GRI 404: Training and Education GRI 405: Employee Diversity and Equal Opportunity	Employees are the core of the financial service industry. Establishing comprehensive welfare measures and a fair and tolerant working environment can attract outstanding talent and reduce talent loss.	Focusing on employees, the Company is committed to improving the compensation system and welfare measures, and establishing a friendly workplace with diversity, tolerance 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.	• Allow employees to participate in the shareholding trust to foster loyalty. • Improve vacation subsidy program and encourage employees to take leave for balancing body and mind. • Provide subsidies or allowance for marriage, funerals and birthdays, and significantly increase subsidies for parenting. • Consideration of maternity leave and paternity leave superior to the law. • Promote a friendly working environment with tolerance for diversity and provide a fair, reasonable, and competitive working environment and remuneration policies.	Employee Care WG	Risk: • The retirement wave leads to higher turnover among employees. If the Company cannot retain talent, it will encounter a gap in manpower. • Along with the development of digital technology, automation has gradually replaced traditional manpower. In response to future manpower needs and transforms in work patterns, the flow of FINTECH 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. Opportunity: • Establish comprehensive welfare measures and a competitive compensation system to retain key talent, reduce the gap in manpower caused by retirement waves, and build a solid foundation for sustainable development of the Company. • In-depth understanding of employee needs through commitment surveys can help to improve employee satisfaction and increase employee retention.	FN-CF-270a.1					●	●	●

KPI	2021 Goals	Completion Rate	2022 Goals	Medium/Long-Term Goals (2023-2027)
KPI 1: Employee retention rate	Bank 81 Securities 75.2 Life Insurance 70	Bank 119% Securities 116% Life Insurance 141%	Bank 81 Securities 75.4 Life Insurance 71	Bank 85 Securities 76 Life Insurance 77
KPI 2: Employee commitment survey (%)	Commitment survey participation rate: / Overall satisfaction rate: Bank 92 / 81 Securities 90 / 65 Securities Investment Trust 90 / 80 Life Insurance 82 / 72 AMC 95 / 75 Consulting 100 / 88	Commitment survey participation rate: / Satisfaction achievement rate Bank 109 / 114 Securities 100 / 132 Securities Investment Trust 109 / 100 Life Insurance 117 / 114 AMC 102 / 100 Consulting 100 / 97	Commitment survey participation rate: / Overall satisfaction rate: Bank 92 / 81 Securities 90 / 65 Securities Investment Trust 90 / 80 Life Insurance 82 / 72 AMC 96 / 77 Consulting 100 / 88.5	Commitment survey participation rate: / Overall satisfaction rate: Bank 92 / 81 Securities 90 / 65 Securities Investment Trust 90 / 80 Life Insurance 85 / 77 AMC 96 / 77 Consulting 100 / 89
KPI 3: Provide childbirth subsidies to encourage employees to have children	NT$100,000 per child	100%	NT$100,000 for the first child NT$150,000 from the second child and transportation subsidies	Continuous processing
KPI 4: Reinstatement rate after parental leave (%)	≧80	122%	≧80	≧80
KPI 5: Percentage of employees participating in the shareholding trust (%)	≧94	100%	≧94	by 2023 ≧95

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Occupational safety and health GRI 403: Occupational Safety and Health	Employees are companies' most important assets. Companies must establish safe working environments and be committed to attaining work and life balance for employees to enable employees to work with peace of mind and improve organizational effectiveness.	Create a safe working environment, promote physical and mental health measures in the workplace, in order to prevent occupational disasters and improve a healthy workforce.	Strive to become an exemplar of eco-business, value employees' safety, hygiene, and health, and provide a safe and healthy working environment.	• Identify health risks to be managed in accordance with the Occupational Safety Management Risk Map, develop risk prevention plans and mitigation measures to reduce the frequency of occupational hazards and health hazards. • Continue to implement the "Maternal Employee Health Protection Plan," "Human-Factor Hazard Prevention Plan," and "Abnormal Workload-Triggered Diseases Prevention Plan." • Establish absenteeism rate targets, improve occupational safety and health management, maintain the effectiveness of the "ISO 45001 Safety and Health Management System" certification, and create a safe and healthy working environment.	Employee Care WG	Risk: • Where the workplace safety and health hazards increase, the Company's image will be affected. Uncertainty about workplace safety and health will reduces employee trust towards the Company. The increase in employee injury and illness rates also affects attendance and employee output value, and increases personnel costs. • Relevant laws and regulations are becoming more and more strict. Failure to comply with the laws and regulations may result in penalties and the risk of affecting the Company's image. Opportunity: • Continue to promote occupational safety and health education and training and health management by identifying workplace hazards, create a healthy, friendly and happy workplace and improve overall business performance. • Constructing a corporate culture of occupational safety and health will help employees improve safety and health awareness, reduce the possibility of injury or illness, and reduce the Company's personnel costs.						◎	●	●	●

KPI	2021 Goals	Completion Rate	2022 Goals	Medium/Long-Term Goals (2023-2027)
KPI 1: Absenteeism rate (%)	Absenteeism rate Bank ≦1 Securities ≦1 Securities Investment Trust ≦1 Life Insurance ≦1.9 AMC ≦1	Actual absenteeism rate Bank ≦0.57 Securities ≦0.43 Securities Investment Trust ≦0.43 Life Insurance ≦0.99 AMC ≦0.92	Absenteeism rate Bank ≦1 Securities ≦1 Securities Investment Trust ≦1 Life Insurance ≦1.9 AMC ≦0.98	Absenteeism rate Bank 2023 ≦0.8 Securities 2024 ≦0.95 Securities Investment Trust 2026 ≦1 Life Insurance 2024 ≦1.8 AMC By 2027 ≦0.88
KPI 2: Number of business sites with healthy workplace certification	60 business units	100%	All domestic business units	Maintain the validity of the healthy workplace and safe place certification
KPI 3: "Abnormal Workload-triggered Diseases Prevention Plan" protection rate	100%	100%	100%	100%
KPI 4: The protection rate of the "Maternal Health Protection Plan"	≧81%	109%	≧82%	By 2023 ≧82%
KPI 5: The rate of outpatient visits for those with serious health issues shown on medical check-up reports	≧70%	104%	≧70%	By 2026 ≧74%

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Human rights protection	GRI 405: Employee Diversity and Equal Opportunity GRI 406: Non-discrimination			GRI 407: Freedom of Association and Collective Bargaining GRI 408: Child Labor			GRI 409: Forced or Compulsory Labor GRI 410: Security practices		GRI 411: Rights of indigenous peoples GRI 412: Human rights assessment			◎	●	●	●	
	Promoting gender equality, prohibiting discrimination, and ensuring the right to work are not only companies' responsibilities to safeguard human rights but also the basic principle that are valued internationally.	Comply with regulations in connection to labor and human rights and universal declaration of human rights, such as gender equality, the right to work and the prohibition of discrimination, and formulate relevant management policies and procedures.	We ensure that employees enjoy internationally recognized labor rights. All business sites follow local laws and regulations on human rights. The workplace and remuneration policies shall be legal, just, fair, and reasonable. There is no discrimination on the rights enjoyed by employees on the basis of race, gender, or other situations. All employees have the right to equal pay for equal work and freedom from sexual harassment. Moreover, we protect employees' rights to participate in union activities, ensure smooth communication channels between employees and employers, and follow the principle of ethical negotiation in collective bargaining agreements.	• Follow internationally recognized human rights standards such as the "Universal Declaration of Human Rights", "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 complaints mechanism to ensure that the complaining process 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 plans and track implementation results.	Employee Care WG	Risk: • Failure to protect labor rights and promote gender equality will affect talent recruitment and retention. It may even impact the Company's business reputation and brand image and cause the Company to lose business. • If the Company does not create an equal employment environment and promote communication between labor and management, it may cause labor disputes and even standoffs or face penalties for violating laws and regulations. Opportunity: • Organizing human rights education and training courses, establishing the concept of equal rights for employees, preventing cases of improper discrimination, and avoiding labor disputes can improve organizational effectiveness. • Incorporating human rights protection into the Company's policies and implementing these policies will not only help improve the Company's image and retention rate but also lower the turnover rate of new employees and talent training costs.	KPI 1: Reduce the incidence of "Illegal Infringement Cases in the Performance of Duties"	0.25%	100%	0.25%	0.25%					
							KPI 2: Establish sexual harassment complaint hotline and email to properly handle reported cases	100%	100% (One (1) unfinished case)	100%	100%					
							KPI 3: Ratio of base salary between female and male employees	1:1	100%	1:1	1:1					
							KPI 4: Training completion rate for human rights protection	100%	100%	100%	100%					
							KPI 5: Training hours per person for sexual harassment prevention and gender equality	1 hour	100%	1 hour	1 hour					
Community engagement	GRI201: Economic performance GRI203: Indirect Economic Impacts GRI Financial Services Sector Disclosures: Local communities FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose						FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose GRI Financial Services Sector Disclosures: Local community FS14: Initiatives to improve access to financial services for disadvantaged people FS16: Initiatives to enhance financial literacy by type of beneficiary FN-CB-240a.4									
	Combine core competencies to integrate manpower and resources of employees, customers and suppliers, and exert the enterprise influence on resolving social and environmental issues.	Strive for the Company's business development while fulfilling social and environmental responsibilities. Continue to promote four major charitable strategies: "Social Care," "Green Care," "Sports Competition," and "Artistic Cultural Creation."	Uphold the spirit of "Local Cares for Local Businesses" to address environmental and social issues.	• Green Care: Continue to organize green volunteer activities and the Green Light Sustainability Program. • Social Care: Continue to organize loving volunteer activities and events for equality. • Sports Competition: Continue to organize cultivation programs for table tennis talent, large-scale sports competitions and the Little Athletes Campaign. • Artistic Cultural Creation: Continue to organize large-scale concerts, music festivals, diverse art exhibitions, anti-drug education on campus and art creation competitions.	Community Engagement WG	Risk: • The COVID-19 pandemic still runs rampant globally. The pandemic causes economic stagnation, imposes higher operating risks to companies, and makes it harder for disadvantaged groups and families to obtain resources. It requires thorough consideration and plans to achieve maximum results by incorporating core competencies of the financial industry to leverage limited resources that companies have while obtaining support from shareholders. Opportunity: • However, the pandemic boosts digital financial activities, brings business opportunities to online video technologies, and changes people's lifestyles. In addition to expanding diverse business opportunities, organizing charitable activities and working with customers in cross-sector alliances can also promote the philosophy of sustainable finance. Moreover, integrating core competencies to practice ESG and resolving social and environmental issues will improve the Company's image, gain business revenue, and improve the Company's business performance.	KPI 1: Number of elementary schools in remote areas and underprivileged groups provided with LED light bulbs through the Green Light Sustainability Program	4	350%	9	Accumulate 30					
							KPI 2: Number of Green Care activities held	43	158%	49	Accumulate 200					
							KPI 3: Number of Social Care activities held	112	125%	123	Accumulate 550					
							KPI 4: Number of Sports Competitions held	4	225%	6	Accumulate 25					
							KPI 5: Number of Artistic Cultural Creation activities held	17	135%	28	Accumulate 70					

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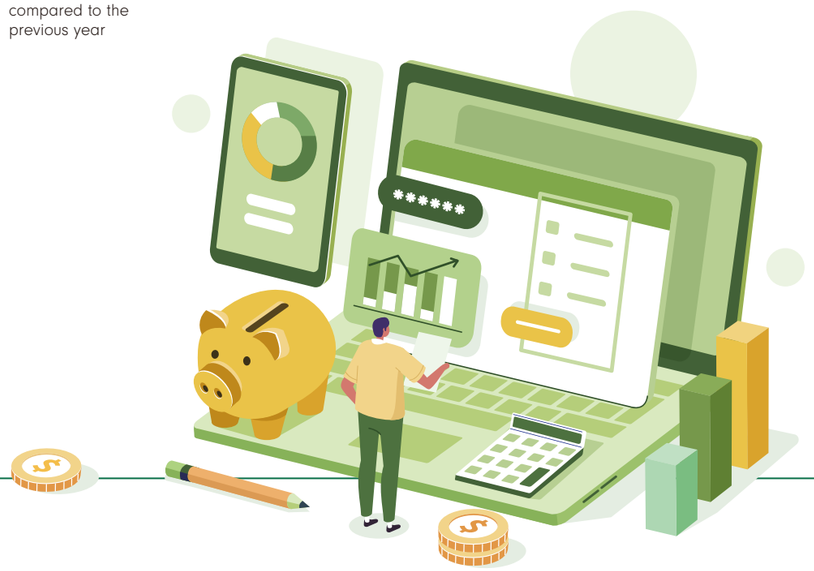
Financial innovation and inclusion																
GRI Financial Services Sector Disclosures: Product portfolio FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by							GRI Financial Services Sector Disclosures: Local community FS14: Initiatives to improve access to financial services for disadvantaged people FS16: Initiatives to enhance financial literacy by type of beneficiary					●	●	●	○
	In response to the wave of digital financial transformation, through the completed construction of a diversified digital financial system, financial products and services are available for the people living in remote and disadvantaged areas, and expanded to digital native generations to cultivate customer and product loyalty.	Responding to global FinTech development trends, FFHC introduces digital technologies into the core information system and strengthens virtual channel applications to provide convenient and efficient financial services, optimize the development of smart technologies, and increase service efficiency.	FFHC continues to promote innovation and transformation, optimizes and improves system functions and items, and integrates smart applications, AI, and data analysis to create customized smart services. We also continue to develop FinTech patents, strengthen virtual channel applications, and improve mobility and the convenience of mobile and online financial services to address consumer demand.	• Develop emerging payment services and expand diverse payment application scenarios to increase digital market share. • Leverage existing customer base to increase digital penetration rate and the contribution of digital products. • In response to digital transformation and modernization of system operations, continuously optimize key business processes (such as the introduction of AI intelligence and RPA robot operation processes) to improve user experience and operation efficiency, and reduce costs.	Sustainable Financial Products and Services WG	Risk: • Due to the official issuance of the pure online banking business license by the Financial Supervisory Commission, and the promotion of global digital transformation driven by COVID-19 pandemic, customer consumption patterns have been changed. It may accelerate the reduction of physical channels in the financial industry. Physical channels of the financial industry may be compressed, if the Group's business strategy is not continuously adjusted to be in line with the digital wave, it may not be able to maintain its competitive advantage. • The booming development of digital finance, such as the development of new data transmission, application and management methods in cloud applications, there are considerable digital footprints will be generated, and the extensive use of FINTECH (such as online loan platforms and emerging payment tools) will test information connection and carrying capacity. Improper management and control, disputes over financial consumption and use rights may therefore arise. Opportunity: • Cooperate with government policies to promote open banking, in addition to expanding cooperation opportunities with third-party providers (TSPs), it also actively uses innovative technology to achieve cross-domain data sharing, reverse competition and expand the financial ecosystem. • With the rapid development of the zero-touch economy such as remote work, e-commerce, online learning and mobile payment due to the COVID-19 pandemic, FINTECH shall be integrated to seize related business opportunities. • Find potential marketing opportunities by applying intelligent technology, and use social media to market innovative financial products and services. Create community financial services to set up the digital financial differentiation, focus on business operations, and break through the geographical restrictions of financial services. • Applying big data can help to optimize and improve loan models, reduce manual reviews, increase and facilitate loan applications, satisfy customer demand, gain more younger customers, and seize business opportunities of the digital native generation.	KPI 1: Cumulative number of cards bound to mobile payment	500,000	136%	650,000	by 2023 800,000				
							KPI 2: Utilization rate of electronic channels	84%	104%	88%	By 2027 92%				
							KPI 3: Cumulative number of FinTech patents obtained	108 patents	109%	125 patents	By 2023 135 patents				
							KPI 4: Number of credit cards online application	60,000	167%	80,000	by 2023 80,000				
							KPI 5: The percentage of electronic transactions of First Securities	72.5%	103%	75%	By 2027 77.5%				
							KPI 6: The growth rate of electronic transactions of First Securities Investment Trust compared to the previous year	2%	2,539%	3%	The growth rate compared to the previous year 3%				



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

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

Business performance

GRI: 201

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

Baseline date: 2021.12.31

First Financial Holding Co., Ltd. Basic Information	
Head office address	No. 30, Sec. 1, Chongqing S. Rd., Taipei City
Paid-in capital	NT$129.642 billion
Assets	NT$3.74 trillion
Number of employees	9,969
Business category	Financial services
Stock code	2892

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 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 Enterprises" has been launched for bailout loans to improve operational efficiency. Meanwhile, Securities, Investment Trust and Life Insurance continue to promote online account opening and online insurance business; in terms of business innovation, the Bank cooperated with Joinvest Co., Ltd. on the "Group Buy Platform for Bonds" and made three group purchases, and launched the "Financial Management 2.0" high-asset wealth management business and the "Trust 2.0" comprehensive trust business.

Features

- Our Group's 45 overseas offices now encompass Europe, Asia, North America, and Australia
- First Bank has remained the number one bank in Taiwan in SME lending for 12 years in a row
- The number of worker relief loan underwriting continues to rank first among government-owned banks
- Investment Trust obtained an discretionary investment quota of NT$8 billion from the Bureau of Labor Funds

Digital Transformation

- The Bank's iLeo account becomes the fourth largest digital account in the market
- "Online Insurance Identity Verification Platform for Sole Proprietorship Enterprises" for Bank's bailout loans
- Securities promotes online account opening APP and strengthens electronic trading platform
- Investment Trust's online account opening is expected to be launched in December
- Life Insurance promotes online insurance business

New Products

- The Bank cooperated with Joinvest Co., Ltd. on the "Group Buy Platform for Bonds" and made three group purchases
- The Bank launched the "Financial Management 2.0" high-asset business
- Investment Trust cooperates with the government's six core strategic industrial policies and is expected to raise relevant funds after obtaining the approval

Business sustainability

- Won the "top 5% listed company" in the Corporate Governance Evaluation for the 7th consecutive year
- FFHC was selected as a constituent stock in DJSI "World Index" for the 4th consecutive year.
- Coordinated the establishment of an ESG initiative platform for government-owned financial services
- Ranked at the "Leadership Level" for four consecutive years in the CDP questionnaires for climate change
- Rated as "leadership class" in the CDP Supplier Engagement Rating

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.

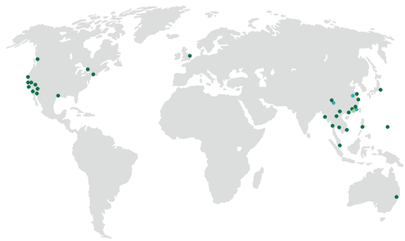
In addition to financial performance, First Financial Holding Co., Ltd., FFHC adheres to the business philosophy of "Building Ethical Governance for a Sustainable Future", implements sustainable development strategies in corporate operations, and has been selected as the well-known Dow Jones Sustainability Index (DJSI) for consecutive years, included as constituent stock of the "FTSE4Good 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.

1-1 Operating regions and countries

Our operations are located across four continents: the America, Asia, Europe, and the Oceania.All around the major financial centers, it has long-term assisted 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.

◇ Our Group's overseas presence

Region		Current sites
America		Bank: Los Angeles branch, New York branch, Houston branch, Vancouver branch, and Toronto Branch; First Commercial Bank (U.S.A.) branch and its 8 sub-branches including the Alhambra Branch, City of Industry Branch, Silicon Valley Branch, Irvine Branch, Arcadia Branch, Fremont Branch , Chino Hills Branch and San Mateo Branch (opened in 11 February 2022). 13
Asia	China/ Hong Kong/ Macao	Bank: Hong Kong Branch, Macao Branch, Shanghai Branch, Shanghai Pilot FTZ Sub-branch, Chengdu Branch, Xiamen Branch 6 Securities: First Worldsec (Hong Kong) 1 Leasing: FCB Lease (Chengdu), FCB International Leasing (Suzhou), FCB Lease (Xiamen) 3
	Southeast Asia	Bank: Singapore Branch, Ho Chi Minh City Branch, Hanoi City Branch, Vientiane Branch (Laos), Manila Branch (Philippines),Phnom Penh Branch and its Chorm Chaov Sub-branch, Olympic Sub-branch, Chamkar Mon Sub-Branch, Tuol Kouk Sub-Branch, Mean Chey Sub-Branch, Chraoy Chongvar Sub-Branch, Siem Reap Sub-Branch, Phsar Derm Thkov Sub-Branch, Sen Sok Sub-Branch Bangkok Representative Office, Yangon Representative Office, and Jakarta Representative Office 18
	Northeast Asia	Bank: Tokyo Branch 1
Europe		Bank: London Branch 1
Oceania		Bank: Guam Branch, Brisbane Branch 2



Banks × 41 Securities × 1 Leasing × 3

Total = 45

The Bank and its securities subsidiaries have set up a total of 210 operating locations and 541 automated teller machines (ATMs) throughout Taiwan. The business areas are all over urban and rural areas; in addition to having operating bases and automatic teller machines (ATM) in remote areas such as Nantou, Pingtung, Hualien, Taitung and Penghu, we also provide Internet banking, online, audio and other diverse securities transaction systems to provide a full spectrum of financial services to rural residents at any time.

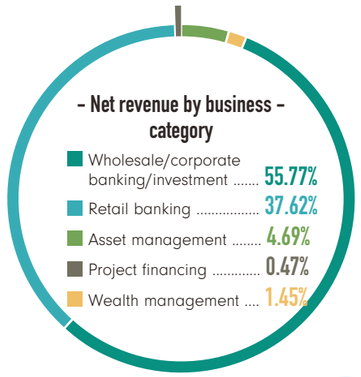
For more information on First Bank's domestic and overseas branches, please refer to the Bank's website

1-2 Financial performance

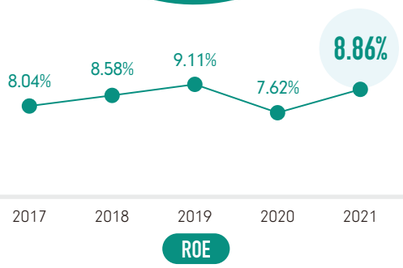
Unit: Thousands

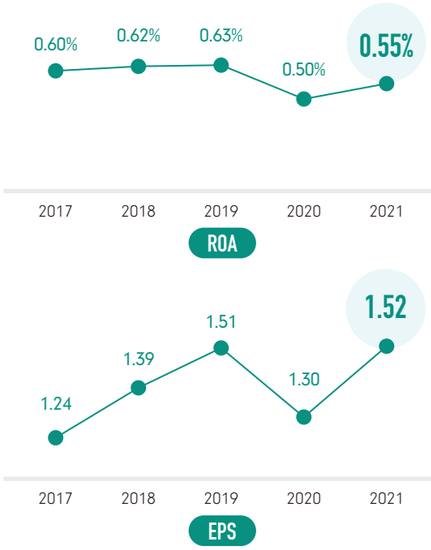
	Item \ Year	2019	2020	2021
Operating ability	Assets	3,206,767,075	3,550,503,691	3,739,593,907
	Total liabilities	2,987,034,568	3,329,296,822	3,515,047,049
	Shareholders' equity	219,732,507	221,206,869	224,546,858
	Net revenue	62,317,874	59,568,228	62,604,429
	Pre-tax profit	23,308,556	19,619,728	23,433,444
	Profit or loss after tax	19,368,751	16,807,541	19,739,045
	Operating expenses	23,901,112	24,730,173	26,274,683
	Employee welfare expenses (including salary expenses)	15,550,872	16,131,065	17,331,619
	Average employee welfare expenses	1,619.21	1,632.04	1,732.12
	Employee contribution	2,426.96	1,985.00	2,342.00
Profitability	Return On Assets (%)	0.63	0.5	0.55
	Return on Ordinary Shareholders' Equity (%)	9.11	7.62	8.86
	Earnings per share (NTD)	1.51	1.30	1.52
	Profit ratio (%)	31.08	28.22	31.53

Note 1: Profit or loss after tax includes non-controlling interests.
Note 2: Due to the issuing of dividends in 2020, past weighted average for ordinary shares outstanding for earnings per share was revised.
Note 3: The financial data and ratios were all prepared in accordance with IFRS.
Note 4: Grandson companies not included in the consolidated financial company include First Financial AMC B.V.I., and FCB Leasing B.V.I.
Note 5: Employee contribution = pre-tax profit / number of employees.
Note 6: The number of employees used as the baseline for calculating average employee welfare expenses and employee contribution is the number of employees as of the end of the year instead of the weighted average number of employees disclosed in the financial report.



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





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

◇ Share dividend/Tax amount

Item \ Year	2019	2020	2021
Cash dividends per share (NTD)	1.05	0.9	1.0
Stock dividends per share (NTD)	0.3	0.1	0.2
Income tax paid (Thousand NTD)	2,386,045	2,709,087	3,154,083
Retained earnings (Thousand NTD)	48,099,897	47,684,640	55,172,383

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:

Credit Rating Agencies	FFHC			
	Short-term	Long-term	Outlook	Rating date
Taiwan Ratings	twA-1+	twAA-	Stable	2021.10.15
S&P	A-2	BBB	Stable	2021.10.14
Moody's	–	A3	Stable	2021.12.07

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

1-4 Participation in local and overseas organizations

The Company and subsidiaries have joined a variety of different associations of the financial industry and actively taken part in affairs to promote the sound development of the financial industry as a whole. To achieve sustainable corporate development, the Company also joined corporate sustainability/social responsibility organizations to obtain new knowledge on international corporate governance development, promote and implement the concept of sustainable development, and advocate and promote environmental protection and energy resource management. FFHC and its subsidiaries spent a total of NT$245.56 million on industry connections and development as well as ESG-related organizations/ associations in 2021, and donated NT$229.52 million to the Small and Medium Enterprise Credit Guarantee Fund of Taiwan.

Industry connections and development

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

The Company's Chairman serves as a consultant of the Bankers Association of the Republic of China, the director of the Bankers Association of Taipei, and the Chairman of the Trust Association of the ROC; Mali Shih, the Vice President of the subsidiary First Bank, serves as the executive director of the Trust Association of the ROC.

ESG-related institutions/associations

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

The Company became a premium member of the Asian Corporate Governance Association (ACGA) in 2018 to obtain new knowledge on international corporate governance development and continued to make donations to the Center for Corporate Sustainability. The Chairman serves an advising director and is actively involved in helping the Center with promoting corporate sustainability education and hosting international forums. FFHC also made donations for the establishment of the First Bank Culture & Education Foundation which actively supports art and culture education and charitable causes with the aim of improving the quality of life of citizens and promoting social harmony.

Corporate governance

GRI: 405

2-1 The effectiveness of ESG implementation is included in the performance appraisal of subsidiaries

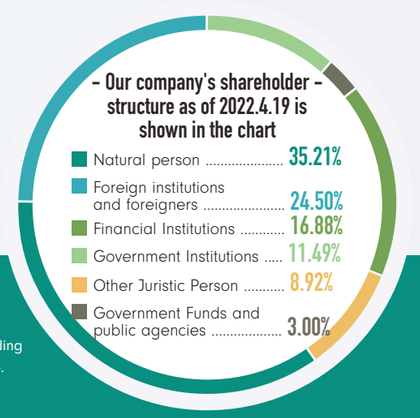
In order to guide all subsidiaries to attach importance to and pay attention to the promotion effect of ESG short-term, medium-term and long-term goals, the Company formulated the "FFHC Guidelines for Performance Evaluation of Subsidiaries' Sustainable Development" in November 2021, with reference to 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.

The proportion of company directors attending the shareholders' meeting in 2021 **67%**

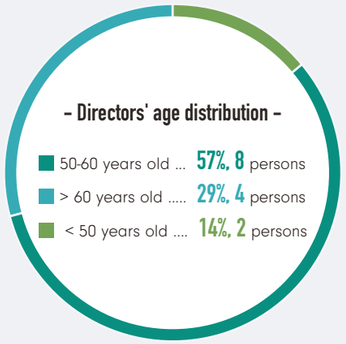
Percentage of electronic voting in general shareholders meetings **33.41%**

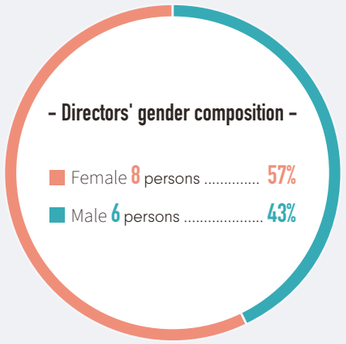


Note: The Company's number of shares of common stock outstanding is 12,964,159,088 (the Company did not issue any preferred stock).

2-3 Board Structure and Operation

We analyzed the requirements for the Company's future development strategies and the Group's emerging risks and implemented a diversification policy. Members of the Company's 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.





◇ Implementation of the diversity policy for the Company's 7th-term Board of Directors

Director \ Core Items of Diversity		Basic Composition: Gender	Basic Composition: Age <50	Basic Composition: Age 50-60	Basic Composition: Age >60	Independence (Note 1)	Industry Experience: Banks	Industry Experience: Insurance	Industry Experience: Securities	Career background and Professional Skills: Law	Career background and Professional Skills: Accounting	Career background and Professional Skills: Finance	Career background and Professional Skills: Tax	Career background and Professional Skills: Technology	Career background and Professional Skills: Risk Management	Experience in working with Global Industry Classification Standard (CIGS Level 1)
Non-Executive Director	Ye-Chin Chiou				●	●	●		●							Finance
Executive Director	Fen-Len Chen				●		●	●							●	Finance
Non-Executive Director	Shang-Chih Wang			●		●				●						N/A
Non-Executive Director	Shing-Rong Lo			●		●	●									Finance
Non-Executive Director	Chih-Chuan Chen			●		●			●							Finance
Non-Executive Director	Hsin-Lu Chang		●			●										N/A
Non-Executive Director	Ming-Jen Yao				●	●	●									Finance
Non-Executive Director	Li-Lin Yao			●		●	●									Finance
Non-Executive Director	An-Fu Chen			●		●		●								Finance, Medical & Health, Necessary Consume, Information technology
Independent Director	Yen-Liang Chen			●		●				●						Finance
Independent Director	Rachel J. Huang			●		●						●			●	Finance
Independent Director	Chun-Hung Lin			●		●								●		Finance
Independent Director	Wen-Ling Hung				●	●				●						Finance
Independent Director	Hung-Yu Lin		●			●										Finance

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

- The Director was not employed as a senior executive of the Company in 2021.
- The Director or his/her family member did not accept any compensation from the Company or any of its subsidiaries exceeding US$60,000 in 2021 unless otherwise permitted by the US SEC 4200 clause.
- The Director's family members have not been employed by the Company or any of its subsidiaries as senior executives in 2021.
- The Director is not a consultant of the Company or the management team and has no conflict of interest with consultants of the Company.
- The Director has no conflict of interest in the Company's main customers or suppliers.
- The Director has not entered into any service contract with other companies or their executives.
- The Director has no conflict of interest in non-profit organizations whose main sources of revenue are donations from the Company.
- The Director was not employed and did not serve as a partner of the Company's external auditor in 2021.
- The Director has no conflict of interest with the independent operations of the Board of Directors.

Fen-Lan Chen is Executive Directors and the independence criteria of External Directors do not apply.

Note 2: Please refer to page 20 to 29 of the Company's Annual Report for detailed information on the Company's Directors and their independence determined in accordance with the standards of domestic regulations.

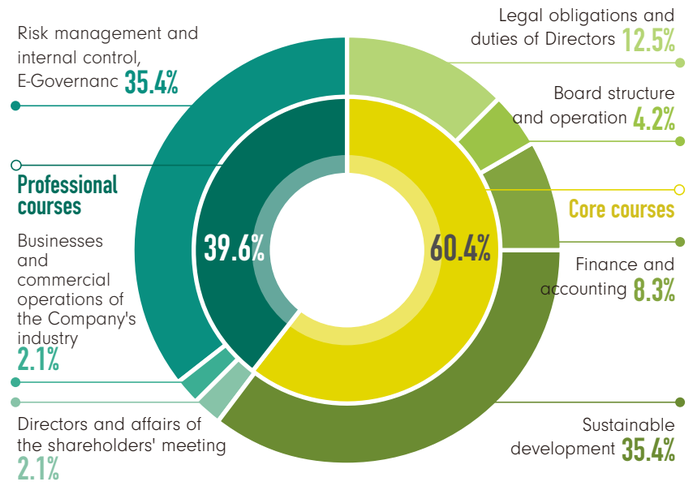
Note 3: All independent directors have served less than three consecutive terms.

The Company set a target for attaining at least 80% in the actual attendance rate of all Directors of the board and attaining at least 80% in the actual attendance of more than half of the Directors. In 2021, the Board was convened 17 times and average attendance by all Directors reached 94.84% (100% if attendance by proxy is included). The actual attendance rate of individual Directors also exceeded 80%.,and the Board has fulfilled its responsibilities for supervision.

Please refer to page 40 to 42 of the Company's Annual Report for the attendance of the Board of Directors and Directors' recusal from agenda items due to conflicts of interests in 2021.

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.



Please refer to the Company's website for information on the continuing education of all Directors in 2021

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

Committee	Year of Establishment	State of Operations in 2021
Remuneration Committee	2011	• 3 independent directors are committee members and Independent Director Chun-Hung Lin served as the convener. • A total of 2 meeting was convened in 2021 and average attendance was 100%.
Audit Committee	2012	• 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%.
Ethical Management Committee	2015	• 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%.

Please refer to Pages 45-57 of the Company's Annual Report for information on the primary responsibilities, members and attendance of each functional committee in 2021

2-4 Remuneration Policy

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

In accordance with Note 1 | Standard | Approval Procedure

"Articles of Incorporation"
"Employee Salary Rules"
"Employee Bonus Rules"
"Employee Compensation Rules"

Fixed salary

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

Floating wages

1.Performance bonus

Indicator		Weight (%)	Description	2021 achievement rate (%)	The proportion of the indicator in the annual performance bonus for 2021 (%)	President Performance bonus (NTD thousand
General indicators	Profit indicators	70	includes the ratio of earnings before tax of the current year to the target number, and growth rate compared with the previous year	116.2	70.6	1,032
General indicators	Joint marketing indicators	15	includes the ratio of joint marketing income before tax of the current year to the target number, and growth rate compared with the previous year	112.1	14.6	214
General indicators	Expense reduction indicators	15	operating expenses minus hiring expenses divided by net income of the current year or target operating expenses, whichever is lower	100.0	13.0	190
Additional point deduction indicators	Risk indicators	-1 to -5	includes asset quality, customer complaints, regulatory compliance, and major incidents of internal control	-	-0.4	-6
Additional point award indicators	Strategic indicators	1 to 5	includes corporate governance implementation results, green finance implementation results, corporate image, and credit rating that year, and non-financial and external financial performance indicators	-	2.2	32

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

2. Remuneration

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

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

Note 2: The Remuneration Committee is formed by all independent directors, please refer to the Company's website for information on the independence of directors.

Evaluation items in annual performance evaluations of the chairperson, president, and Board of Directors not only include financial performance indicators, but also non-financial performance indicators, such as corporate governance, 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 approximately 3:1 in 2021. The payment for a part of the performance bonus of the President is deferred. If a material event that affects the Company's financial or non-financial interests occurs before the distribution, the Company shall reduce the distribution amount or cancel the distribution.

In addition, the subsidiary First Bank has formulated the "Guidelines for the Implementation of the Accountability System for High-asset Wealth Management Business", specifying that the senior managers and executives who are responsible for the high-asset wealth management business shall be held accountable by the Bank's Board of Directors Audit Office as the investigation unit. If the case accountable for is verified to be true, it will be transferred to the "Accountability Committee" at the board level for verification, and punishment will be applied in accordance with the relevant regulations on personnel management, which will affect the annual performance evaluation and bonus distribution.

◇ Compensation of the President

2021.12.31; Unit: Share, NT$1,000

Title	Fixed salary (A)	Floating wages		Total remuneration (A+B+C)
		Bonuses (B)	Remuneration (C)	
President	4,342	1,462	0	5,804
Proportion of remuneration	75%	25%	0%	100%

Note: The President's total remuneration for 2021 was 3.35 times the average employee salary of NT$1,734 thousand and 4.03 times the employees' median salary of NT$1,440 thousand.

Tax Governance

GRI: 207

3-1 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 Management Department is responsible for tax management and it regularly reports the implementation status of tax governance to the Board of Directors. It also pays the income tax for profit-seeking enterprises certified by the CPA in accordance with regulations each year.

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

3-2 Tax Governance Risk Management

- Tax compliance risk and management: All subsidiaries of the Group file and pay taxes in accordance with tax laws. The Administration Management Department is responsible for compiling information and notifying subsidiaries for confirmation. The results are reviewed by the CPA of the Group and reported based on the internal hierarchical delegation of responsibilities. The Administration Management Department is the tax management unit and it is responsible for conducting 2 independent audits each year to ensure that tax personnel comply with internal operating procedures and tax laws for routine tax filing, filing for suspension of payment, annual filing and payment, and filing of various types of income. It is also responsible for reporting tax management to the Board of Directors.
- Tax law management: Related personnel are consulted on the latest changes in regulations each month. In the event of changes in tax laws, we actively inquire the opinions of other financial institutions and discuss response strategies with the Group's CPA to adjust internal operating procedures and related policies at appropriate times and ensure that internal operations and management are consistent with regulations.
- Improve tax governance capabilities: To ensure personnel responsible for tax governance are familiar with tax laws, the Group's CPA provides information on the latest developments in tax laws whenever necessary. Personnel also participate in external tax training courses whenever necessary to improve their professional skills.
- Publication of tax information: The Group's disclosure of tax information is based on the tax information in financial statements audited and certified by the CPA firm, and it is disclosed through public channels such as the official website and the annual report for the shareholders' meeting.

3-3 Stakeholder Management

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

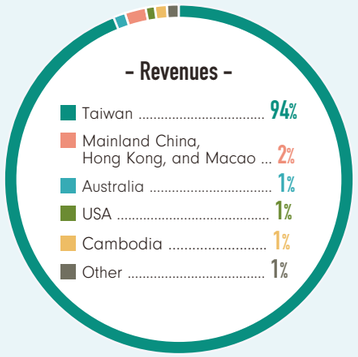
A.Methods and channels for stakeholder engagement: The Company's main external stakeholder is the government's tax authority which directly affects the Company's tax compliance. The Company completes routine tax filing, filing for suspension of payment, and annual filing within the deadline. Where there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

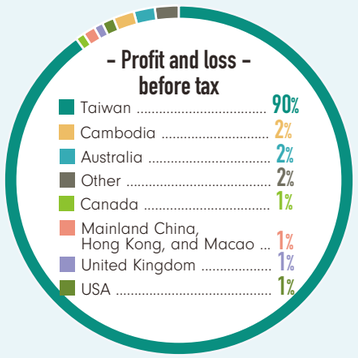
B.Methods for promoting tax initiatives: The Company's Tax Policy stipulates compliance with local tax laws and regulations. The Company mostly uses "exchange of ideas and proposals in the trade association" to discuss tax issues. The Bankers Association forms a consensus of a majority of members for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

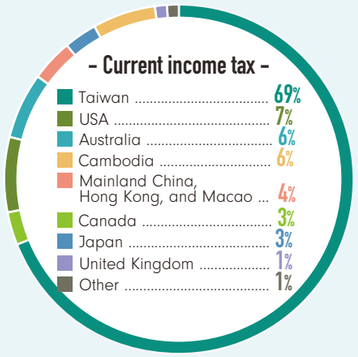
C.We collect and consider the opinions of external stakeholders: With regard to the collection of opinions on tax issue drafts, the Company actively communicates and discusses with stakeholders. We also collect and compile the opinions of other financial institutions or consult the Bankers Association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

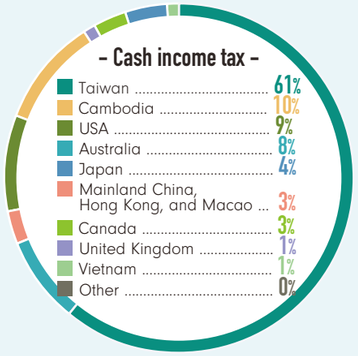
3-4 Report by country

Revenues, Profit and loss before tax, and payment of business income tax by the Group in each country in 2021.









Risk management and continuous operation

GRI: 419

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

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

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 all established dedicated compliance units reporting to the president in accordance of the law. Other subsidiaries also appointed the Chief Compliance Officers at their head offices. The Chief Compliance Officers are responsible for the planning, management and execution of the regulatory compliance system at their respective companies. FFHC is continuing to require all subsidiaries to enforce their compliance systems. Related developments in 2021 are as follow:

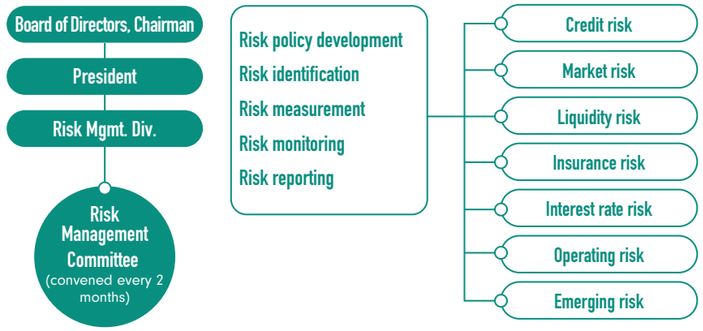
Implementation plan	Implementation Results
Supervision and management of the Board of Directors and the Audit Committee	• The Company's annual compliance plans for 2021 were submitted to the Audit Committee and Board of Directors for review and passage before implementation. The subsidiaries reported the plans to the Board of Directors for review and passage before implementation. The subsidiaries reported the plans to the Chief Compliance Officer of the head office. • The Company reports the implementation of the regulatory compliance system by each subsidiary to the Risk Management Committee bimonthly and to the Audit Committee and the Board of Directors semi-annually. • Based on the results of compliance risk assessment of each subsidiary and the methodology of Group consistency, every year, the Company compiles the Group's compliance risk assessment report to report to the board of directors.
Regulatory change management	The Company provides a list of changes in external regulations to related departments and manages each department to comply with changes in external laws and regulations twice every month to ensure that all operations of the Company meet regulatory requirements.
Compliance training and self-assessment operations	Each company shall conduct compliance training and self-assessment operations at least once every six months. The companies organized a total of 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.

Please refer to page 102-105 of the Company's Annual Report for large fines or non-monetary sanctions imposed on the Group for violating economic and social laws and regulations in 2021

2. Risk management mechanism:

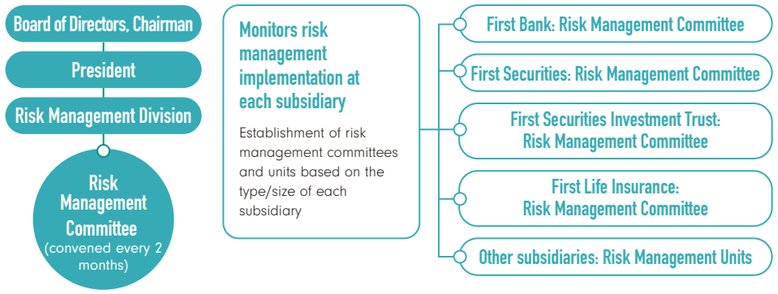
(1) Risk management policy and structure and establishment of corporate culture

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 had also incorporated emerging risks including climate change 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 Committee". Dedicated risk management units are also tasked with monitoring and reporting routine business risks. The remaining subsidiaries have also set up risk management teams or dedicated risk managers based on the nature of their business and their organizational scale to oversee all matters related to risk management.



(2) Risk management enhancement measures

System upgrade

- 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 (Fermat system) in order to optimize risk control mechanism and procedures.
- Continue to optimize ,or 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 3 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 measures.
- 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 guidelines, 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

Unit: NT$1,000

		2019	2020	2021
Own capital	Type 1 capital	193,632,643	216,352,755	233,555,056
	Type 2 capital	32,921,282	36,594,415	32,314,734
	Total own capital	226,553,925	252,947,170	265,869,790
Risk-weighted assets	Credit risk	1,629,799,814	1,737,304,576	1,749,220,362
	Operating risk	83,343,419	84,682,521	85,560,707
	Market risk	29,802,885	33,433,459	36,178,430
	Total risk-weighted assets	1,742,946,118	1,855,420,556	1,870,959,499
Capital adequacy ratio		13.00%	13.63%	14.21%
Ordinary share equity ratio		10.63%	10.58%	10.88%
Type 1 capital ratio		11.11%	11.66%	12.48%
Total exposure		3,280,133,398	3,638,240,446	3,816,840,554
Leverage		5.90%	5.95%	6.12%

(3) Establishment of corporate risk culture

To strengthen the Group's risk management mechanisms and create a risk-based corporate culture, the Company organizes risk management seminars from time to time and invites subsidiaries to discuss recent changes in the finance industry to evaluate and adjust the risk monitoring indicators and frequency. We also established the online e-Academy to create systematic risk awareness so that every employee of FFHC understands the Company's risk culture and core ideas. The Company provides risk management training for all promoted employees. In 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.

Training for new employees

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

Professional business training

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

Mid-level management training

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

Senior management training

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

◇ Establishment of Risk Management Culture Measures

Connection between Risks and Performance

- Risk indicators (includes asset quality, customer complaints, regulatory compliance, and major incidents of internal control) are included in the standards for the distribution of performance bonuses for the President, senior management, and employees, and they affect the amount of the annual performance bonus.
- The performance evaluation items of the risk management unit include risk management indicators such as the capital adequacy ratio and leverage ratio, return on capital, and non-performing loan ratio control target achievement rates, employee training, and innovative measures. The evaluation results shall be used as an important reference for determining the performance bonus for the evaluated department.
- The Bank organizes return on capital contests including net profits from return on capital before withdrawal, increase in operating gross profit from return on capital before withdrawal, and increase in capital allowances as bonus items in the performance evaluation of business units.
- We continue to follow up on review opinions of internal audit units, accountants, and business administration units or deficiencies proposed by internal audit units, and matters requiring improvement listed in the internal control system statement. Improvements are submitted in writing to the Board of Directors and Audit Committee and used as an important item for penalties and rewards and performance evaluations of related units.
- The results of the compliance evaluation of the departments and subsidiaries are used as the basis for personnel evaluations.

Risk Reporting measures

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

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.

(4) Emerging risks

◇ Identification procedures for the Group's emerging risks

01 STEP — Risk identification
Companies perform emerging risk assessment and identification

02 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

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

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

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

Risk Description	Possible Impact	Mitigation Measures
In order to effectively control the known and common information security risks, the Company has long invested resources to establish a number of information security protection measures and mechanisms. However, with the rise of emerging technologies such as artificial intelligence (AI), cloud computing, Internet of Things (IoT), and 5G, if hackers and criminal groups use them and create unprecedented methods to attack, the Company's existing information security protection measures and mechanisms may not be able to stop and defend in time.	• Large-scale online attacks may cause Internet-related businesses to fail to operate, trade and provide services normally, which will affect Company operations, and may lead to reputation crisis. • Due to insufficient control of information security framework or system, network, customer data management mechanism, etc., risks such as increased possibility of information system being hacked and increased probability of personal information leakage. • The digital channel service system may be hacked, causing the system to crash and be unusable, and face 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 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.	Short-term: • Build a distributed denial-of-service attack (DDoS) attack protection mechanism to strengthen online attack protection. Firewall, Web Application Firewall (WAF), intrusion prevention system (IPS), network segmentation and other multi-layered protection structure have been built, and important endpoint detection monitoring (MDR) and mail filtering system have been introduced. • Adopt the two-factor authentication for the certificate download and login of the securities transaction system, which can strengthen the security protection of identity verification, improve the ability to defend against credential stuffing attacks, and reduce the risk of 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 off-site 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 acuity of all colleagues, and improve the ability of information security protection literacy. Conduct social engineering protection drill tests and information security-related education and training courses on a regular basis to build risk awareness and increase vigilance. • Make sure to install and update computer anti-virus and malware detection software, and implement network firewall for isolation. • Avoid clicking on suspicious emails, external websites and downloading files from unknown sources at will, strengthen conveyance to colleagues that unless for business needs, email account issued 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 inspections, join the Financial Information Sharing and Analysis Center (F-ISAC), 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 7x24 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 modern 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 defense 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.
In view of the rapid changes in the international situation, from the US-China trade war to the impact of the outbreak 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, a shadow has been casted on the 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 Russian-Ukrainian 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 also 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, etc., 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, energy and raw material prices will rise sharply, and investment risks will increase.	• 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 cost for handling the aftermath of risk events. • The international wars have caused global financial market volatility. The Russian-Ukrainian 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 less than expected, 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. • 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 cases may be impaired or lost, thereby affecting the recovery of debts.	Short-term: • Collect the latest information on international politics and economy, social security, rating outlook, etc., maintain data such as economic indicators of various countries, national situation reports, overall event evaluation and analysis reports of single countries and regional countries, and regularly assess the risk status of geo-economic confrontation. • Pay attention to the changes in the global political and economic situation, organize or assign personnel to participate in education and training, enhance the risk awareness of geopolitical and economic confrontations, conduct risk assessment and adjust business control measures in a timely manner, continue to follow relevant internal policies and regulations, and regularly discuss and follow up on the national conditions, political, economic and financial situations of various countries in relevant meetings. • In response to the ever-changing international political environment, the Bank's subsidiaries also set up a "Global Political and Economic Situation Response Team" to strengthen horizontal communication and awareness of country risk control. The meetings are held once every two months. In the event of major emergencies or events such as drastic political and economic changes, an extraordinary meeting will be held to discuss countermeasures. • Examine the degree of impact on existing customers' operations and profits, pay attention to strengthening risk control 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 when evaluating new investments, impact factors with the risk of political and economic confrontation in the business model and the sales market of the investee companies are taken into consideration. • Strengthen the promotion of business 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: • In order to avoid breach of contract and loss due to increased customer risk exposure, we handle collateral collection and supplementation matters in accordance with regulations, keep in touch with customers, care for customer's risk exposure positions, and 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 actively manage it, suspending the use of the credit line, reducing the credit line, recovering all or part of the loan amount, adding guarantors, and increasing collateral, in order to maintain the quality of credit assets. • Regularly monitor the country risk balance of the whole Group, keep an eye on 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 management of country risk; if political, economic and financial changes in a single country or the downgrade of the 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 overseas risk exposure. • Continue to observe the changes in the political and economic situation of the world's major economies, adjust investment strategies with roll planning method, strengthen the asset quality of investment portfolios, and timely incorporate proper hedging instrument to flexibly adjust the operating strategies. • Continue to pay attention to the current trends related to the global geopolitical and economic confrontation, and issue analysis reports on the economy and industry to help the Company control business risks in real time. Credit investigators shall strengthen their understanding of the customer's operating conditions when handling credit investigations, and shall disclose the degree of operational impact and the countermeasures to be taken in case of a major adverse event.

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 system statement. Improvements are submitted in writing to the Board of Directors and Audit Committee and used as an important item for penalties and rewards and performance evaluations of related units, so as to maintain the effective and appropriate operation of the internal control system.

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-proliferation of weapons (including the consistency of the subsidiaries' IRA 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 mechanism (including large 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.

◇ Implementation of the internal audit system in 2021 is as follows:

Implementation plan	Number of times held/ Execution times
Self-audit meetings, internal control system self-audit results review, internal control system deficiency review meetings, and internal audit coordination meetings within the group	2 times each
General audits, project audits	8 times
Derivative trade audit	10 times
Auditing opinions and follow-up	18 times
Non-routine inspections	4 times

Please refer to page 93 of the Company's Annual Report for the 2021 Internal Control System Statement

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 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 pacify 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.

Strengthen the pandemic 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

Ethical corporate management

GRI: 205
SASB: FN-CB-510a.1, FN-CB-510a.2

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, supervision, and reporting. The Company's "Ethical Management Committee" subordinate to the Board of Directors is the dedicated unit for implementing ethical management practices.

Three independent directors serve as committee members and are responsible for the formulation and revision of the Group's ethical management policy. In order to improve the administration of ethical management, the "Ethical Management Committee" reports to the Board of Directors every six months on the performance status of ethical management by the Group's enterprises and organizations and the measures taken. The contents include regular analysis and assessment of the risk of unethical conduct within the Group, and formulate accordingly the plan for preventing unethical conduct, the operation of internal and external education and training and reporting systems for ethical management of the Company and its subsidiaries, etc. In view of important issues related to ethical operation, such as the implementation of fair customer treatment and the 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 equivalent to a VP or above, the investigation report shall be submitted 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". Meanwhile, in order to implement the ethical management policy, the subsidiary First Bank established the "Guidelines for the Implementation of the Accountability System for High-asset Wealth Management Business" in 2021 in conjunction with the launch of high-asset wealth management business, setting up a board-level "Accountability Committee" to strengthen the supervision and management responsibilities of such business. In addition, the "Investigation Procedures and Supervision Implementation Management Guidelines of Wealth Management Consultants' Abnormal Behaviors or Transactions" and an "Independent Investigation Team" were established 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 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. Counterparts that do business with the Company are invited to participate in the activities, so that they fully understand the Company's unethical conduct prevention plans and zero tolerance policy.

◇ **Ethical Management Education and Training in the past three years**

Target	Year	Method	Total number of hours	Persons/ Companies	Coverage Rate (Note 1)
Employees (persons)	2021	Each subsidiary organized at least two ethical management training sessions	92,570	36,630	100
	2020		91,343.25	39,389	100
	2019		59,183.25	38,023	100
Suppliers (companies)	2021	Increased the awareness of suppliers of the Group's "Supplier Management Guidelines"	0.25	294	100
	2020		0.25	207	100
	2019	Organized the "Corporate Social Responsibility, Environmental Protection, and Energy Conservation Seminar"	0.25	304	100
Subsidiaries (companies)	2021	Promoted during the quarterly "Group Chief Compliance Officers Meeting"	0.4	32	100
	2020		0.4	32	100
	2019		0.4	32	100

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, antitrust, anti-competitive behavior, market manipulation, corruption, or other violations of financial industry laws and regulations.

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

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 related evidence. Reports may also be filed through means such as telephone and personal statements. The responsible unit shall formulate records and specify the reported items, real name, and contact information for the whistleblower and sign or affix seal for authentication and further processing. The Company shall accept reports that involve the violation of laws, reports which include actual names, contact information, and concrete evidence. However, where description is provided in detail for anonymous reports, the Company may consider processing the information.
- Furthermore, the "Whistleblower System Implementation Rules" reviewed and passed by the Board of Directors is disclosed in the "Corporate Governance" section on our official website and internal website. Our subsidiaries all established a whistleblower system that was reviewed and passed by their respective Board of Directors.

Contact person

- The internal audit unit/self-assessment supervisor at the Company and subsidiaries is responsible for handling whistleblower cases. Depending on the type of case, an independent unit is designated to conduct the investigation. For cases received by the Company and investigated by a subsidiary, the subsidiary is required to report investigation results to the Company.
- After a case is accepted, it shall be processed as a confidential case. The information involving related parties in the reported contents and the data or information they provide must be kept strictly confidential and may not be leaked. In the process of the acceptance and investigations of reports, individuals with conflicts of interest shall be recused. 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. Where a report is verified as true in an investigation, the Company shall grant a reward based on the severity of the reported violation.

Supervisory Personnel

- After the Company's Audit Division receives a report, it shall report the method for processing the case to the unit supervisor regardless of whether the report is accepted. Documentation of case acceptance, investigation processes, and investigation results shall be retained in complete written format or digital files for at least 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.
- If the person being reported is a director, supervisor, or vice president or higher managerial officer, the investigation report shall be submitted to the independent directors (Audit Committee) or supervisor for review. After the Company's Audit Division receives the investigation report from the investigation unit, if the report involves material misconduct or likelihood of material impairment to the Company, it shall be reported to the independent directors (Audit Committee).
- If a whistleblower case is found to be true, the Company and subsidiaries will assign related units to review the internal control system and operating procedures, propose improvement measures to the Board of Directors, and then submit the report to the Ethical Management Committee for future reference.
- Major incidents or violations of the law shall be reported to relevant units of the Company and relevant authorities in accordance with the "FFHC Incident Reporting Guidelines" and "First Financial Group Compliance Notification Guidelines".

Reporting hotline

The "Stakeholder Communications" section on our official website

Auditing Division, Board of Directors
Address: Audit Division, 18F, No. 30, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City
Tel: 02-23485399
Complaint mailbox: audit@fhc.com.tw

Note: On November 25, 2021, the Company revised the "Implementation Rules of the Whistleblower System" and was reviewed and approved by the board of directors. It adjusted the acceptance unit of the whistleblower case, established the whistleblower case review committee, formulated the case handling procedure and the protection measures for named whistleblowers, etc. In addition, the Company's "Code of Conduct for Ethical Management" also cooperated with the revision and added that the compliance unit to serve as the acceptance unit for whistleblower cases. The content described in the above table is the implementation situation before the revision of the "Implementation Rules of the Whistleblower System".

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.

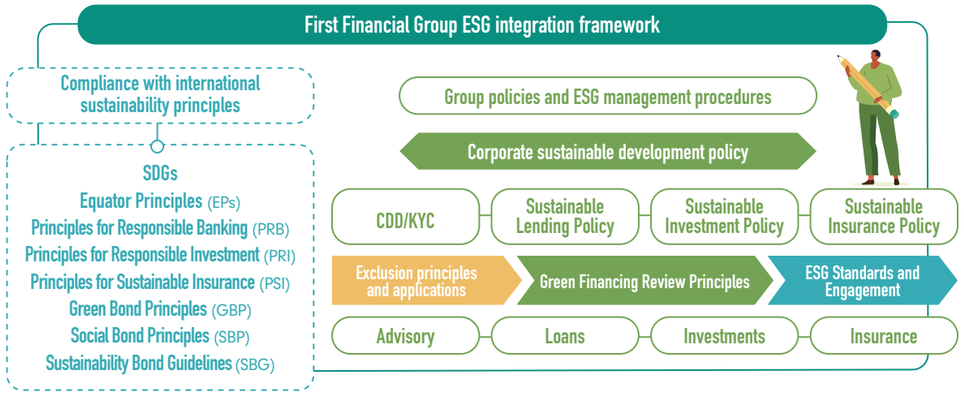
A total of 37 whistleblower cases			Accepted and filed: 27 cases Rejected: 10 cases		Verified to be true: 5 cases Found to be untrue: 22 cases	
Number of reports	External whistleblower	Anonymous	19	Accepted and filed	17	True 3
						Untrue 14
				Rejected	2	
		Named	3	Accepted and filed	1	True 0
						Untrue 1
				Rejected	2	
	Internal whistleblower	Anonymous	9	Accepted and filed	5	True 0
						Untrue 5
				Rejected	4	
		Named	6	Accepted and filed	4	True 2
						Untrue 2
				Rejected	2	

Cases received :27 cases			External whistleblower				Internal whistleblower			
			Named		Anonymous		Named		Anonymous	
			True	Untrue	True	Untrue	True	Untrue	True	Untrue
Type of report	Corruption and bribery	0	-	-	-	-	-	-	-	-
	Information confidentiality	0	-	-	-	-	-	-	-	-
	Avoiding conflict of interest	2	-	-	-	1	-	-	-	1
	Antitrust/anti-competitive practices	0	-	-	-	-	-	-	-	-
	Insider trading	0	-	-	-	-	-	-	-	-
	Fair customer treatment	0	-	-	-	-	-	-	-	-
	Internal procedures	15	-	1	1	9	2	2	-	-
	Internal management	10	-	-	2	4	-	-	-	4

Responsible Finance

GRI: FS1, FS2, FS3
SASB: FN-CB-410a.2

Responsible Finance



Flutter with "The Green Swan", climate change will become a major emerging global risk in the future. First Financial Group ("the Group" or "we") attaches great importance to the role of financial institutions as key financial intermediaries and facilities, we integrate ESG factors with core business and guide capital flow to sustainable development related projects. As a sustainable environment and society gatekeeper, by formulating the Sustainable Trust, Sustainable Investment and Sustainable Insurance Policy, we incorporate ESG diligent investigation procedures into all investment, financing, advisory and insurance activities. In order to include ESG aspects in the client due diligence (CDD) and know your customer (KYC) process, financing companies are all reviewed in accordance with the self-assessment ESG checklist or ESG review results by the external institution, screening for criteria violations in product sustainability, human rights, environmental protection and society controversial issues. If there is any substantial violation and no improvement is proposed after negotiation, the investment and financing position of financing companies will be gradually reduced. This guides investment and financing companies towards full implementation of environmental protection and social sustainability responsibilities.

Uphold the sustainability commitment, the Group requires all domestic and offshore fund companies to sign the compliance statement for the "Stewardship Principles for Institutional Investors" and the "Principles for Responsible Investment (PRI)" before the launch of a new product. Insurance companies of the launched products are also 100% prepared "Sustainability Report" or "Sustainable Development Commitment" to protect the rights and interests of customers and beneficiaries.

100%
Percentage of signature of the compliance statement for the "Stewardship Principles" by domestic fund companies with products marketed at the Group

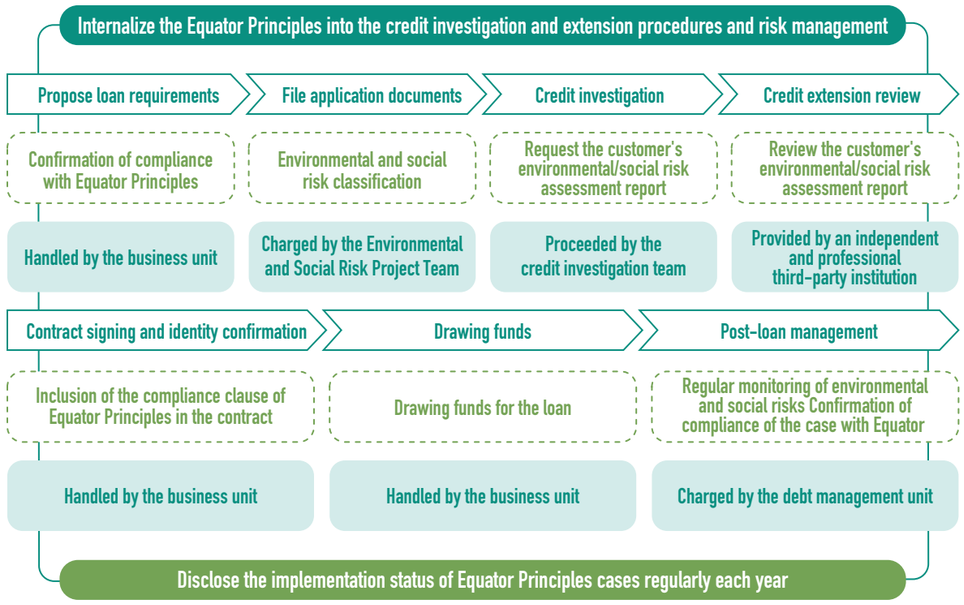
100%
Percentage of signature of the compliance statement for the "Principles for Responsible Investment (PRI)" by offshore fund companies with products marketed at the Group

100%
Percentage of preparation of the "Sustainability Report" or submission of the compliance statement for the "Sustainable Development Commitment " by insurance companies with products marketed at the Group

6-1 Corporate Banking/Investment Business

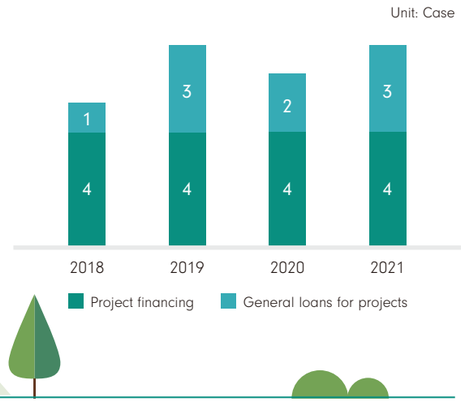
[Equator Principles]

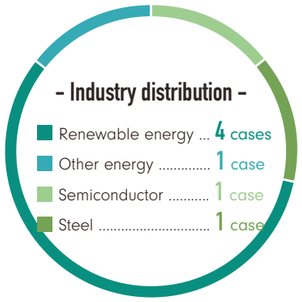
In order to accelerate international connectivity, implement the sustainable finance policy, and encourage companies to pay attention to environmental protection and social responsibility, First Bank joined the Equator Principles Association on December 21, 2020, becoming the first among domestic state-owned banks to do so and the 114th bank member in the world. To comply with Equator Principles, First Bank issued an official letter on January 6, 2021 to establish the "First Bank Equator Principles Guidelines for Loan Application". To comply with the Equator Principles, before accepting financing applications from all corporates, 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 charged 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.

◇ Number of Equator Principles cases in recent years





[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 kilometres offshore of the west side of Changhua County. The area of this case is 36.54 square kilometres, the installation capacity is about 300MV, and the annual power generation is about 1,591~2,203GWh. It is estimated about 840,000 to 1.16 million metric tons of CO_2e 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 requested a compensation agreement to be signed with the Changhua Fishery Association for the loss of fishing income and the cost of bypassing 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 change 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 habits 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 kilometres 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 Fengde 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 coeffecient of 0.369 (kg CO_2e/degree) is less than 0.417 (kg CO_2e/degree) of general natural gas and 0.918 (kg CO_2e/-degree) of coal-fired units. Converted to an annual carbon emission of 2,839,600 metric tons of CO_2e, it can reduce 4,237,100 metric tons of CO_2e 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 800KW in the power plant, which is estimated to reduce CO_2e 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 required compensation measures such as multi-layer planting and artificial nest boxes in the power plant area so as to protect the living environment of conservation animals; On the heat recovery boiler, it is required to install a selective catalyst reduction system (SCR), through the reduction reaction of catalyst and nitrogen oxides (NOx), NOx is reduced to non-toxic nitrogen (N2) and water (H_2O), it decreases the emission concentration of toxic gases to less than 6ppm/hour (10ppm in accordance with the regulations) and reduces the impact of the construction and operation of this case on the energy and the environment. The borrower has appointed Unitech New Energy Engineering Co., Ltd. to issue an "Environmental Impact Statement" in August 2020, which was approved 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, 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.

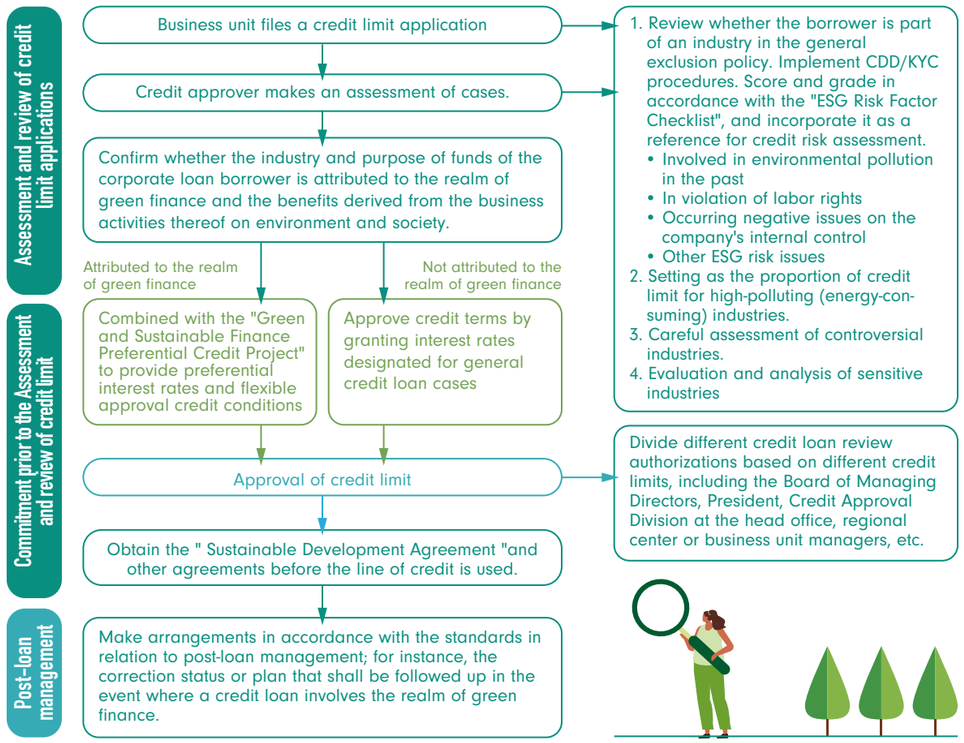
Electricity power supply industry/construction of solar power plant

Third-party institution: TUV Rheinland Taiwan Ltd.

This case's borrower plans to build a ground-based 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, mainly 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 to be exempted from the environmental impact assessment (EIA) in October 2019, but in order to comply with the independent review mechanism of the Equator Principles, this case has obtained the "Environmental and Social Impact Assessment Report" issued by TUV Rheinland Taiwan Ltd. to evaluate the operation. It is estimated that the renewable energy power generation can be increased after the operation of this case, which is a plan that is beneficial to the environment, and the annual greenhouse gas emissions during the construction period does not exceed 100,000 metric tons of CO_2e; The main water used is domestic water and solar module cleaning water. Only high-pressure water is used for the cleaning process of solar modules, without any chemical cleaning agents that are harmful to the environment are used. Low-intensity development does not cause significant impact on the environment and society, and the local economy can also be revitalized. With respect to potential environmental pollution, First Bank also actively communicated with 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 Plan" (including soil and water conservation measures, construction materials and 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 transportation, etc.), 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 contacts with landlords, the borrower also 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, weapon to 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 exceed 14.0% in 2022, and the target for 2026 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:.



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

In 2015, FFHC extended the scope of "Green Financing Review Principles" to First Bank's overseas sites, FCB Leasing, First Financial Leasing (Chengdu) and First Financial AMC. Except for syndicated loans, for business loans overseas branches must now explicitly state in the "Sustainable Development Evaluation Form for Overseas Branches" the ESG risk factors assessed. The loan documents must also be annotated with text to the effect that "the borrower has been asked to comply with local laws and to conduct self-inspection on whether their products and processes fulfill their environmental protection and corporate social responsibilities". In this way, FFHC partnered with the borrowers on protecting the local environment. Of which, First Bank succeeded in soliciting the Sustainable Development Commitment from 99.9% of its borrowers in 2021.

◇ Sustainable Development commitment signed by domestic and foreign borrowers over recent four years

Unit: no. of borrowers

Item / Year	2018	2019	2020	2021
Domestic Sustainable Development commitment	16,659	24,353	41,705	51,731
Sustainable Development Evaluation Form for Overseas Branches	2,913	3,703	4,520	5,389

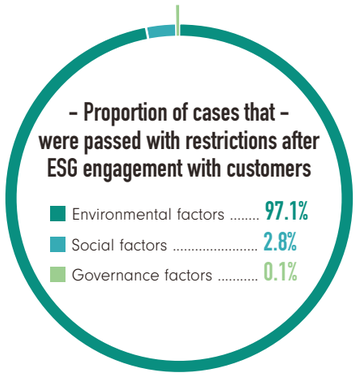
First Bank continues to strengthen the post-loan management, and fulfill the responsibility of being a financial institution for environmental protection and social sustainability. For the early warning cases that borrowers who have been punished by government environmental protection agencies for violating environmental protection laws, First Bank finds out whether its operation violate 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 clean-up plan to handle related operations. In addition, if the borrower's loan is suitable for the purpose of green financing, the verification of the actual use of the fund after the review operation 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.

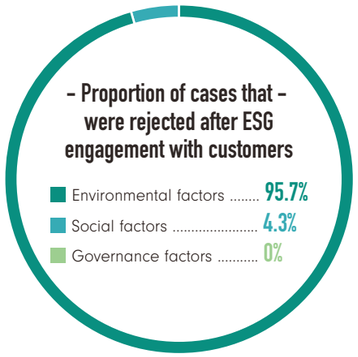
There are 72,322 cases (70,038 domestic cases and 2,284 overseas cases) have been reviewed in accordance with the "Green Financing Review Principles" in 2021; these cases accounted for 100% of the corporation's lending cases. 3,366 cases conditionally passed (reduced credit limit or additional conditions) 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 were not approved in which a borrower was implicated in ESG risk factors, these cases accounted for 28.4% of all non-approval 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$500 million and NT$1.1 billion respectively.

Unit: Case/%/thousand NTD

Review results / ESG factors	Conditional pass (including reduced approval and restrictive terms)				Refusal of credit loans (including tabled or withdrawn applications)			
	Case		Amount		Case		Amount	
	ESG risks involved	Conditional pass due to ESG risks	ESG risks involved	Conditional pass due to ESG risks	ESG risks involved	Refusal of credit loans due to ESG risks	ESG risks involved	Refusal of credit loans due to ESG risks
(E) Environmental factors (such as: involved in environmental pollution)	957	0	288,216,667	0	44	2	11,762,909	663,720
(S) Social factors (such as: endangering social welfare and infringing human rights)	28	0	1,314,153	0	2	2	425,520	425,520
(G) Governance factors (such as: poor corporate governance)	1	1	500,000	500,000	0	0	0	0
Total	986	1	290,030,820	500,000	46	4	12,188,429	1,089,240

Note: ESG risk factors involved is not absolute causes for conditional approval/disapproval.





◇ Cases that were conditional approved or not approved due to ESG risk factors identified by the reviewers in 2021, the following are the top three borrowers based on the amount:

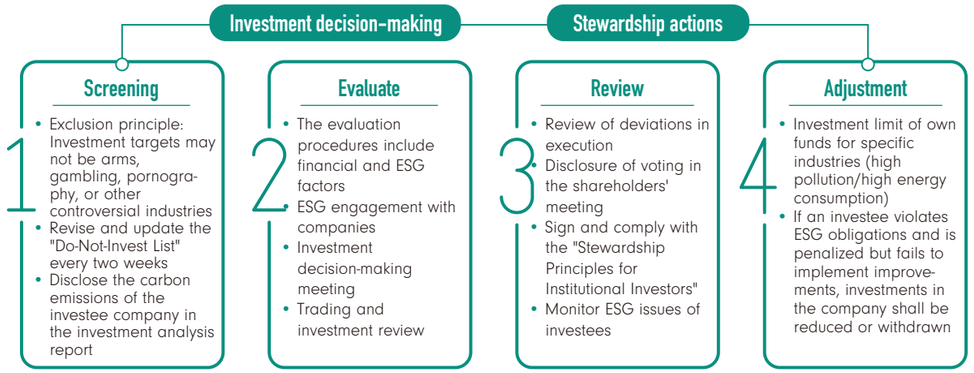
Unit: NTD thousands

Name of borrower	ESG aspects	Amount
XX Coal and Minerals Co., Ltd.	**Environmental factors (E) :** The borrower is engaged in mining and sales of coal related business, and coal burning is one of the important reasons of climate change. However, the borrower has not prepare the ESG report, nor has it formulated a transformation or coping strategy for issues such as ESG or environmental protection. It is difficult to assess whether the borrower is fulfilling ESG related responsibilities, which contradicts First Bank's "Sustainable Lending Policy". Therefore, the discussion has been postponed.	663,720
XX Financial Co., Ltd.	**Social factors (S) :** Considering the borrower's target audience is inconsistent with the concept of sustainable development of First Bank; therefore, the discussion has been postponed.	425,520
XX Industries Co., Ltd.	**Governance factors (G) :** There is a high shareholding ratio in borrowing directors and supervisors; therefore, the limit has been reduced.	500,000
	Total	1,589,240

In correspondence with the promotion of green finance in 2017, First Bank added the remark columns of "whether the borrower engages in planning and category of green industry" and "whether the case complies with the purpose and category of green funds" to the credit loan system and added mandatory fields, such as "disclosure of items related to green industry" and "purpose of green funds" respectively to the "Credit Investigation Report" and "Credit Loan Application" of domestic corporate borrowers. Credit reports must disclose whether the borrower engages in planning of green industry; if it does, credit reports shall further disclose information such as the category of industry it belongs to or the weight of green products to its total revenue.Meanwhile, First Bank also announced the implementation of the "Project of Preferential Loans for Green Enterprise" through letter and requested business units to increase in the credit loan application the descriptions on the environmental benefits or effectiveness of energy conservation derived from the borrower's business activities, as well as the practices of environmental protection or social responsibility, which serve as a reference of credit approvers in granting credit terms and preferential interest rates. We also communicated and explained ideas and relevant information of green finance to credit approvers at risk control business review meetings in order to carry out the group's idea of assisting in green enterprise development.

[Responsible investment]

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



Since 2015, First Capital Management has revised and updated the "Do-Not-Invest List for Sustainable Development Violations" every two weeks. It continuously reviews investees based on product sustainability, governance, social, and environmental criteria. Any company that is found to have engaged in conduct which is not in the spirit of sustainable development is added to the do-not-invest list. In the fourth quarter of 2016, we fine-tuned our screening guidelines for social factors to better safeguard human rights based on the content and spirit of the "Universal Declaration of Human Rights," with particular emphasis on Articles 6, 7, and 8 of the "International Covenant on Economic, Social and Cultural Rights." The number of companies included in the do-not-invest list from 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, High-Tech, OTC and Greater China Balanced) of FSITC excluded related individual stocks from the investment pool based on this list in 2021. 69.94% of the individual stocks that the said five funds have invested in have formulated and filed Sustainability Reports.

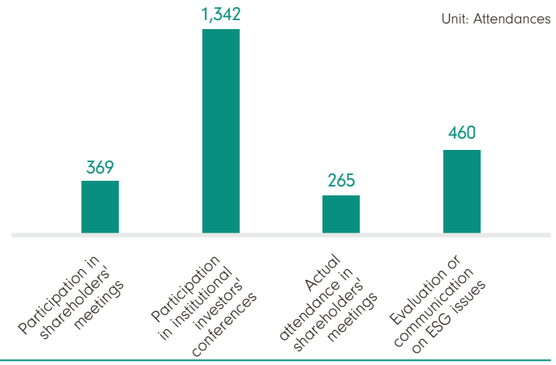
Screening Standards	Main Basis	No. of individual stocks excluded from the investment pool in the past three years		
		2019	2020	2021
Product sustainability	Excluding enterprises involving animal welfare, climate change, ozone layer destruction, betting games, genetic engineering, nuclear energy, the sex industry, tobacco, and weapons systems.	7	7	7
Governance	Incidents involving corporate embezzlement, food safety violations, accounting fraud and market manipulation, and other controversial social issues in the most recent six months, leading to being investigated by the law enforcement agency.	35	3	0
Social	• It is determined whether a major labor dispute, employee strike, or other similar incident has occurred and whether union negotiations have not yet been concluded. • The company has laid off employees without warning. • Screening guidelines for safeguarding human rights were adjusted based on the content and spirit of the "Universal Declaration of Human Rights," with particular emphasis on Articles 6, 7, and 8 of the "International Covenant on Economic, Social and Cultural Rights."	0	0	8
Environmental	• List of Sanctioned Entities announced by the Environmental Protection Administration, Executive Yuan (Environmental Protection Administration, Executive Yuan / Public Administrative Announcements / List of Entities Sanctioned by the EPA); sanctioned entities which have not made improvements. • Those which have legal actions taken against them by the prosecutor are entered on the watchlist.	2	0	0
Total		44	10	15

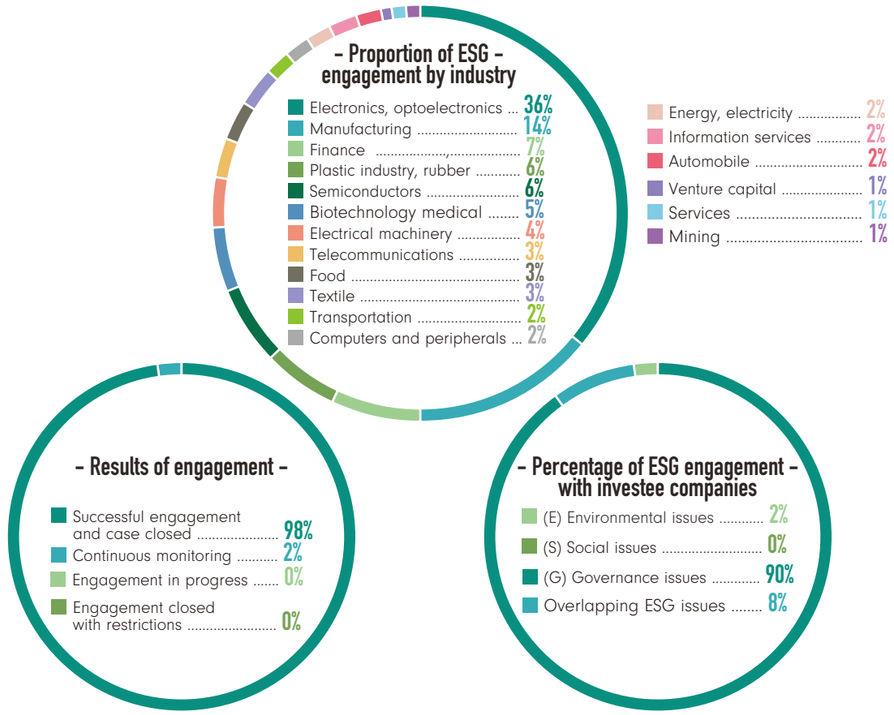
The Group aims to fulfill responsibilities as an asset owner or administrator and increase long-term value for the Group and fund providers. First Bank, First Securities, First Securities Investment Trust, and First Life Insurance have signed the compliance statement for the "Stewardship Principles" and shall disclose their performance of due diligence governance on their company websites. First Securities was listed on the "List of Companies with Better Institutional Investor Stewardship Disclosure" announced by the Taiwan Stock Exchange (TWSE) in 2021; First Securities incorporates ESG risk factors into the investment decision-making process through self-assessment ESG checklist or ESG review results by the external institution, no investment will be made if it is assessed to be high ESG risk or the score is too low, and will regularly review the control and continue proceed the ESG engagement with the invested companies. We use e-mails, telephone interviews, distribution of questionnaires, or onsite plant visits to pay attention to related ESG opportunities and risks of investees. Where an investee is penalized for violation of related ESG regulations and fails to implement effective improvements, the Group shall gradually reduce or dispose of investment in the company. The attendance in shareholders' meetings of investees and ESG engagement with investees in 2021 are as follows:

Attendance rate in shareholders' meetings of listed investee companies in 2021
[Number of (attendance in person + electronic voting) / number of attendances expected]

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

◇ **Responsible investment/stewardship implementation status**

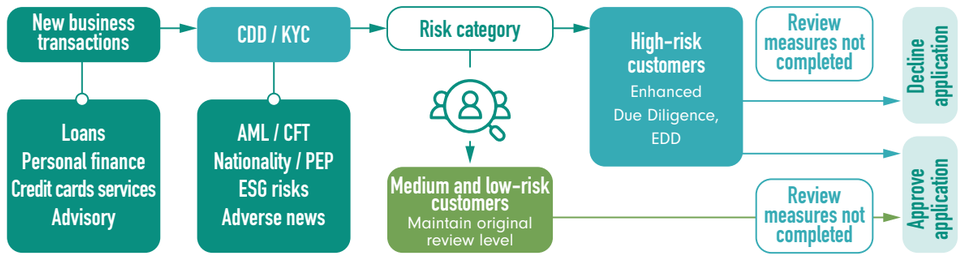




6-2 Retail Banking / Individual Financ

[CDD / KYC Review Procedures]

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 high-polluting/high-energy-consuming and sensitive industries in accordance with the general corporate finance business. It also adopted 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 refuse or decline transactions if their ESG risks are too high to minimize the negative impact of our products and services on the society and environment.

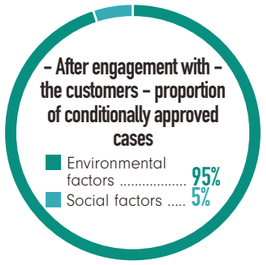


[Retail Banking Credit Review and ESG Engagement]

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 mechanism when establishing business relationship, and more active actions will be taken in customers communication 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 relationship.

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

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$5.48 million; in terms of individual finance, there were 73 customers' business relation had been declined due to AML risks involved.



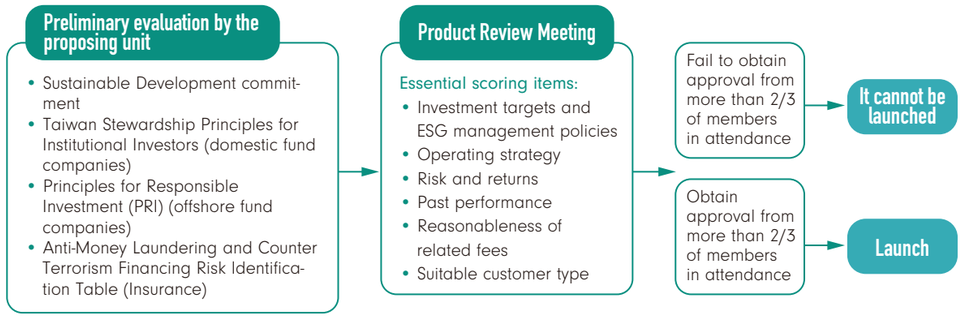
In response to climate change and extreme weather, the value of real estate collateral may be reduced. If the real estate acquired by the credit guarantee is located in a geologically sensitive area such as a hillside conservation area, it will be independently evaluated by the valuation management department 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 expose them in the appraisal report for the review personnel to comprehensively examine the credit risk of the collateral.

We explore possible future trends in global or regional temperature, rainfall, or sea level rise under different Representative Concentration Pathways (RCPs) climate scenarios to estimate the potential losses in mortgages due to natural disasters (flooding, landslides, mudslides, etc.) caused by climate anomalies.

Frist 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 Taipei 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 collaterals located has been strengthened in order to enhance the protection of creditor's rights.

[Product Review]- Include ESG risks and opportunities into the evaluation items for product launch reviews

To ensure product and service quality, we implement ESG ideals in the screening process for launching wealth management products to account for both risk management and sustainable development for the society and environment and achieve sustainable and long-term returns for customers and investors. To implement Know Your Product (KYP) principles, wealth management products launched by First Bank must be reviewed with the scoring sheet to verify whether the ESG-related assessment items involve significant environmental issues, whether the investment targets encompass sustainable industries, social responsibility, and stewardship. After the applicant passes a product in the initial evaluation, the relevant information shall be submitted to the "wealth management product review meeting" for review. Review items include at least the investment targets, ESG management guidelines, operating strategy, risks return and past performance, reasonableness of related fees, and suitable customer categories. The product risk ratings are established based on product characteristics and the product must obtain the approval of more than 2/3 of members in attendance before it can be launched and sold. In 2021 a total of 239 products were reviewed before launching, a total of 12 products were recalled and 100% of the launched products passed ESG review. The Bank must also implement anti-money laundering and counter terrorism financing regulations in the sales process and evaluate the compatibility of product risks and customer risks to ensure that the risks of the products sold are commensurate to the customers' risk tolerance to protect the interests of the customers and investors.



Sustainable Financial Products and Services

GRI: FS1, FS2, FS3, FS7, FS8, FS11, FS14, FS15
SASB: FN-CB-240a.1, FN-CF-000.A, FN-CF-000.B

7-1 Corporate Banking / Investment Business

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

Unit: NT$100 million

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

Unit: NT$100 million

Item	Amount	Product content description
ESG-based fixed-income product issuance amount	20	• Green bonds • Sustainable bonds
Total fixed-income product issuance amount	478	
Percentage (%)	4.18	

Unit: NT$100 million

Item	Amount	Product content description
ESG infrastructure construction loan balance	251.53	• Taiwan HSR loans • Wan-Da line and San-Yin line MRT loans • Taoyuan Airport MRT loans
Infrastructure construction loan balance	396.77	
Percentage (%)	63.39	

Unit: NT$100 million

Item	Amount	Product content description
Financing for ESG-based entrepreneurship investment and advisory services	6.47	• "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	17.35	
Percentage (%)	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$40 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 manufacturer, 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" unitedly regenerated, and assist 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 56 million metric tons CO_2e 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)	Approved cases	Approved amount
	20	411

Green Finance

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

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

	2018		2019		2020		2021	
	Approved amount	Credit Balance	Approved amount	Credit Balance	Approved amount	Credit Balance	Approved amount	Credit Balance
Green loan	118,147	64,208	124,588	68,137	133,593	75,815	169,725	95,016

Note: Amount and balance of the approved green financing including overseas branches. (Unit: NTD 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$7.357 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 CO_2e each year which is equal to the carbon absorption of 2,982 Da'an Forest Parks.

Case

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 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 300MW. It is estimated that the grid connection operation will be completed by 2024, which will reduce about 840,000 to 1.16 million metric tons of CO_2e 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", "Defense Industries", "Smart Machinery", as well as "Organic Farming" and "Circular Economy" that are beneficial to environmental sustainability in obtaining working capital and won the "Key New Ventures Supporting Award".

◇ Applicable to

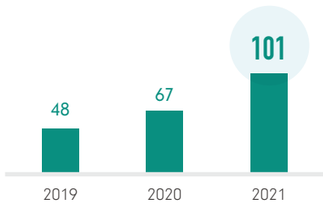
Green technology	Aaia Silicon Valley	biopharma-ceuticals	Defense industries	Smart machinery	Modern agriculture	Circular economy
• PV • LED • hydrogen energy, fuel cells • energy telecommunications • bio-fuels • wind power • electric vehicles	• Innovation & R&D in IoT industry • Strengthening and innovation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

	2018	2019	2020	2021
Balance of preferential loans for key innovative industries (Unit: NT$100 million)	4,462	4,568	4,813	5,336

Green Bonds and Solar Energy Fund

To support the transformation and upgrade to a low-carbon economy and actively invest in renewable energy industries, and in addition to increasing the investment proportion of green/sustainability bonds year by year, First Bank also followed International Capital Market Association's (ICMA) Green Bond Principles(GBP), Social Bond Principles(SBP), Sustainability Bond Guideline(SBG) and successively issued green/sustainability bonds. In addition, First Consulting raised and managed a green energy fund of NT$682 million and First Venture Capital also invested NT$300 million (with 44% shareholding ratio) for the construction of solar power plants with a total installed capacity of approximately 56.5MW. Once the power plants are completed, they are expected to reduce 56,500 tons CO_2e of carbon emissions each year which is equal to the carbon absorption of 145 Da'an Forest Parks.

◇ Investment balance of sustainable development bonds in the past three years (NT$/100 million)



Issuance date	Issuance Agency	Bond type	Currency	Issuance amount (Million NTD)	Balance of 2021 (Million NTD)	Main purpose
2020/3/27	First Bank	Green bonds	TWD	1,000	1,000	Loans for renewable energy and energy technology development
2021/12/8	First Bank	Sustainability bond	TWD	1,000	1,000	• Loans to help companies develop renewable energy • Support small and micro enterprises to carry out project loans

7-2 Retail Banking / Individual Finance

[Retail Banking] - ESG - related products and their respective proportions

Unit: NT$100 million

Item	Amount	Product content description
Green/ ESG consumer loan financing balance	556.60	Green consumption loans, e-speed loans, First Time Home Buyer Mortgage, Comfort Loan, Worker relief loan
Urban renewal financing loan balance	114.95	Urban renewal financing projects and financing projects for the reconstruction of dangerous and old buildings.
Public Welfare/Green Credit Card	97	Leezen Cards, Living Green Cards, Yilan Cards, Taoyuan Card, and World Cards
Total retail banking business credit balance	6,377.43	
Percentage (%)	12.05	

Unit: NT$100 million

Item	Amount
Issuance of ESG-themed funds	94.75
Launch of sustainability-themed investment products	302.81
Total assets under management (AuM)	1,906.37
Percentage (%)	20.85

Unit: NT$100 million

Item	Amount
Loans of the Small and Medium Enterprise Credit Guarantee Fund undertaken by the Bank	1,942
Loan balance for regional revitalization teams	8.6
Urban renewal project integration and consulting services	0.27
Advisory services provided in retail banking	8,676
Percentage (%)	22.48

[Green / ESG Lending business]

Green / ESG Consumer Loans

To encourage customers to use low-carbon products, First Bank launched "green consumption loan" project, to provide customers with funding for the purchase of green energy or energy-efficient products, such as green buildings, HEVs, electric vehicles, energy-efficient appliances, etc. Increasing customers' incentive to purchase green energy or energy-efficient products by offering fundings with discounted interest rate.We provide First Time Home Buyer Mortgage and Comfort Loan in accordance with national policies to take care of young property buyers and meet financing requirements of elderly people living in the aging society. We also organized the worker relief loan in response to the impact of the COVID-19 epidemic in 2021. In addition to in-person applications over the counter, we also use the "e-speed loan" online loan application platform to increase the convenience for applicants and accelerate digital financial services.

Case

Unit: NT$100 million

Factors	Related Products for Green/ESG Consumer Loans	Number of households	Balance
The Environment	• Green consumer loans (provide customers with funding for the purchase of green energy or energy-efficient products) • e-speed loan (create a digital financial environment and provide customers with convenient online application services for consumer loans)	7,749	107.39
Society	• First Time Home Buyer Mortgage (provide funds for young customers to purchase homes) • Comfort Loan (help the elderly obtain the funding necessary for life after retirement) • Worker relief loan (provide customers with care and funding support for responding to the COVID-19 epidemic)	73,696	449.21

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 City Citizen Card Co-branded 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.

First Bank's credit cards received 3 "Carbon Footprint Label" certificates from the Environmental Protection Administration of Executive Yuan.

Unit: NTD thousand

	Card type	Content	Carbon footprint / card	2021 Number of cards in circulation	Proportion to the whole	Accumulated donation amount
Environmental conservation	Living Green Card	Donate 2‰ of domestic payments made with the card to the First Bank Culture & 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.	500g CO_2e	210,217	14.87%	135,773
Environmental conservation	Leezen Card	Donate 6‰ of domestic and overseas spending with the card to the "Tze-Xin Organic Agriculture Foundation" and the "Bliss and Wisdom Foundation of Culture and Education" to promote the idea of organic, pesticide-free vegetables, assist organic agriculture, and restore land.	900g CO_2e			
Environmental conservation	Yilan Card	Donate 3‰ of domestic payments with the card to Yilan County Government for use in social welfare, tree planting and tree protection activities to provide care for disadvantaged groups in such County and environmental protection.				
Environmental conservation	Taoyuan Card	Donate 3‰ of domestic payments made with the card to Taoyuan County Government for use in promoting innovative smart city applications including smart water resource recycling cloud integration platforms, green transportation, diverse energy integration systems, and regional resource and circular economy industry chains to create a smart, energy-efficient, green, and low carbon city.				
Social Welfare	Glory+ World Card	Donate 1‰ of the domestic payments made with the card to the First Bank Culture & Education Foundation to sponsor education activities, school lunches, classes after school, etc. for disadvantaged school-children in remote areas through the "Edusave" platform of the Ministry of Education.		3,715	0.26%	4,136

Note: 1. First Bank does not provide pre-paid 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 ".

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 cardholders 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$2.14 million, with the carbon reduction of 215.62 metric tons CO_2e. In 2021, we won the first "Taiwan Sustainability Action Awards" and "Silver Award for Social Inclusion" of the Taiwan Institute for Sustainable Energy.

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 "preferential financing loans for accelerating the reconstruction of dangerous and old buildings" in 2017. Old buildings that meet the criteria in the "Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings" or "New Taipei City Simple Urban Renewal or Disaster Prevention Renewal" are eligible for preferential loan applications for reconstruction with business units of First Bank. Applicants may receive full loans for the reconstruction and related fees with a maximum period of five years. 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 indicators; lower the emission of waste heat, carbon dioxide, methane and waste water as much as possible; transform into communities of energy saving, carbon emissions reduction, and eco-friendliness; and establish all-win situation for the environment, residents and the Group.

In 2021, we approved a total of 136 urban renewal financing projects and financing projects for the reconstruction of dangerous and old buildings totaling NT$87.4 billion. We helped 77 urban renewal projects obtain Silver-Level Green Building Label or above and benefited 2,555 households.

Unit: NT$100 million/Case

Item / Year	2018	2019	2020	2021
Self-managed urban renewal and the reconstruction of dangerous and old buildings	36.13 / 5	43.98 / 9	68.57 / 16	72.65 / 20
Developer-consolidated urban renewal and the reconstruction of dangerous and old buildings projects	364.91 / 36	426.2 / 46	507.13 / 65	801.38 / 116
Landowners benefited	2,026	2,129	2,466	2,555

[Sustainability Investment Product]

FFHC integrates core competencies to support the transformation to a low-carbon economy and makes full use of the influence of the financial industry for sustainability. We provided the following products or services in 2021 that benefited the society and environment:

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

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

FSITC Global Artificial Intelligence Fund
The fund mainly invests in AI-related industries closely related to the low-carbon economy and climate change
AuM 3.439 billion
E

FSITC Global Utilities and Infrastructure Fund
The fund mainly invests in utilities and infrastructure construction industries closely related to the low-carbon economy and climate change
AuM 4.856 billion
E

FSITC Global AI FinTech Fund
The fund mainly invests in FinTech industries closely related to the low-carbon economy and climate change
AuM 1.18 billion
E

Total
AuM 9.475 billion

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

Unit: NT$100 million

AuM of sustainability-themed investment products	AuM of all investment products	Percentage (%)
302.81	1,906.37	15.88%

ESG related products of First Bank

Actively promote the launch of ESG trust, wealth management and insurance products. In terms of the evaluation of the development and offering of insurance products, those with positive ESG benefits are listed first (e.g. small-sum whole-life insurance and micro insurance). If the funds associated with investment insurance policies are ESG funds, restrictions on scoring based on quantified indicators screening may be waived for such funds. A total of 602 ESG-related financial products were launched in 2021. The percentages of the products are as follows:

Product classification	Investment trust	Wealth management products	Insurance products
Percentage (%)	16.36%	59.94%	57.58%

[ESG-Themed Advisory Services]

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

Small and Medium Enterprise Credit Guarantee Fund (SMEG)

First Bank used real actions to support domestic enterprises and expanded financing of domestic small and medium enterprises as part of its long-term collaboration with the Small and Medium Enterprise Credit Guarantee Fund. We are committed to supporting their growth which would indirectly stimulate domestic economic growth and spur job creation. The outstanding loans to SMEs amounted to NT$866.45 billion in 2021, among them, the loan balance of 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.

ESG participation case

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 "Goldenville" 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".

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 $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 indicators, the integration of related cases is lengthy and complicated. We assist and guide the financing business of urban renewal and reconstruction of the dangerous old buildings, and actively promote the independent urban renewal 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 renewal consulting and planning, trust management, reconstruction 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 CO_2e.

ESG participation case

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 company, to promote the independent reconstruction of dangerous and old buildings in Datong District, Taipei 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 CO_2e 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.

7-3 Inclusive Finance Products and Services

To support the United Nations SDG 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.

Unit: Million NTD

Recipients of Services	Methods and Items	2019	2020	2021
Disadvantaged groups	No. of micro-insurance effective contracts	155	309	341
	Micro insurance and effective contract amount	77.7	154.5	170.5
	No. of Loving Small-sum Lifetime Insurance effective contracts	5,359	6,003	8,037
	Cumulative amount of Loving Small-sum Lifetime Insurance	1,567.06	1,797.23	2,227.63
Persons with disabilities and the elderly	Number of new beneficiaries of property trusts for senior citizens and persons with disabilities in the current year	1,235	2,181	5,525
	Amount processed in property trusts for senior citizens and persons with disabilities	3,929.94	8,211.41	9,052.62
	Cumulative trust assets in property trusts for senior citizens and persons with disabilities	7,216.57	9,858.05	11,246.29
	No. of Comfort Loan being processed	53	124	207
	Comfort Loan approval amount	486	930	1,194
	Number of loans for medical biotechnology and long-term care projects	21	23	22
	Amount in loans for medical biotechnology and long-term care projects	2,129	807	1,121
	Number of effective contracts in annuity insurance programs related to aging society and low birth rates	1,587	1,239	2,068
	Contract amount of effective contracts in annuity insurance programs related to aging society and low birth rates	2,232	666	2,366.81
	The number of senior citizens' branches	6	6	6
	The number of wheelchair-accessible ATMs	473	492	541
Female	No. of Micro Loans for Female Entrepreneurs	47	39	44
	Micro Loans for Female Entrepreneurs approval amount	30.17	34.65	38.36
	Percentage of female who received loans from the "Micro Loans for Female Entrepreneurs" program	72.34	68.42	52.27
Youth	No. of "Loans for Young Entrepreneurs and Start-ups" and "Loans for Minor Entrepreneurs"	241	467	7,468
	"Loans for Young Entrepreneurs and Start-ups" and "Loans for Minor Entrepreneurs" approval amount	285.39	507.52	6,371.86
Small and medium enterprises	New Loans through SMEG	146,300	184,869	194,225
	SMEG Loan Amount	73,000	118,230	156,592
	SME Loan Amount	700,700	791,037	866,451
	Balance of SME entrepreneurship investment	266	303	283
Small business Note	Number of small enterprise loan accounts	11,938	27,208	25,578
	Small enterprise loan balance	136,182	189,629	218,314
Debt negotiation	No. of preliminary negotiation approval accounts	675	661	926
	Amount of preliminary negotiation contracts signed	43	579	808

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, employs fewer than 20 employees, registered capital is less than NT$5 million, or annual revenue is less than NT$10 million.

Helping Developing Countries and the Least Developed Countries Obtain Financial Services

FFHC actively makes use of the "Overseas Credit Guarantee Fund" financing guarantee mechanisms to help overseas Taiwanese businesses obtain access to financial services and provide a diverse range of financing services. We introduced the Overseas Credit Guarantee Fund into least developed countries such as Laos and Cambodia and help Taiwanese businesses expand local markets. We transferred 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 122,193 applications totaling NT$30.69billion 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 lunches, 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 difficulties (including the elderly, those who need assistance, women, and children). Each of First Bank's 188 business units has set up loving service bells and wheelchair ramps. They have also dispatched service specialists to the business halls, helping the disabled people to deal with various financial services, inform them of the necessary information, and assist them in filling out relevant application documents. 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 talking 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.

01 STEP

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

02 STEP

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.

03 STEP

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 deferment of premium payment.
- Loan customers that shall pay loan interest may have their payments deferred.
- Policyholders may apply for policy reissuance 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$808 million in total contracts signed. The Bank waived NT$33 million in debts. We established 358 preliminary mediation and rehabilitation accounts in total. The total debts amounted to NT$1.163 billion.

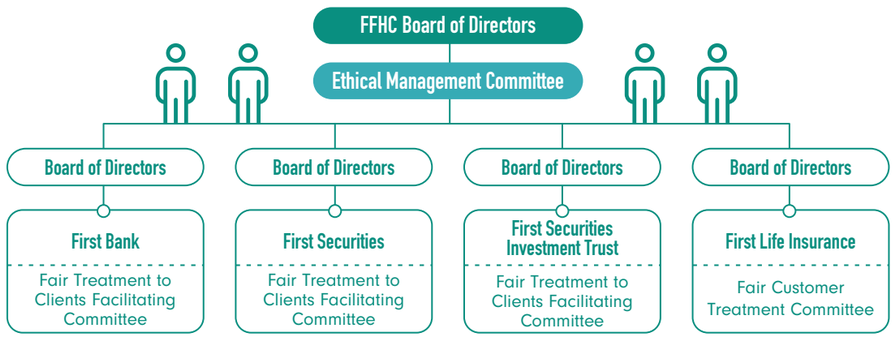
Fair Customer Treatment and Privacy Protection

GRI: 417, 418, 419, FS14, FS15, FS16

SASB: FN-CF-220a.1, FN-CF-220a.2, FN-CF-230a.1, FN-CF-230a.3, FN-CF-270a.4, FN-CF-270a.5, FN-CB-230a.1, FN-CB-230a.2

8-1 Implementation of Fair Customer Treatment

To accommodate the Financial Supervisory Commission's promotion of the "Principles for Fair Treatment of Customers in the Financial Services Industry", in addition to the stipulation of "Code of Conduct for Ethical Management" which provides that during the research, development, procurement, provision, and sale of products and services of each company of the Group may not damage the rights and interests of consumers and other stakeholders. FFHC also formulated relevant operational procedures, codes of conduct, and organized training programs. First Bank, First Securities, First Securities Investment Trust, and First Life Insurance have established the "Fair Customer Treatment Policy and Strategy", which were submitted to the Board of Directors of each subsidiary for review and approval. Audit opinions of internal audit units related to improvements on deficiencies in consumer protection are also included in semi-annual compliance reports submitted to the Board of Directors. In 2021, all companies have instructed their compliance units to complete the evaluation of the implementation status of the fair customer treatment principles and submit reports to their Board of Directors. First 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 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 AML/CFT Report (IRA); 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 where 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 Product (KYP), During the first quarter of 2016, First Bank completely ceased offering complex high-risk products. Moreover, for structured products, in addition to issuing investment risk notices, we also formulate special notices for customers to ensure they fully understand the content of available products. 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.

8-2 Protection of customer privacy

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

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

Procedure	Measures
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 UN residents comply with the Standard Contractual Clauses (SCC) of the GDPR, we commissioned an accounting firm to conduct a risk assessment and information security inspection. The accounting firm's assessment was there are "no risks that require immediate improvement, so there is no need for subsequent risk management plans."
3.Response to the GDPR's restriction on international transfer	Measures: Signed the SCC and carried out international transfer under the SCC framework
4.Established a personal information leakage reporting mechanism in coordination with the GDPR	Measures: Established personal information violation incident response, reporting, and prevention mechanisms. The Company also implements personal data response 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 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.

We published the Group's Customer Privacy Protection Policy on the respective websites of the Group's companies and formulated the "Management Guidelines for Trade Secrets and Intellectual Property", "Rules for Safeguarding Confidential Data", and confidentiality levels for various forms confidential documents (including paper and electronic formats), charts and diagrams, messages, computer software, and other media and items in accordance with the "Joint Marketing Firewall Policy and Guiding Principles for FFHC and its Subsidiaries". We also provided regular trainings for employees. The Group provided training on the Personal Data Protection Act, GDPR, and customer privacy protection for all employees (including contracted workers and security personnel) in 2021 for 9,041 participants totaling 5,207 training hours. The training completion rate was 100%.

FFHC attaches great importance to the security of customer personal information. To implement the management of personal information protection, First Bank and First Life Insurance have both obtained the certification of "BS10012 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 operations of the personal information management system, and the "Personal Information 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 customer privacy. It implemented 100% monitoring of the use of customers' personal data and approximately 3.09 million (34.45%) entries 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 sampling 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 e-mail questionnaires, web pages, customer service, and external market survey firms. We also adopted the Net Promoter Score (NPS) system to assign related departments to implement improvements on items with lower satisfaction ratings and customer recommendations.

◇ Customer satisfaction survey of the most recent 4 years

	First Bank	First Securities	First Securities Investment Trust	First Life Insurance
Satisfaction Survey Item	The experience of visiting the counter and guest greeting, the convenience of digital channel services and the satisfaction of product marketing campaigns, etc.	On-site customer satisfaction survey at participating locations and investment information services	Investment information services	Sales personnel's attitude and familiarity with products
2021 Performance	87.1%	85.49%	96.31%	79.3%
2021 performance goals	86.2%	85.3%	96.2%	72.3%
Sampling coverage rate in 2021[Note]		100%		
2020 Performance	86.49%	85.20%	96%	83.9%
2019 Performance	86.16%	85%	96%	74%
2018 Performance	85.24%	84.5%	96%	77.4%
2021 NPS score	51.55 points	53.6 points	53.23 points	10.3 points
2021 NPS goals	46 points	53.4 points	56.2 points	2 points
Improvement	• Incorporate customer satisfaction into the performance appraisal of business units. • Report major customer complaints to the board of directors for future reference.	Build the level A "Accessibility Mark 2.0" on the official website to provide senior financial consumers with better and more convenient services.	Provide fund products suitable for investors' retirement wealth management, and select funds to be included into dividend products on a quarterly basis.	Refine the insurance policy underwriting process.

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.

Establish consumer complaints and disputes resolution mechanism. In addition to formulating the "Guidelines for Handling Customer Complaints" and procedures for handling various types of business disputes, the "Stakeholder Communications" section of FFHC's official website also includes online customer support for the Group's subsidiaries, a toll-free 0800 customer hotline, business inquiry hotline, and complaint e-mail. First Bank has also set up various real-time communication channels for handling customer requests and complaints, including a 24-hour customer service hotline and customer service e-mail. To properly handle financial consumer complaints filed through the Financial Ombudsman Institution, First Bank, First Securities, First Securities Investment Trust, and First Life Insurance report the types of financial consumer dispute cases, number of cases, compensation amount, and handling results periodically to the Board of Directors for future reference.

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 relief 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 appease 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.

Reaching the Next Pinnacle of Corporate Success Lecture and Dinner (Taipei)	1 session	150 participants

Financial Planning Workshop for Customers

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

First Bank business units	286 sessions in total	6,684 participants

Financial Literary Seminar for Regional Communities

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

Taipei City, Taoyuan City, Taichung City, Tainan City, Kaohsiung City	5 sessions in total	104 participants

Financial Planning Clinic Seminar

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

15 branches throughout northern, central and southern Taiwan	32 sessions in total	299 participants

Customer care investment checkup seminar in rural communities

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

Chiayi City, Yuanlin City and Chunghua City in Changhua County, Luzhu District in Kaohsiung City, Penghu County	5 sessions in total	89 participants

Wealth Management Seminar, Celebrity Wealth Management Seminar

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

Taipei, Taichung, Kaohsiung and First Securities Investment Trust's official website	86 sessions in total	1,893 participants

Seminars and regular live broadcasts of financial management courses

Online thematic lectures to promote the popularization of financial knowledge

	6 sessions in total	5,061 participants

Online interactive course for environmental education

Develop online courses such as "Currency Evolution, Seal History and DIY" to introduce relevant financial knowledge and the Company's paperless actions

Enterprises, government agencies and schools	10 sessions in total	271 participants

Information Security

GRI: 203, 418
SASB: FN-CB-230a.2, FN-CF-230a.3

9-1 Information Security Management Framework and Strategies

Please refer to the MOPS for the Internal Control System Statement of each company

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 chairman, president, chief auditor, and the head office's legal compliance officer jointly issued the internal control system statement.

IT Development Committee

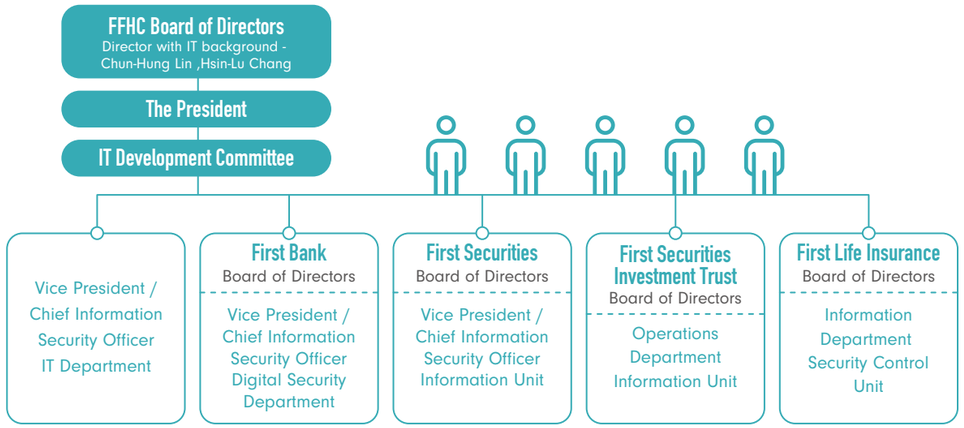
Duties

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

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 IoT equipment were added to the Information Security Management Regulations in response to the requirements of the Bankers Association of the Republic of China on IoT equipment. The Internal Control System contains detailed rules and manuals for information security/online security risks, including application system operations management, hardware and environment management, network management, webpage management, e-mail security management, computer user access rights management, disaster recovery procedures, subsidiary supervision and computer file preservation, storage and processing principles.

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.

Note: Renamed "Information Management and Information Security Policy" in May 2022.



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	Execution schedule	Execution results
Encourage financial institutions exceeding a certain scale or Internet-only banks to appoint a Chief Information Security Officer	Completed	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.
Encourage the appointment of Directors or consultants with information security background or information security advisory teams.	Two years	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.
Encourage financial institutions to assess the maturity of their information security governance	Two years	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.
Encourage financial institutions to adopt international information security management standards and obtain related certifications	Continuous	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 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.
Encourage financial information security personnel to obtain international information security licenses	Continuous	First Bank's Digital Security Division has established a KPI for adding two 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 license, which has been achieved for two consecutive 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:

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

The Company established the "Guidelines for Reporting Information Security Incidents" as guidance for all companies of the Group to quickly monitor the 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:

1 Report
Any unit that discovers an information security incident shall report immediately. All contact persons receiving the reports shall register information security incidents after receiving the notices.

2 Determine rating
The unit that received the report shall determine the rating of the incident in accordance with the "Information Security Incident Rating Table" and determine the level of the unit responsible for processing the reported incident based on the rating.

3 Execute response measures
Execute related response measures and recovery plans and record the response process and results.

4 Confirm recovery effectiveness
Review the occurrence of the incident and review whether the recovery plan is adequate to close the case.

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:

Training Recipients	Sessions	Number of Trainees	Hours	Course Content
Regular employees	16	25,418	23	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
IT personnel	31	2,532	71	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.
Total	47	27,950	94	

The Company enhanced information security education to prevent malicious programs from penetrating the Company's information system through social engineering. First Bank, First Securities, First Securities Investment Trust and First Life Insurance organized 2-4 social engineering drills irregularly within the scope of security monitoring for all employees. The employee test coverage rate was 100% and drill items included opening mail, clicking on the link, delivery receipt, opening the attachment, and successful phishing. 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 triennial re-certifications to maintain the effectiveness of their certificate, so as to provide more secure financial products and trading procedures.

To enhance information security resilience, First Bank 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 encrypted attachment detection, and improves network and information system security capabilities.

◇ First Bank's information security emergency response plan

Emergency response plans and drill scenarios	Time drill was completed	Drill results
1. Response plan for abnormal ATM withdrawal incidents: Simulated emergency response measures for branches being robbed by hackers.	2021 / 2 /25	Met expectations
2. Response plan for website under DDoS attack: Simulated emergency response measures for branches under DDoS attack by hackers.	2021 / 9 / 26	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.	2021 / 03 / 14	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.	2021 / 10 / 20	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.	2021 /11 / 13	Met expectations
6. SWIFT abnormal remittance response plan: Simulated emergency response measures for when hackers hack the SWIFT system and transfer funds.	2021 / 10 / 22	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 Wrold 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

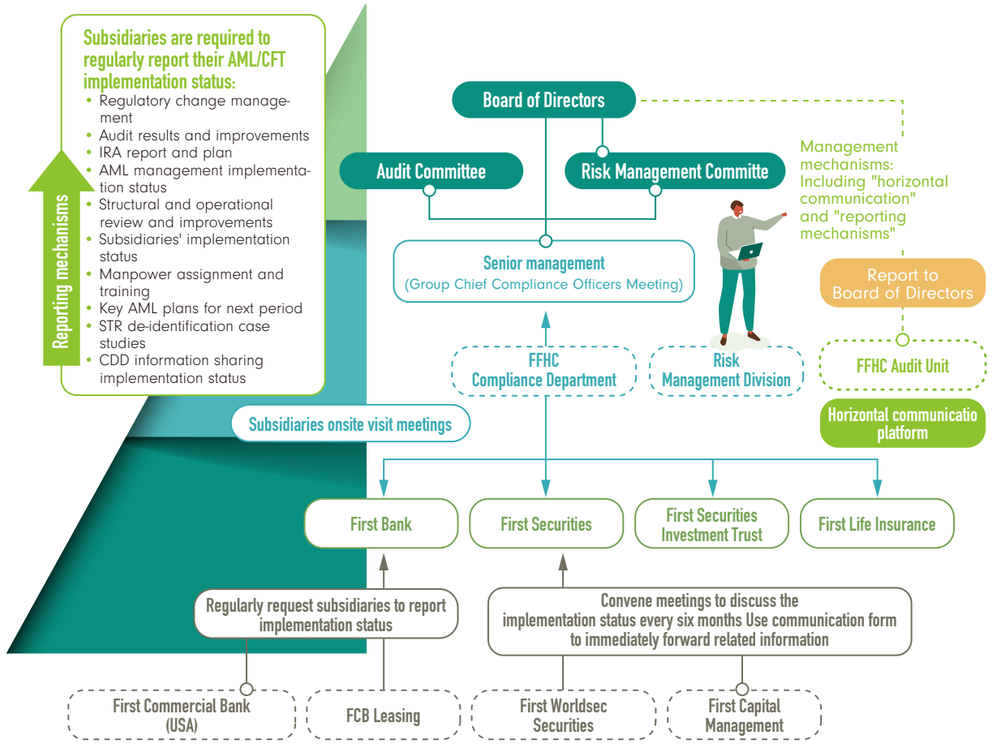
Establishment of dedicated unit - Compliance Department

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 ML/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.

◇ Anti-Money Laundering and Counter Terrorism Financing Organization Structure



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:

	FFHC	Banks	Securities	Securities Investment Trust	Life Insuranc	AMC
Regular internal training that uses cases for learning		1,716 persons 2,100 hours	64 persons 32 hours	35 persons 74 hours	54 persons 71.8 hours	48 persons 48 hours
Computer training course self-evaluation form			349 persons 663 hours	333 persons 622 hours	682 persons 879 hours	
The laws/regulations manager is responsible for company-wide internal network training		8,611 persons 15,992 hours				
The laws/regulations unit provides face-to-face training		114 persons 57 hours		255 persons 390.5 hours		64 persons 128 hours
Face-to-face training by external institutions	100 persons 300 hours	83 persons 443.5 hours	533 persons 1,066 hours	303 persons 691.5 hours	22 persons 33 hours	1 persons 2 hours
Mandatory annual training	8 persons 96 hours	313 persons 4,695 hours	80 persons 480 hours	40 persons 120 hours	21 persons 174 hours	
Total	13,829 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:

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 trainingCentralized 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

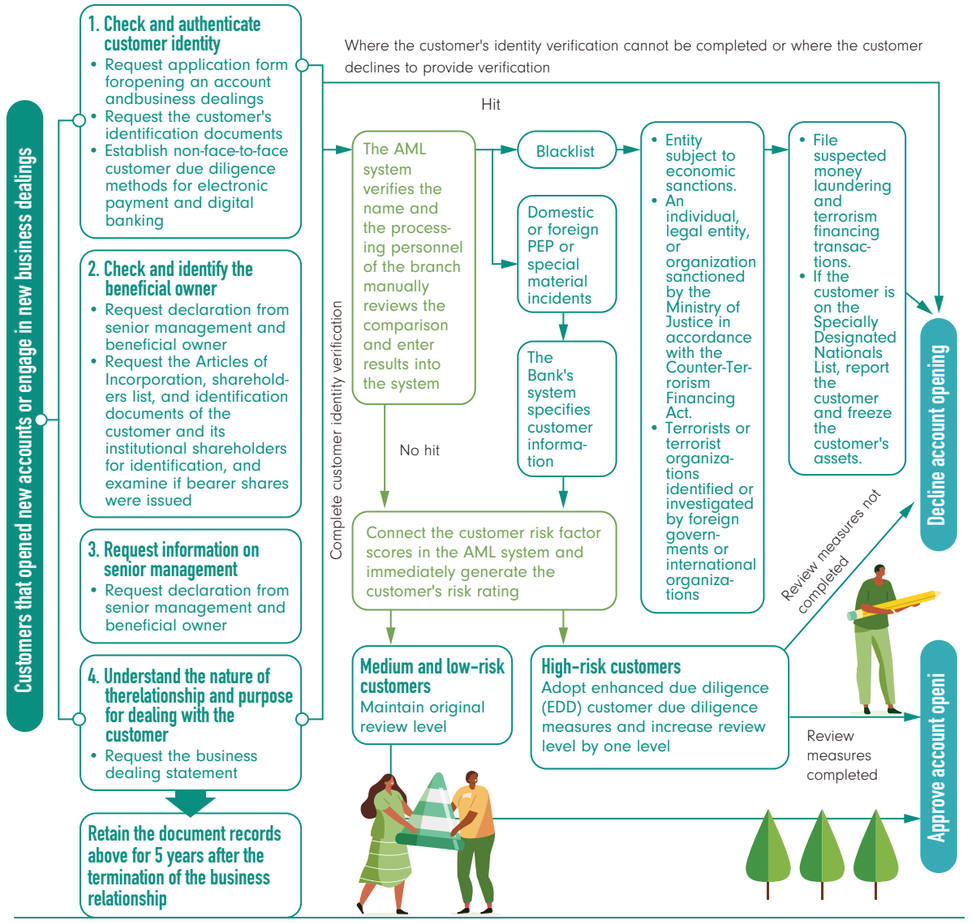
First Bank implements customer due diligence (CDD) with the same effects as general CDD (as shown in the flowchart below), and requires special and sufficient measures to reduce risks (e.g., the single-day withdrawal limit for ATMs of the Bank is NT$100,000). Relevant specifications are set out in the "Group-wide AML/CFT Plan" and "Anti-Money Laundering and Countering 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 proprietorships and the identity certification methods are as follows:
  - A. Natural persons: a. Individuals who are not existing customers of the Bank: Use the information platform for identity authentication with a deposit account opened in over the counter in another bank.
    b. Existing customers of the Bank: Use the basic information and two-factor authentication for identity authentication.
  - B. Sole proprietorship corporate accounts: Use the citizen digital certificate of the legal representative and the commercial organization digital certificate for identity authentication, and complete the authentication with a video call to open the account.

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

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



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

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

5. Measures superior than what the law requires

- The Company commissioned Deloitte to provide the "AML/CFT system consulting service project" to guide and assist the Company, First Bank, First Securities, First Securities Investment Trust, and First Life Insurance to establish more comprehensive AML/CFT control measures to strengthen the implementation of AML/CFT systems of companies of the Group optimize the AML system, ensure the effective management of the Group's ML/TF risks, optimize the methodology and report contents of the Institutional Risk Assessment (IRA), review the reasonableness of customer risk factors and list scanning rules, and strengthen CDD mechanisms and information sharing in the Group.
- The FSC currently only requires banks and large insurance companies to appoint accountants to conduct special audits on their AML/CFT assurance projects. However, the Company has requested First Bank, First Securities, First Securities Investment Trust, and First Life Insurance to commission an accountant to conduct special audits on their AML/CFT assurance projects to ensure the effectiveness and implementation of the Group's AML/CFT operations. The Group continued to appoint PricewaterhouseCoopers, Taiwan to implement special audits on the AML/CFT assurance projects of First Bank, First Securities, First Securities Investment Trust, and First Life Insurance in 2021.

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

First Bank uses the 53 suspicious trading patterns of ML/TF in the appendix of the Model Guidelines for Banks' AML/CFT Policies and Procedures announced by the Bankers Association of the Republic of China for monitoring. In 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.

	Letter from external investigation institution		Bank files STR		Number of feedback incentive cases of FIU	
	Number of cases	Percentage (%)	Number of cases	Percentage (%)	Number of cases	Percentage (%)
Fraud	8,315	87.76	880	66.77	5	11.91
Tax crime	319	3.37	293	22.23	30	71.43
Organized crime	59	0.62	0	0	0	0
Drugs	264	2.79	29	2.20	1	2.38
Corruption	163	1.72	5	0.38	3	7.14
Securities crime	244	2.58	20	1.52	3	7.14
Underground banking	1	0.01	15	1.14	0	0
Illegal gambling	106	1.12	74	5.61	0	0
Intellectual property crime	3	0.03	2	0.15	0	0
Total	9,474	100	1,318	100	42	100

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.

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 at Business Units". Furthermore, with regard to withdrawals and transfers made by customers, in cases where transfer requests to designated accounts or cash withdrawals made by senior citizens exceed a certain threshold, or in cases where the monetary amount, frequency, or circumstances of a transaction are deemed suspicious or abnormal and thus potentially indicating fraudulent activity, it is the policy of First Bank to make a reasonable inquiry as an expression of concern to protect its customers. When necessary, local police precincts are notified to dispatch officers to conduct verification measures or provide a police escort for customers making large-sum cash withdrawals. First Bank is dedicated to complying with all government policies and regulations aimed at curbing fraud and abuse and helping to identify and report scammers and frauds to the authorities. In addition, we provide our bank tellers with detailed instructions and training on how to handle suspicious incidents in a courteous manner, including analyzing the details of actual cases of fraud provided by local law enforcement and media reports concerning the latest information on scams and other fraud techniques, thereby strengthening our ability to effectively stop these scams from occurring. In 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, FS1

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

2010

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

2011

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

2012

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

2013

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

2014

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

2015

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

2016

- Launched the "Preferential Loans for Key Development Projects" plan, which is a new lending service aimed at meeting the financing needs of key development projects in the areas of green technology, modern agriculture, and businesses involved in the circular economy.
- Established two solar-powered bank branches and six solar-powered electronic billboards.
- Introduced indoor air quality self-management at 189 company locations and established real-time indoor air quality monitoring systems at 8 company locations.
- Purchased electronic scooters for our corporate fleet, enabling us to more effectively reduce our CO_2 emissions.
- Held a Environmental Protection and Energy Conservation Competition which resulted in reducing our energy consumption by 89,000 kWh and issuing 18 awards to employees.
- Incorporated PAS 2060 - Carbon Neutrality guidelines at four locations including the Wanhua Branch building for the first time and received certification.
- Incorporated ISO 14046 Water Footprint guidelines at the headquarters building for the first time and received certification.
- Incorporated ISO 14064-1 Category 3 (indirect emissions from transportation - business travel) for the first time and received certification.

2017

- First Bank set up "Green Finance Committee", supporting the development of "Green Finance" with four approaches as "Green Financing", "Green Consumer Finance", "Green Examination" and "Green Investment".
- First Bank, First Securities, First Securities Investment Trust, First Life Insurance and First Financial AMC all introduced " ISO 14064-1 Category 3 (indirect emissions from transportation - business travel)" and had been tested and verified
- First Bank obtained "ISO 14001 Environmental Management System" verification for 7 operating offices
- The first one in the financial industry of Taiwan that obtained the "Counter Service Carbon Footprint PCR Formulation and Inventory of Environmental Protection Administration" verification
- Set up "Solar Power Generation and Rainwater Recycling Ecological Hydroponic Green Roof" at Wanhua branch
- Charitable event with cross-industry alliance-Green Light Love Project
- Rated as level B in both CDP questionnaires for climate change and water security.
- Launched "Green Credit Card - Living Green Card"
- Launched projects of "green consumption loan" for purchasing green energy or energy saving products
- The only one in the financial industry of Taiwan that extended the "ISO 14064-1 Greenhouse Gas Inventory" to its 33 foreign operating offices

2018

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

2019

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

2020

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

2021

- Rated as level "A" leadership-class in both the CDP questionnaires for climate change and the Supplier Engagement Rating.
- Started carbon footprint inventory for 5 green credit cards, checked the carbon emission coefficient of each product, and obtained the "Carbon Footprint Label" certification from the Environmental Protection Administration of Executive Yuan.
- The UK London branch building obtained the green building mark from UK's Building Research Establishment (BRE),which was the first one among the overseas financial institutions in Taiwan.
- Completed the "ISO 20400 sustainable procurement guidance performance evaluation" and obtained the certificate.
- Introduced "ISO 46001 Water Efficiency Management Systems" at the headquarters building and obtained the certificate, which was the first one in the 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.

1-1 Climate change governance

Strengthen climate change governance in response to business risks in the finance industry brought forth by climate change. The Environmental Sustainability,Responsible Finance and Sustainable Financial Products and Services Group of the Corporate Sustainable Development Committee is tasked to identify potential climate change risks and opportunities. It uses the "Climate-Related Financial Disclosures Recommendations published by the Task Force on Climate-Related Financial Disclosures (TCFD) to check and identify the operation risks and opportunities of the Company due to physical, transformation aspects. It shall establish a materiality of risks and 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 risks into the risk management policy, and submitted the climate change risk assessment result, 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 three 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

01 STEP
Assemble each subsidiary and business management department and divide them into groups based on the natures of business.

02 STEP
Provide risks and opportunities list and discuss the definition of each risk and opportunity and its relevance to the business of the Company.

03 STEP
Evaluate the impact strength and occurrence frequency.

04 STEP
Calculate risk or opportunity index.

05 STEP
Draw significant risk or opportunity matrix.

06 STEP
Adopt risk reduction measure and analyze its the cost corresponds with its performance; if it was analyzed to be feasible, then perform the risk reduction measure.

07 STEP
After performing the risk reduction measure, analyze its possible financial impact and evaluate whether or not to transfer the risk, such as purchase relevant insurance, if the financial impact is severe.

08 STEP
After performing the risk reduction and transfer measures, assume the risk when it occurs and recover as soon as possible.

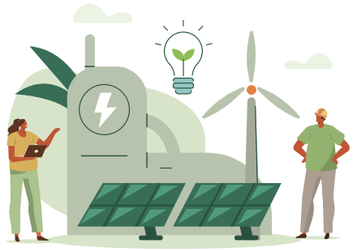
09 STEP
Evaluate the sufficiency of the said reduction and transfer measures and if there is room for improvement. Draw up the standard response process for the next risk.

◇ FFHC TCFD Indicator Disclosure Framework and Actions

	2011~2020	2021	2022 and 2023
Governance	• Matters implemented after the resolution of the Board of Directors: ✓.Sustainable Development Policy ✓.Guidance on Sustainable Development for First Financial Holding • Matters supervised by the Board of Directors: ✓.Green Financing Review Principles ✓.Environmental Management Policy ✓.Energy Management Policy • The Board of Directors reviewed and established the Sustainable Development Policy: ✓.Integrated ESG factors into voting and product review mechanisms to implement requirements in the Stewardship Principles ✓.Integrated ESG issues into the development strategies and operating procedures of core businesses ✓.Supported the low-carbon economy transformation, provided funding needed by companies to improve their environmental performance, and reduced the impact of the products and services provided by the Company on the society and the environment. • The Board of Directors reviewed and passed the "Sustainability Credit Policy", "Sustainability Investment Policy ", and "Sustainability Insurance Policy" and included ESG issues into the planning and operating procedures for investments, financing, underwriting, and insurance businesses • Established the Green Finance Committee and Assigned the President to serve as the Chairman of the Committee • Implemented the Supplier Management Guidelines based on the approval of the President as the policy and guiding principles for companies in the group to manage suppliers	• Submission of the climate change risk assessment result, its mitigation measures and implementation status to the board of directors • Adjustment of 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 the holding of the group meetings on a quarterly basis to track the achievement of various action plans	• The Board of Directors shall continue to monitor related targets for countering climate change and the implementation status • Regularly convene the "Risk Management Committee", invite independent directors to attend and give guidance, continuously monitor and manage the implementation of climate change-related risks and opportunities, and report risk assessment results and implementation of mitigation measures to the board of directors • Incorporate climate change risk management and the mastering of business opportunities into the basic items of the 2022 ESG performance appraisal of each subsidiary
Strategy	• Sign the Task Force on Climate-Related Financial Disclosures (TCFD) framework in April 2020 and became the supporter • Sign the Equator Principles in 2020 • Identify customer groups sensitive to climate change and evaluate the climate risks faced by investment/loan portfolios, and connect them to traditional risks of the finance industry • Use the "General Circulation Model" (GCM) and Representative Concentration Pathways (RCP) for analyses of different scenarios and evaluate the current and future physical risks to establish future business, strategic, and financial plans • Require high carbon emission industries who are domestic borrowers to disclose their greenhouse gas emissions and increase the number of the companies required to explain their measures to climate change adaptation for two consecutive years • Organize related training for the climate risk management framework • Identified the climate change risks and opportunities of the organization. Introduced parameters for different scenarios for the Group's clients in high-carbon emission industries and analyzed the climate change risks of these industries to enhance the Company's capacity or withstanding climate change risks. • Engaged customers in environmental sustainability and climate change issues	• Introduce related regulations and documents for the Equator Principles in 2021 and establish the "First Bank Equator Principles Guidelines for Loan Application" to implement the suitability assessment of loan applications, environmental and social risk rating, reviews, and monitoring to reduce potential credit risks • Issuance of sustainable development bonds • Launch the the "Sustainable Development Loan Connection Project" to include the management indicators such as borrower's greenhouse gas emissions, electricity saving, and reduction of total waste as key points for assessing preferential loans. • Organize training to enhance the knowledge of business units and related personnel for the climate risk management framework and procedures • Assess the feasibility of adopting SBT methodology • Connect adaptation to climate change to the performance of employees and implement internal carbon management contests to reward employees of high-performing units	• Continue to identify the short, medium and long-term impacts of climate change risks the high carbon emission industries pose on the Group's operations, strategies, products and financial planning, etc. • Evaluate the signing of the Science Based Targets (SBT) and adopt SBT methodology to set short-term, mid-term, and long-term goals • Assess the feasibility of signing the RE100 • Discussed to use the test results of climate change scenarios of different paths to evaluate and adjust climate change risk strategies
Risk management	• Establish risk identification, measurement, supervision, and control and management procedures for climate change risks • Formulate climate change risk offsetting measures and establish management mechanisms • For industries that are energy-intensive, consume large amounts of energy, and cause environmental pollution, the Company established a credit cap of 15% for highly polluting/high energy consumption industries and implements continuous monthly reviews • Studied and analyzed new developments in domestic and foreign climate change mitigation and adaptation to produce environmental education materials for the Company's employees • Continued to strengthen the climate change risk identification capabilities of loan and investment review personnel	• Taking the top two high carbon emission industries (petrochemical industry and steel industry) as the evaluation objects to analyze the impact on customer ratings under 3 carbon fee increase scenarios • According to the methodology recommended by PCAF, calculate the category 5 greenhouse gas emissions generated by investment and financing for corporate customers with investment and financing balances of more than NT$50 million and mortgage loan cases with credit balances of more than NT$5 million • Analyze the expected amount of default losses in three credit extension industries of First Bank (steel, petrochemical and semiconductor industries) to quantify the financial impact of climate change on the Company • Lower the upper limit of the credit limit proportion for high pollutant (energy consumption) industries to 14.8% and continue to monitor on a monthly basis	• Participate in the "New Basel Capital Accord Continuing Study Working Group - Stress Testing Subgroup" to assist the competent authorities in establishing the "climate change stress test" scenario and methodology for domestic banks • Establish and publicly disclose statements on phasing out coal such as "no more new financing cases for coal mining companies that only engage in coal mining" and "no more new financing cases for coal-fired power plant projects", and will no longer increase invest in coal mining companies • Track the impact of the real estate located in high-risk areas (soil liquefaction potential areas, coastal, and other geologically sensitive areas) on the value of First Bank's collateral • Strengthen the identification of the relationship between climate change risks and traditional banking risks (such as credit risk, market risk, operational risk and liquidity risk) • Lower the upper limit of the credit limit proportion for high pollutant (energy consumption) industries to 14% and continue to monitor on a monthly basis in 2022
Indicators and Goals	Please refer to the "Sustainable Development Goals" chapter on P22~P23 and P26~P29 of the Company's 2020 Sustainability Report	Please refer to the "Sustainable Development Goals" chapter on P22~P23 and P30~P35 of this Report	Please refer to the "Sustainable Development Goals" chapter on P22~P23 and P30~P35 of this Report

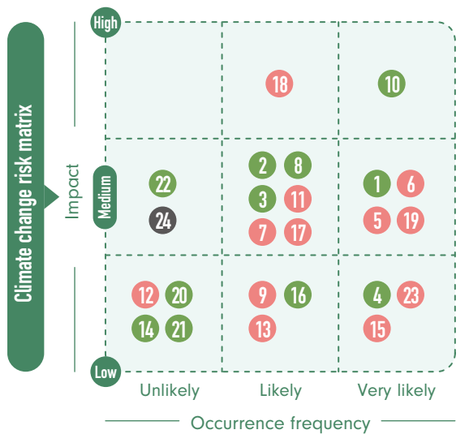
1-2 Climate change risks and opportunities

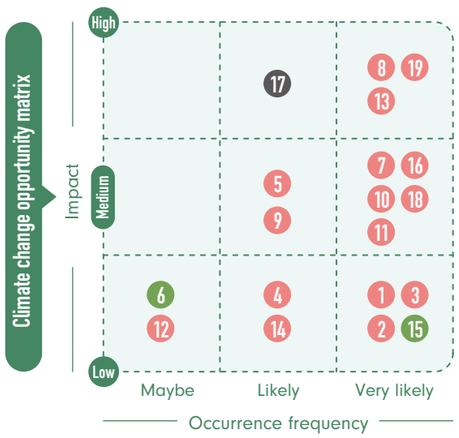
◇ FFHC Identify the risks of climate change

Type	Item	Impact on Company Operations	Corresponding number	Risk Mitigation Management Measures
Transformation Risks	Policy and regulatory risks	• If the Company's carbon reduction needs to be achieved through green electricity procurement, because the domestic green electricity supply is in its infancy, if the Company subsequently purchases a large amount of green electricity in order to comply with the government's 2050 net-zero carbon emission policy, the green electricity market may be in short supply.	1	• In response to the lack of green electricity supply in the market and the government's requirement that the annual power saving rate of consumers with a contracted capacity of more than 800kW shall reach 1%, companies will replace and use more energy-efficient electrical equipment and try to generate electricity for their own use and reduce external purchases. They will also actively negotiate the purchase of green electricity in the market, and pay close attention to climate technology-related information, and negotiate new equipment with higher energy efficiency or carbon reduction technologies. • In response to the implementation of the "Carbon Border Adjustment Mechanism Plan" by the European Union and the imposition of carbon fees by the government, the Group will continue to negotiate low-carbon transformation with customers with high carbon emissions, and provide customers with green preferential loans to assist in their transition, so as to reduce the impact on the quality of the Group's credit assets. • All domestic business locations have completed the introduction of the ISO 50001 Energy Management System and ISO 14001 Environmental Management System to continue to increase energy management performance and energy usage efficiency. • Gather domestic and foreign environmental protection and energy saving and carbon reduction trend and changes in the environmental regulations through news, websites of environmental groups, external consultants, Environmental Protection Administration and environmental protection bureau of local governments, information of the industry and international reports; organize training to enhance the knowledge of business units and related personnel for the climate risk management framework and procedures;confer with the consultants and collect domestic and foreign cases to draw up response policies. • Provide borrowers with green preferential loans to support their transition and encourage them to meet the "sustainable classification standards" to reduce the impact on the Group's profits. 
		• If the Company subsequently purchases a large amount of green electricity in order to comply with the government's 2050 net-zero carbon emission policy, the green electricity market may be in short supply.	2	
		• If the government requires users with a contractual capacity of 800 kW or more to save 1% of electricity every year, Although the Group has already taken action, the Group encounters a bottleneck to reducing carbon emissions. If the Group fails to achieve the carbon reduction target required by the government, it may face disciplinary action from the government.	3	
		• With the implementation of the "Carbon Border Adjustment Mechanism Plan" by the EU in 2026, carbon credits must be purchased for carbon-intensive products imported into the EU. If customers in high-carbon emission industries do not set a carbon reduction path according to SBT, their business performance may be affected, and thereby reducing the quality of the Group's assets and increasing the probability of bad debts.	4	
		• Regulatory change regarding renewable energy will influence power companies the Group reinvests in.	5	
		• The FSC will formulate the "sustainable classification standards", requiring companies to meet the conditions to obtain sustainable investment and financing cash flow. If the Group's existing investment and financing targets do not meet the standards and must be removed, it may affect the Group's investment and financing income.	6	
		• According to the "Climate Change Adaptation Law", the government will levy carbon fees on high-carbon emission enterprises as early as 2024, which may affect the business performance of customers in high-carbon emission industries, thereby reducing the revenue of the Group.	7	
		• The energy transition and carbon reduction targets will increase the pressure of rising electricity prices, resulting in higher operating costs and affecting the Group's revenue.	8	
	Technical risks	In the future, the industry will be forced to transform and develop climate technology-related products and technologies. The Group's investment and financing targets may have to pay high costs, which will indirectly affect the Group's income.	9	• Implement the concept of responsible investment and stewardship, continue to reduce the credit caps for highly polluting/high energy consumption industries, and will no longer invest in coal mining companies, and continue to use its own funds to invest in sustainable companies. • Implement the ESG review policy, adopt "Green Financing Review Principles" for all financing cases, and sign and join the Equator Principles. We will also establish and publicly disclose statements on phasing out coal such as "no more new financing cases for coal mining companies that only engage in coal mining" and "no more new financing cases for coal-fired power plant projects". • Develop decarbonization policies that will no longer undertake investment and financing of coal and atypical oil and gas companies, and invest funds in industries that contribute to ESG. • The two fund companies that sell products through First Bank's channels have signed the compliance statement for the "Stewardship Principles" and signed the " Sustainable Development Declaration". • Educate and encourage loan customers to sign the Sustainable Development Declaration for them to understand the importance of ESG values. • Accelerate the creation of a digital financial environment to provide customers with convenient online services such as consumer loans and account opening.
	Market risks	• Investors may reduce their holdings of the targets that lack the concept of corporate sustainability, resulting in a drop in the price of such targets. If the Group invests in such targets with its own funds, it will affect the investment income of the Group.	10	
		• First Bank requires all loan customers to sign a letter of commitment for sustainable development, which may lead to loss of business.	11	
		• Insufficient digitization will cause us to increase paper usage, reduce operational efficiency and competitiveness, and lose customers.	12	
	Reputation risks	When loan customers of the Company involve in environmental pollution which leads to negative reports of the media, reputation of the Company will be indirectly affected.	13	• When there is reputation risk, we will investigate the truthfulness of the incident, collect evidence, evaluate its impact, draw up response measures and explain to the public by press release. • Implement the ESG review policy to avoid lending to companies that involve major disputes in environmental conservation, human rights and society.
Physical Risk	Immediate risks	Tropical cyclone/Extreme precipitation • Caused damage to offices, equipment, or transportation vehicles.Heavy rain or strong wind brought forth by tropic cyclones may directly impact the Company's operation sites.	14	• Incorporate climate change risk into the Group's risk management policy, and after deliberation and approval by the board of directors, submit climate change risk and its mitigation measures and implementation status to the board of directors, implement them according to the Company's risk management mechanism, and discuss the introduction of three lines of defense structure for internal control to clearly define the climate change risk management responsibilities of each line of defense. • As tropical cyclones and extreme precipitation may cause damage to the information appliances, the Company appoints professional contractors to conduct inspections and maintenance for mechanical and electrical equipment and we set up waterproof gates, sandbags, other flood-prevention measures, and uninterrupted power system to ensure normal operation. • The Company included climate-related risk factors into the design of insurance products to provide insurance products that are more suitable for the needs of policy holders and climate change trends and provide policy holders with comprehensive coverage. • In line with the water rationing measures implemented by the county and city governments, such as tap water supply pressure reduction during some periods of time, and water supply for 5 days and cut-off for 2 days in various zones, branches in water rationing areas will be notified to store water in advance to avoid water shortages affecting operations; in the headquarters building, water consumption in the staff cafeteria will be reduced and the meal service will be suspended when necessary. • Introduce the "ISO 46001 Water Efficiency Management Systems" and obtain certification, and strengthen water resources management by implementing and optimizing the daily management of major water-consuming equipment, as well as water use review and performance evaluation. • As to the risks of extreme climates, rising sea levels and tropical cyclones, the Company pays close attention to droughts, severe rainfalls and power supply alerts and establish defense corps for responding to typhoons, flooding, earthquakes, bank runs, epidemics, fires, explosions and other emergencies to manage climate change risks. Avoid waterfront low-lying areas when choosing the locations and purchasing lands and buildings for the operating offices; If any asset held locates at a waterfront low-lying area, we will try to dispose of it or transfer the risk by insurance. • Work with external consultants on climate risk scenario analysis, and continue to track the impact of the real estate located in high-risk areas (soil liquefaction potential areas, coastal or low-lying areas, and other geologically sensitive areas) on the value of the Company's collateral calculated by the consultant, quantifying the financial impact of climate change risks on the Company to establish more effective response measures. • Consider establishing a carbon inventory mechanism for individual clients or asset portfolios of the Company's investment and financing business to identify and assess major climate change risks and manage them. • Continue to conduct employee health checks, build employee health risk maps, and regularly educate employees on the prevention and treatment of infectious diseases.
		• Employees suffer losses on their way to or from work, at the workplace, or on their way to confirm damages caused by disasters.	15	
		• Work being called off which resulted in the disruption of operations.	16	
		• Caused bodily injury to the insured of the Company which led to the increase of claim amount.	17	
		• Investee personnel's loss of property causes investment profitability to fall.	18	
		• Borrowers suffer from interruption of operations or loss of personnel or property which leads to difficulties in repayment,and thus causes bad debt losses to the Company.	19	
		Short-term water shortage The postponement of the rainy season has resulted in less than expected rainfall across Taiwan. Many reservoirs have insufficient water storage and encountered short-term water shortages. Many counties and cities have implemented water rationing measures, which may affect operational performance due to water shortages.	20	
	Long-Term risks	• Rising sea levels expose some business units to flood risk.	21	
		• Extreme drought 1. May lead to lack of electricity which results in disruption of operations	22	
		2. May lead to fires or difficulties in obtaining water resources will increase operating costs	23	
		• Extreme climate change 1. The use of electricity for air-conditioning and water has increased in recent years due to the increase in the number of days with extreme high temperature. We predict that electricity prices will gradually rise in the future as the power structure changes in Taiwan, resulting in an increase in the operating costs of the Company. If the Company has to purchase carbon credits and renewable energy certificates for its carbon reduction outcome, the operating costs of the Company will increase.	24	
		2. Increase of the occurrence rate of infectious diseases increases the risks to employee health and disruption of operation.		

◇ FFHC Identify the opportunities of climate change

Type	Item	Explanation of opportunities	Corresponding number
Opportunity	Resource usage efficiency	• Promote electronic account opening, electronic trading and account processing services	1
		• Procurement of energy-saving and water-saving products with green mark	2
	Energy sources	• Use low-carbon energy and increase energy efficiency	3
	Products and services	• Listing products related to topics like environmental protection, climate change and green energy	4
		• Help customer issue green bonds	5
		• Develop new business opportunities by adding insurance products for natural disasters or injury in climate-related accidents	6
		• Issue green concept card and apply for the Environmental Protection Administration's "Carbon Footprint Label" certification to track carbon emission reductions in the life cycle of the credit card	7
		• Promote urban renewal financing projects, transform old buildings into energy saving, carbon reducing and Eco friendly communities	8
		• Increase the volume of green financing and green consumption loans	9
		• Raise green energy fund to invest in solar power plants in Taiwan	10
	Market	• Issuance of green bonds to gain new market access opportunities	11
		• Raise new funds to provide investors with ESG products and win new market opportunities	12
	Resilience	• Green Finance Committee plans green financing and investment policies and guidelines to improve the scope and level of our green finance products	13
		• Host environmental protection competitions and present awards to outstanding departments and employees	14
		• Actively participate in environmental protection competitions hosted by external parties and strive for awards, so as to foster awareness on environmental protection and energy-saving	15
		• Increase the proportion of green investments to meet global trends and reduce asset allocation risks	16
		• Include green buildings and energy saving buildings as key purchasing items in real estate investment.	17
		• Discuss issues related to climate change and environmental sustainability and share the circular economy concept with investment and financing partners to encourage low-carbon transformation of the investment and financing partners for them to jointly grasp sustainable business opportunities with the Company	18
		• Implement energy conservation, carbon reduction, water saving and waste reduction to help reduce operating costs	19





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

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

1-3 Quantified Financial Data of the Impact of Climate Change on the Company and Scenario Analysis

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:

Variables considered

Financial variables: Operating profit ratio, debt ratio, retention ratio, current ratio, etc.

Carbon emission intensity
- Emissions / total revenue
- 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
- Carbon taxes and laws and regulations, etc.

Quantitative information on hazard potential
- Flooding, mud-rock flow and landslide hazards
- Comprehensive scoring of exposure x vulnerability x level of danger: credit balance, industry type, etc.

◇ Results of the study

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

Unit: Thousands NTD

Credit extension industry	Biggest loss in 5 years	Biggest loss in 15 years
Petrochemical industry	164	647
Steel industry	121	940
Semiconductor industry	No significant results	No significant results

Remarks: The profitability of the semiconductor industry is mainly affected by its advanced manufacturing process, and is relatively unaffected by the intensity of carbon emissions.

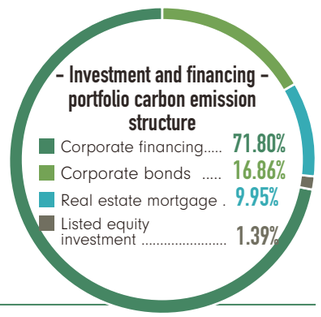
(2) Climate change "physical" risk, considering the impact of disaster potential on the credit industry

Unit: Thousands NTD

Credit extension industry	Expected additional maximum loss	Remarks
Petrochemical industry	335,292	Within 10 years
Semiconductor industry	672,007	Within 10 years
Steel industry	2,687	Within 1 years

Remarks: 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.

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 in accordance with methodology recommended by the international institution "The Partnership for Carbon Accounting Financials, PCAF". In 2021, the carbon emission generated by the main investment and financing portfolio is about 6.2368 million metric tons CO_2e, of which corporate financing accounts for about 71.80%, followed by corporate bonds (16.86%), real estate mortgage loans (9.95%) and listed equity investment (1.39%).



Low-carbon operations and circular economy

GRI 302, GRI 305, GRI 307, FS4

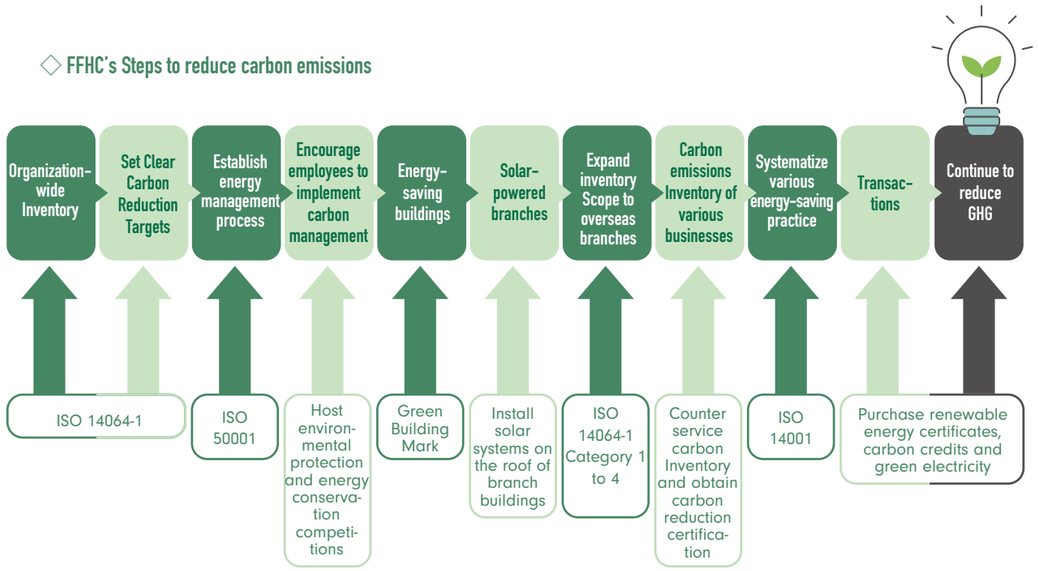
To keep In line with the country's 2050 net-zero carbon emission target, First Financial Holding Co., Ltd., FFHC has set a SBT to control the temperature rise well below 2°C (WB2°C), that is, the total carbon emissions of categories 1 and 2 from 2022 to 2050 must be reduced by 2.5% each year compared to that of the previous year. In 2021, the carbon reduction of categories 1 and 2 compared to that of the previous year was 717.85 metric tons of CO_2e.Paperless operations reduced carbon emissions by 16,841.15 tons of CO_2e. Total carbon reductions therefore amounted to 17,559 tons of CO_2e, 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 CO_2 per year.

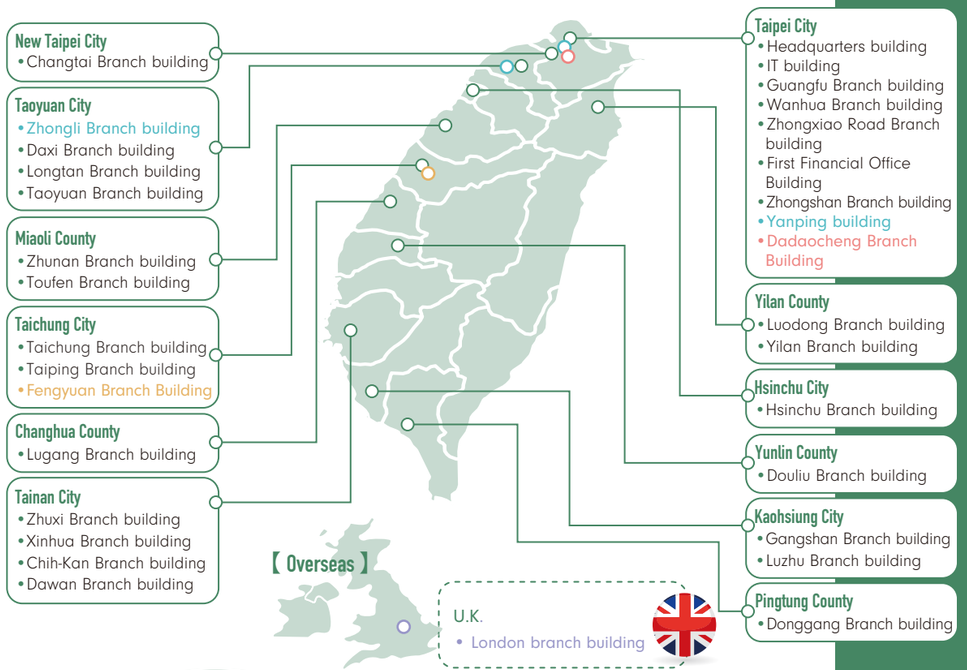
2-1 Reduce GHG emissions

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 gold-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 and out of the country 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



◇ Obtain Green Building Mark for 32 of the Group's buildings and the carbon emissions benefits



- Obtained the "Diamond-class" Green Building Mark for 27 existing commercial buildings
- Obtained the "Gold-class" Green Building Mark for 2 new commercial buildings
- 1 existing building obtained the "bronze-class" green building mark
- 1 existing building obtained the "qualified-class" green building mark
- 1 existing building obtained the "pass-class" green building mark

The London branch building obtained the UK green building mark,which was the first one among the buildings of the overseas financial institutions in Taiwan

Carbon reduction result		Carbon reduction area
(kWh/yr) *1	$tonsCO_2e$*2	• Enthalpy control • Replacement with more efficient chilled water and cooling water pumps or addition of variable speed drive • Addition of variable speed drive to air conditioning unit • Replacement of T8 with LED lamps • Implement self-management in electricity usage • Replacement with more efficient DC inverter air-conditioning unit or multi-split inverter air-conditioning • Implement Energy Management System • Replacement of Closed Loop Water Pump and addition of variable speed drive • Implement total heat exchanger system • Installation of additional air-conditioning units and small ventilators • Installation of additional solar power generating systems • Addition of independent smart electric meter
5,398,741 19,435GJ (1kWh=0.0036GJ)	2,834	

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 (EEWH-RN Green Building Mark Application Evaluation Summary Table) approved by the Taiwan Architecture & Building Center.

◇ Environment Management certifications received by FFHC

Item	Certified sites in 2021
"Diamond-class" Green Building	27
"Gold-class" Green Building	2
"Bronze-class" green building mark	1
"Qualified-class" green building mark	1
"Pass-class" green building mark	1
ISO 14064-1 Greenhouse Gas Inventory	All domestic and foreign company locations
ISO 50001 Energy Management System	All domestic company locations
ISO 14001 Environmental Management System	All domestic company locations
ISO 14046 Water Footprint	8
ISO 46001 water efficiency management systems	1
Indoor air quality autonomous management	188
Office CO_2 level measurement	244
Implement Real-time Indoor Air Quality Monitoring System	41
Verification of Category 3 in ISO 14064-1 (Indirect emissions from transportation - business travel)	Bank, Securities, Securities Investment Trust, Life Insurance, AMC
Verification of Category 4 in ISO 14064-1 (Indirect emissions casued by disposal business waste)	All domestic company locations
Environmental educator certification.	5 employees
"Product Carbon Footprint Reduction Label" certification	First Bank Yung-Ho Branch and Wanhua Branch
"Product Carbon Footprint Label" certification	First Bank Head Office Business Department Wanhua Branch
"Environmental Education Site" certification	First Bank Wanhua Branch

◇ 2021 Greenhouse gas emissions

Greenhouse Gas	CO_2	CH_4	N_2O	HFCs	PFCs	SF_6	NF_3	Total emissions of 7 Greenhouse gas
Emissions (t-CO_2e/year)	20,799	449	39	606	0	0	0	21,893
Proportion of total emissions (%)	95.00	2.05	0.18	2.77	0	0	0	100

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

2-2 Set Clear Carbon Reduction Targets

2012

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

2013

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

2016

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

2017

- As the finance industry consumes large quantities of paper, to encourage paper-saving, FFHC also incorporated the results of the paperless policy aspect of our carbon reduction targets into our management. We established a target of reducing the company's total carbon emissions by the equivalent of the annual carbon sequestration of 30 Da'an Forest Parks in 2018 by making operations and businesses paperless.

2018

- FFHC complies with the national voluntary carbon emissions reduction commitment and set goals to reduce the Group's carbon emissions in 2030 by 20% from emissions in 2005 and reduce the Group's carbon emissions in 2050 by 50% from emissions in 2005.

2019

- To clarify the sources of carbon emissions, the reduction targets in category 1 (gasoline, diesel, natural gas, gas) and category 2 (electricity) emissions of the companies were set based on the previous year.
- Expanded the scope of the category 3 to 6 inventory and added 1 item or expanded the scope of inventory for business travel

2020

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

2021

- 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 adopts 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 [Note].

Note: Ith 2020 as the baseline, the Company's investment/financing portfolios emit 5,830,786 tons of CO_2e, 15% of which (or 874,617.9 tons of CO_2e) 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, meaning that total carbon emission must be reduced to 848,379.363 tons of CO_2e.

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 in 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:

Unit: tons of CO_2e

Company	First Bank		First Securities		First Securities Investment Trust		First Life Insurance		First Financial Assets Management	
	Compared to 2020 reduction target	Actual Results Effective-ness	Compared to 2020 reduction target	Actual Results Effective-ness	Compared to 2020 reduction target	Actual Results Effective-ness	Compared to 2020 reduction target	Actual Results Effective-ness	Compared to 2020 reduction target	Actual Results Effective-ness
Category 1 Carbon reduction	34.01	132.93	0.59	-31.12	0.38	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

◇ FFHC Overall Carbon Emissions

Item \ Year		2018	2019	2020	2021	2021 Goals	2021 compared to 2020 (%)
Category 1 Carbon Emissions Under ISO -14064 Inventory (tons CO_2e)[Note 1]		2,386	2,487	2,459[Note6]	2,470	2,544[Note8]	-0.4
Category 2 Carbon Emissions Under ISO -14064 Inventory (tons CO_2e)[Note 1]		20,857	20,282	19,961[Note7]	19,409[Note7]	19,717[Note8]	-3
Category 1 and 2	Total Emissions (tons CO_2e)	23,243	22,769	22,420	21,879	22,261	-2
	Inventory Ratio of business locations (%)	100					
	Total energy consumption (GJ) [Note 2]	345,508	351,505	361,473.39	159,942.29		-56
	Total energy consumption (MWh) [Note 3]	39,869.80	40,563.23	41,723.02	40,756.20	41,073.60[Note8]	-2
	Emissions per capita (tons CO2e /person) [Note4]	2.519	2.380	2.276	2.195		-3.6
	Energy Consumption Per Capita (GJ/person) [Note 4]	37.45	36.75	36.70	16.04		-56
	Energy intensity (GJ/Net Profit in million NTD)	5.73	5.64	6.07	2.55		-58
	Emissions intensity (tons CO_2e/Net Profit in million NTD)	0.39	0.37	0.38	0.35		-8
Verification of Category 3 in ISO 14064-1 (Indirect emissions from transportation - business travel)		418	373	263	290	329	10
Verification of Category 4 in ISO 14064-1 (Indirect emissions casued by disposal business waste)[Note5]		109	78	77	98		27
Category 5 in ISO 14064-1 (indirect greenhouse gas emissions from investment and financing portfolios)	Carbon emissions (metric tons of CO_2e) [Note 12]	5,231,676	5,364,213	5,830,786	6,236,789		7
	Emissions intensity (metric tons of CO_2e /asset balance in million NTD) [Note 13]	10.88	11.94	9.84	13.16		34
	Proportion of covered assets (%)[Note 14]	82.95%	80.11%	77.33%	79.89%		3

＊1：Category 1 emissions consist mainly of fuel used by company cars, generator diesel and natural gas. Category 2 emissions consist mainly of electricity consumption, The emission factors used are based on the EPA's published greenhouse gas emission coefficient management table version 6.0.4; the inventory for 2018-2020 refers to the GWP adopted by the EPA's national login platform, using the 2007 IPCC 4th assessment report. If the IPCC 4th assessment report in 2007 did not have a reference number, it refers to the warming potential of the IPCC 5th assessment report in 2013; inventory conducted in 2021 was based on the global warming potential provided in the 2013 IPCC Fifth Assessment Report; the method used to consolidate greenhouse gas volume is Operated Control Method; the inventory standard is based on ISO 14064-1.

＊2：The scope of total energy consumption (GJ) mainly includes diesel used for the generators, gas, natural gas, diesel used for official vehicles,gasoline used for official vehicles, and electricity. The statistics are filed by each unit in accordance with related forms, compiled by the Sustainable Environment Work Group of the Corporate Sustainable Development committee, and verified by SGS. The conversion of the energy consumption (GJ) coefficient for 2018~2020 is mainly based on the parameters in the Heat Content of Energy Products in the Energy Statistics Handbook 2013 and Energy Audit Annual Report for Productive Industries 2012 compiled by the Bureau of Energy, Ministry of Economic Affairs. the coefficient for 2021 is based on the parameters in the Heat Content of Energy Products in the Energy Statistics Handbook 2020.

＊3：MWh (Megawatt Hour)

＊4：The number of employees investigated was 9,227 in 2018, 9,565 in 2019, 9,849 in 2020 and 9,969 in 2021.

＊5：In 2018, the scope of waste inventory was the bank headquarters and information building; the headquarters of Securities, Securities Investment Trust, Life insurance and AMC were added from 2019. In 2021, banks, securities, investment trust, life insurance and AMC all had new domestic branches.

＊6：The Group set policies for addressing the failure to reach annual carbon emissions reduction targets in 2020 by purchasing carbon credits to make up for deficiencies. The Category 1 inventory was 2,579 tons CO_2e which fell short by 112 tons. The Group thus purchased carbon credits from wind energy generated in Changhua and Miaoli for 120 tons to offset the deficiency.

＊7：The Category 2 inventory was market-based. The local -based inventory was 20,032 metric tons of CO_2e in 2020; 19,422 metric tons of CO_2e in 2021.

＊8：Category 1 and Category 2 targets for 2021 are based on the national voluntary carbon emissions reduction commitment. The Group's target is to reduce its carbon emissions by 50% from the baseline year of 2005 by 2050 and it allocated target carbon reduction to each year. The target MWh is calculated based on the target for reducing the use of fuel for company vehicles, diesel for generators, and gas by 1.37%, and the target for reducing electricity consumption by 1.57% compared to 2020.

＊9：In 2021, we received no complaints over environmental impact or penalties for environmental violations.

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

＊11：This classification is in cooperation with external consultants on the basis of CDP classification and PCAF definition. In addition, the data for 2018, 2019 and 2021 is difficult to obtain in the short term, so these data is calculated by estimation, and there may be errors.

＊12：Carbon emissions include listed equity investments, corporate bonds, real estate mortgages and corporate financing; the consultant suggested that commercial real estate should be estimated on the basis of the national average loan amount and area, and the national average commercial electricity consumption. Due to the high uncertainty of this data, it is not recommended to be included.

＊13：The scope of emission intensity includes listed equity investment, corporate bonds and corporate financing.

＊14：Assets (total investment and financing amount) in this column refers to the total investment market value/financing balance of each subsidiary, which is not the accounting numbers, and the proportion is carbon emissions (listed equity investment + corporate bonds + real estate mortgages + corporate financing)/total investment and financing amount.

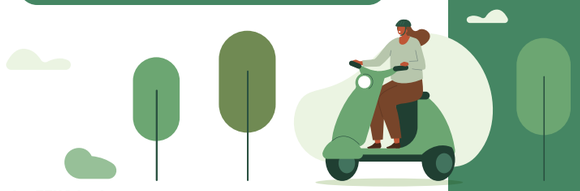
2-3 Green transportation

To help reduce the FFHC's carbon emissions caused by business travel, we have taken steps to gradually replace old or outdated vehicles in our company fleet. As a principle, official vehicles shall be used for carpooling. Until 2021, FFHC has replaced 96 traditional gasoline scooters which were set for retirement with environmentally friendly Gogoro electric scooters which reduced carbon emissions by 36 metric tons CO_2e (Note1). We also set up battery exchange stations on vacant lots at the Chung-Shan Branch, Ta-Tao-Cheng Branch, Pei-Tou Branch, Hsin-Hsing Branch ,Caotun Branch, and Yanji Dormitory and IT building to promote low-pollution scooters. In addition, a system for sharing company-issued EasyCards is in place to encourage employees to utilize mass transportation when traveling on business. When company cars needs replacement, we will evaluate the possibility of change for electric vehicles, hybrid vehicles or vehicles with high energy conversion efficiency. In 2021, a total of 21 vehicles were replaced by hybrid electric official vehicles. The Company set up charging stations for electric vehicles at Zhongli Branch and Yanping building for use by employees and customers.In addition, we have set up 13 employees dormitories at company sites located in high population density areas as well as rural regions and remote areas, which help reduce carbon emissions of employees commuting to and from work. Our overseas travels in 2021 were verified to total 1,656,392 kilometers, total energy consumption was 1,211 GJ (Note2)，which emitted a total of 290 metric tons of CO_2e.

Note 1: The carbon reduction is based on Gogoro's 2016 report that the replacement with electric scooters can save 1.9175 kilograms of CO_2e 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 an average of 23.2 kilometers per liter of gasoline based on the average annual motorcycle travel distance of 4,500 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 5,866 liters) of fuel for a 1,074-km flight. The conversion of the energy consumption (GJ) coefficient is mainly based on the parameters in the Heat Content of Energy Products in the Energy Statistics Handbook 2020 compiled by the Bureau of Energy, Ministry of Economic Affairs and the assumption that a flight carries on average 250 passengers.

Set up an electric scooter battery exchange station in the open space of Dadaocheng Branch to promote low-polluting scooters.



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

Item \ Year	2018	2019	2020	2021 Actual number	2021 Goals	2022 Goals
Verification of Category 3 in ISO 14064-1 (Indirect emissions from transportation - business travel) (Unit: ton CO_2e)	418	373	263 [Note 1]	290	Less than329 [Note 2]	Less than 313
Percentage of coverage (%)	100	100	100	100	100	

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

Note 2: The 2021 and 2022 targets were set based on the average of 364 tons CO_2e in carbon emissions for business travel in the 4 years prior to the outbreak of the COVID-19 epidemic (2016 to 2019). The Company has set a target to reduce such carbon emissions by 5% each year.

2-4 Carbon Footprint Management

FFHC has launched and invited industry peers to discuss and establish the "Counter Service Carbon Footprint Calculation" product category rules (PCR), which were approved by the Environmental Protection Administration in June 2017 and announced on the Carbon Footprint Labeling website, providing financial industry peers with a set of regulations for calculating counter service carbon footprint. In July 2017, we obtained the SGS-certified Carbon Footprint Verification Statement.

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 CO_2e 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 CO_2e. It has bought a total of 3,266.9 thousand kWh of green power for solid from 2015 to 2021. In addition, after assessing the sunshine conditions of the operating sites, rooftop solar power generation systems were built in 2016. As of the end of 2021, 17 rooftop solar generation systems have been completed and the total annual carbon reduction amounted to 107.99 metric tons CO_2e. FFHC set goals for producing and using 120MWh 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.

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

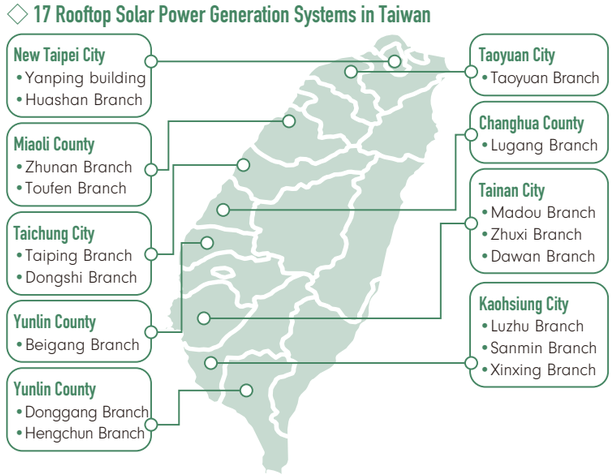
Item / Year	2018	2019	2020	2021 Actual Results	2021 Goals	2022 Goals
Energy consumed (MWh)	85.81	122.71	163.82	215.12	70	120
kWh purchased Note 1	790,000	300,000	727,391	1,039,558		1,517,000
Total kWh of purchased and used renewable energy	875,811	422,705	891,213	1,254,678	500,000	1,637,000
Energy consumption (GJ) Note 2	7,585.29	3,661.00	7,718.69	4,514.63		
Electricity Carbon Emission Factor Note 3	0.554	0.533	0.509	0.502		
Carbon reduction result (MT of CO_2e)	485.20	225.30	453.63	629.85		

Note1: In 2018, FFHC purchased 440 tons of carbon right certificates which equals approximately 790,000 kWh of renewable energy. In 2019, FFHC purchased 160 tons of carbon right certificates which equals approximately 300,000 kWh of renewable energy. In 2020, FFHC purchased 300 tons of carbon credits, which equaled approximately 589,391 kWh in the use of renewable energy, and purchased 138,000 kWh of renewable energy certificates. ；In 2021, we purchased 181 metric tons of carbon credits (which equaled 360,558 kWh in the use of renewable energy), 27,000 kWh of renewable energy certificates and 652,000 kWh of green electricity.

Note 2: Energy consumption (GJ) 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 Heat 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	2019	2020	2021
Energy consumed (MWh)	117.17	158.35	215.12
Electricity Carbon Emission Factor Note	0.533	0.509	0.502
Carbon reduction result (MT of CO_2e)	62.45	80.60	107.99

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.

"Branch Using Green Electricity" posted at Taiping Branch

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 CO_2e.

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

2-6 Reducing Water Use and Conserving Water Resources

In 2012, the FFHC installed a 1.3 million liters rainwater reclamation tank in the basement of the Headquarters building to supply water for watering the gardens and toilets.FFHC set up rainwater recycling pools at Yanping building and Zhongli Branch in 2020 to use rainwater for watering plants on the roof and make full use of water resources.In 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 resource, we have installed an oil trap in the headquarters' on-site kitchen, utilized eco-friendly cleaning agents, and used warm water to clean dishes, which will reduce the quantity of cleaning agents used. In addition, we have engaged contractors to carry out septic tank pumping on a regular basis and conducted wastewater testing to determine the directional flow of contaminants, thereby improving overall water quality and reducing pollution.

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

◇ The FFHC's Consumption of Municipal Water Supplies

Unit: million liters

Item / Year	2018	2019	2020	2021 Actual Results	2021 Goals	2022 Goals
Total water consumption	194.46	200.872	201.58	201.23	Less than 203.8	Less than 214.8
Percentage of coverage (%)	99	99	99	99		

Note1: FFHC's water consumption statistics are mainly filed by each unit in accordance with water bills and compiled by the Sustainable Environment Work Group of the Sustainable Development Committee.

Note2: The Scope includes all domestic operations of First Bank, First Securities, First Securities Investment Trust, First Life Insurance, and AMC head office.

2-7 Upgrading IT Equipment: Paperless Operations

Through the building of a green data center, the FFHC upgraded its information equipment, replaced the old servers, and implemented paperless teaching, meetings, services, and administration. The core business system development has also been oriented towards the concept of energy saving and carbon reduction. Since 2008, the review system has been continuously optimized, and the credit checking/giving operation process has been changed from manual/paper operations to full implementation on the system. And the automatic import of the data from Joint Credit Information Center, the group-based operations for accounts of groups at home and abroad, etc. have been introduced one after another, thereby saving much paper printing. Furthermore, FFHC upgrades IT equipment and actively incorporates digital services in "marketing", "transactions", "payment", and "account services", and we also provide customers with mobile and online insurance application services. From June 2021, customers can apply for First Life Insurance's "interest-sensitive annuity insurance" and "e-travel 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/ policy-holder credit information can be queried online making printed paperwork unnecessary.
- Implemented an account-keeping database for the group to automatically import domestic and overseas group data.

Paperless meeting

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

Paperless 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.

Paperless learning

- The development of the "First e-Academy" online learning system, collaborative system cloud and data cloud have effectively reduced paper consumption.
- Physical classroom teaching adopts slides or iPad to reduce paper usage.

Paperless administration

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

◇ Carbon reduction at FFHC from paperless initiative

Item \ Year	2018	2019	2020	2021	Growth in 2021 compared with 2020 in carbon reduction(%)
Number of official documents issued electronically/carbon quantity reduced	278,257/11,474.72 MT CO_2e	360,590/15,580.39 MT CO_2e	349,269/15,560.09 MT CO_2e	284,926/13,012.51 MT CO_2e	-16
Number of electronic bills and DM/carbon quantity reduced	244,623,499/ 2,201.61 MT CO_2e	310,690,198/ 2,796.21 MT CO_2e	311,911,294/ 2,807.20 MT CO_2e	357,280,219/ 3,215.52 MT CO_2e	15
Hours of online teaching/carbon quantity reduced	505,480 hours/ 56.61 MT CO_2e	662,935 hours/ 74.25 MT CO_2e	770,155 hours/ 86.25 MT CO_2e	834,072 hours/ 93.42 MT CO_2e	8
Number of electronic automated transactions/ carbon quantity reduced	53,998,931/ 302.39 MT CO_2e	59,250,942/ 331.81 MT CO_2e	73,432,116/ 411.22 MT CO_2e	92,803,648/ 519.70 MT CO_2e	26
Total carbon reductions from paperless initiative	14,035.33 MT CO_2e	18,782.66 MT CO_2e	18,864.76 MT CO_2e	16,841.15 MT CO_2e	-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 B4-sized paper meant 0.009 kg of CO_2e emissions; the carbon quantity reduced from electronic automated transactions was based on the same source: one sheet of A4-sized paper meant 0.0056 kg of CO_2e emission.

◇ Carbon quantity reduced from official documents issued electronically in 2021

Company	Quantity Utilized	No. of Users	Carbon reduction result (Unit: MT of CO_2e) Note2
First Bank	269,442	8,595	12,968.78
First Securities	7,050	806	31.82
First Securities Investment Trust	3,845	156	3.36
First Life Insurance	4,370	346	8.47
First Financial AMC	219	66	0.08
Total	284,926	9,969	13,012.51

Note 1: The carbon quantity reduced from electronic official documents was calculated based on the Taiwan Products Footprints Information Network on the official website of EPA, Executive Yuan: one sheet of A4-sized paper meant 0.0056 kg of CO_2e emission.
Note 2: Carbon reduction amount = the times of usage * the number of users * the amount of carbon emission per A4 paper / 1,000

◇ Carbon quantity reduced from online teaching in 2021

Company	Hours of online teaching	Carbon reduction result (Unit: MT of CO_2e) Note
First Bank	776,301	86.95
First Securities	43,584	4.88
First Securities Investment Trust	6,569	0.74
First Life Insurance	7,163	0.80
First Financial AMC	455	0.05
Total	834,072	93.42

Note: Carbon reduction amount = course hours * assuming that the online course saves 20 sheets of A4 paper per hour * the carbon emission per A4 paper / 1,000

2-8 Recycled Wastes

To maximize resource recycling, annual recycling targets have been set by FFHC for all group companies to implement waste sorting practices. A zero waste basket policy is also rigorously enforced with no personal waste baskets placed in the office. This policy encourages employees to take their trash to the recycling bins to be sorted. In2020, 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 of FFHC over years

Unit: kg

Item \ Year	2018	2019	2020	2021	Magnitude of change from previous year (%)
Paper and paper containers	32,485	26,988	223,546	183,153	-18
Plastic and PET bottles	2,940	2,928	29,351	27,839	-5
Aluminum, iron, glass, Aluminum foil packs	2,085	2,192	26,002	21,826	-16
Batteries and electronic devices	4,073	233	35	598 Note2	1,609
Cooking oils	743	708	570	340 Note3	-40
Total	42,326	33,049	279,504	233,756	-16

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, bottles, 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: First Life Insurance replaced the batteries in the uninterruptable power system in 2021, resulting in a significant increase in the category of batteries and electronic equipment compared to the previous year.
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 to November, resulting in a significant reduction in waste cooking oil compared to the previous year.

◇ **Recycled Waste, and Garbage removal volume of FFHC over years**

Unit: Tons

Item / Year	2018	2019	2020	2021	2021 Goals	2022 Goals
Recycled waste Note 1	42.33	33.05	279.50	233.8	Not Less than 167.89	Not Less than 173.91
Garbage removal volume Note1 (a+b)	59.89	59.71	240.37	279.7	Less than 289.93	Less than 287.7
Sanitary landfill volume (a) Note 2	1.25	1.25	6.58	7.7		
Waste incineration volume (b) Note 2	58.64	58.46	233.79	272.0		

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' domestic branches were added into the scope in 2020. In 2021, all domestic branches of First Securities Investment Trust, life 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.

2-9 Environmental Education

General administration personnel have been designated as the energy-saving and carbon reduction promotion cadre as each FFHC unit. They are responsible for implementing energy-saving and carbon reduction measures and promoting the latest environmental protection regulations. 5 employees have obtained the "Environmental Educator Qualifications" certification 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 (currency evolution, seal 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 at least 2 hours of 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 was completed, and outstanding units were announced with 18 commendations provided as the incentive. The units that achieved the carbon reduction target reduced a total of 207 metric tons of CO_2e compared with the previous year, and calculated at a carbon reduction cost of NT$4,523 per metric ton, the Company had saved about NT$936,000 in operating costs; business units that did not meet the carbon reduction target were issued with a carbon pricing report, so that they can understand the carbon emission fee that shall be paid for the excess carbon emission in 2020, and propose a carbon reduction plan. The 2021 electricity-saving competition also added the announcement of the electricity-saving rate of each unit on a quarterly basis, prompting each unit to strengthen its electricity-saving management actions.

In addition, FFHC has also encouraged employees to propose their ideas for environmental protection and energy conservation measures since 2014. Proposals are reviewed by business units and bonuses are issued to the employee. In 2021, a total of 6 related proposals were submitted, wherein 3 were approved for implementation. Rewards totaling NT$900 were provided.

Sustainable Procurement and Supplier Management

GRI 204, 308, GRI 414, FS2

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 certification 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.

Process for Introducing the ISO 20400 Sustainable Procurement Guidance

Identification of key procurement industries

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

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

Establish sustainability guidelines for key procurement industries

Key procurement industry	Sustainability guidelines: General guidelines	Sustainability guidelines: Industry-specific guidelines
Renovation construction	Before suppliers may participate in the bidding process, we first check to determine whether they have been implicated in any infractions relating to environmental pollution, contravention of labor laws and regulations, or societal harm, in which case an explanation is required, or the companies are excluded as potential partners.	• Prioritize the purchase of products with environmental protection, energy conservation, or water conservation mark and green architecture materials. • Select EPA-approved products made from recycled materials which are recyclable, generate low amounts of pollution, and offer energy savings benefits. • During the renovation and construction of the operating locations, more than 60% of the indoor and 20% of the outdoor used the green architecture materials.
IT equipment and maintenance		• Select EPA-approved products made from recycled materials which are recyclable, generate low amounts of pollution, and offer energy savings benefits. • Reject the purchase of products which have excessive packaging, cause environmental damage, or are non-biodegradable and machinery which consumes large quantities of energy. • Our purchasing policy emphasizes cross-compatibility, ensuring that items procured for remodeling company locations, such as mechanical equipment and other products, can be re-used alongside existing hardware.
Labor services		• Verify that purchased cleaning products do not contain hazardous substances. • Whenever possible, use recycled or reusable packaging, for example: refill packs. • Choose products that can be diluted on-site first to reduce shipping and packaging requirements.
Printing and advertising		• Select EPA-approved products made from recycled materials which are recyclable, generate low amounts of pollution, and offer energy savings benefits. • Printed materials: (1) Toner cartridges must be recycled toner cartridges (2) Toner must not contain heavy metals (e.g., mercury, cadmium, lead, or hexavalent chromium) (3) The ink must not contain carcinogenic, mutagenic, or toxic substances (4) Paper: The paper must contain at least 85% recycled fiber a. The pulp must not contain chlorine b. The product must have ecological labels such as PEFC and FSC c. The original fibers must be from a forest or source with responsible forest management and certification documents must be provided d. The use of recyclable packaging is required and no synthetic halogen materials can be used under any circumstance

Establish supplier preview mechanisms

Established a supplier scoring system to include governance, environmental, and social factors include the "preliminary supplier review items". If a supplier passes the review, it is included in the database of qualified suppliers which is provided to procurement units for conducting inquiries and selecting preferred suppliers .We have established 27 categories of information for qualified vendors.

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

Management review

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

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" and to increase awareness. We also require subsidiaries to use site visits and audits to encourage suppliers to implement the Guidelines. The contents include basic labor rights for suppliers, environmental protection, sustainable management, and occupational safety and health regulations. Please refer to the Company's website for specific contents of the Company's Supplier Management Guidelines.

FFHC set up a 3-step supply chain management process in 2013,supplier management is used to select vendors that satisfy the spirit of sustainable development as long-term partners, including: purchasing of energy-saving equipment, purchasing and maintenance of IT equipment, construction and interior design, business-related OA equipment and landscape and environmental greening engineering. As a principle, the main procurement regions include suppliers of the place country of operations and those close to business locations. In 2021 100% (Note) of all purchasing came from local (registered) suppliers to ensure the stability and localization of the supply chain as well as reduce carbon emissions in the transportation process and create local job opportunities.

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 businesses to extend the concept of ESG and sustainable development to suppliers and crediting 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
Preliminary Screening	• Active Inquiries: Before a vendor may participate in the bidding process, we first check to determine whether they have been implicated in any infractions relating to environmental pollution, contravention of labor laws and regulations, or societal harm, in which case an explanation is required, or the company is excluded as a potential partner.If a supplier passes the review, it is included in the database of qualified suppliers which is provided to procurement units for conducting inquiries and selecting preferred suppliers. • Overseas locations: Before a procurement is made, the "Human Rights and Environmental Sustainability Evaluation" must be completed to check whether the vendor has been implicated in any infractions relating to environmental pollution, damages to labor or human rights protections, or harm to society. • Providing guidance to vendors: The Company's Sustainability report is provided in electronic format and vendors are asked to observe the Company's Sustainable Development policies.	• Completed 2,327 vendor inquiries. (accounting for 100% of all vendors) The Group added 27 suppliers to the database of qualified suppliers in 2021. • FFHC's overseas locations completed "Human Rights and Environmental Sustainability Evaluations" for 836 vendors. • 3,009 vendors made an effort to observe the Company's Sustainable Development policies.
Concurrent declaration	• Education and Compliance Declaration: When entering into an agreement, we request vendors to sign a "Declaration on Human Rights and Environmental Sustainability Clauses" and to agree to comply with the "Directions for Supplier Management of FFHC and its Subsidiaries." We advocate to suppliers and request them to pledge to comply with fundamental labor and human rights protections stipulated in the Universal Declaration of Human Rights 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.	• The "Declaration on Human Rights and Environmental Sustainability Clauses" has been signed by 2,327 suppliers and we have advocated ideas of human rights protection. In addition, 810 suppliers have agreed to comply with the "Directions for Supplier Management of FFHC and its Subsidiaries" and implementation of environmental sustainability in accordance with the Directions. • 100% of new vendors signed the declaration. • 100% tenants pledged to use green building materials. • 32 pieces of high-energy consumption equipment were purchased with high EER value.
Post hoc management	• Employee Qualifications: FFHC has certain qualifications in place for third-party maintenance personnel involved in the operation, maintenance, repair, or management of facilities, equipment, or systems involving high electricity consumption, and we also provide energy management awareness training. • Education and training: Promote the concept of social sustainability and environmental protection through supplier meetings, and explain "Contractors' Safety and Health Management Precautions "and" Directions for Supplier Management of FFHC and its Subsidiaries "to ensure that suppliers clearly understand relevant requirements and jointly implement the sustainable development. • Regular Audits: Audits of qualified suppliers are regularly conducted to check for environmental issues, occupational hazards, and labor rights violations(including freedom of association, forced labor, child labor, occupational safety and health). In the event that a compliance violation is identified, the supplier is requested to provide an improvement plan, otherwise their contract is terminated and the supplier is added to the monitoring list.	• Held sessions of energy management awareness training to train a total of 15 employees. • We organized supplier meetings for a total of 71 participants. • Spot checks are conducted every quarter and records are kept; in addition, each year we make a random selection to conduct an on-site inspection. FFHC conducted onsite inspections on 10 suppliers in 2021 and found no violations of environmental protection or labor regulations.

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

item / year	2021
(a) Percentage of no. of current vendors based on assessments (%)	100
(b) Ratio of identified risks to items (a) that have been assessed	33[Note 1]
(c) Ratio of mitigation procedures that have been implemented to items with identified risks among (b)	100

Note 1: According to the number of vendors in the 2021 statistics, 147 out of 447 suppliers were identified as risks in violation of human rights. They included 5 clothing service companies, 3 transportation companies, 38 decoration companies, 22 air conditioning companies, 54 plumbing and electrical engineering companies, 15 fire safety engineering companies, 6 landscape companies, and 4 solar power construction companies with higher rates of musculoskeletal injuries and occupational safety risks.

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

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

Evaluation method/year		2019	2020	2021
Number of suppliers with transactions		188	207	188
Document evaluations	Number of suppliers	188	207	188
	Percentage (%)	100	100	100
Onsite evaluations	Number of suppliers	7	8	10
	Percentage (%)	3.72	3.86	5.32

"Government-owned Financial Businesses' Joint Supplier Assembly - Sustainable Finance Guidance Meeting" hosted by FFHC

Human Rights Protection

GRI: 405, 406, 407, 408, 409, 410, 411, 412

1-1 Human Rights Policy

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

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

1-2 Gender equality and human rights commitment

We adhere to and ensure that employees enjoy internationally accepted labor rights, and related information is openly available internally. All business sites follow local laws and regulations on human rights. There is to be no discrimination against employees on the basis of race, gender or other circumstances. All employees have the right to equal pay for equal work, freedom from sexual harassment, and protected employment for female employees during pregnancy. All Directors, Supervisors, managerial officers, and employees of the Group must comply with the Code of Conduct and may not make sexual advances or commit actions that violate human rights such as implicit sexual suggestions, sexual discrimination, or violation of human dignity and personal freedom.Apart from regular training on sexual harassment prevention, new employee training also explains in full the human rights system on work rules, HR management rules, employee compensation and benefits. Union personnel are also invited to speak about employee rights relating to the Occupational Safety and Health Act. There were no human rights violations, infringement of indigenous rights, or incidents of discrimination in 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 compliance with the Act of Gender Equality in Employment. We promote gender equality by focusing on "corporate culture," "organizational structure," " salary and benefits," "education 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 with principles of gender equality and prohibition of discrimination and that employees may not engage in any conducts 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 resource-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 incidents. To assist employees in maintaining work–life balance, FFHC provides several benefits and leave regulations that exceed 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 14 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$100,000 for the first child and NT$150,000 for the second child and every child thereafter. Child birth subsidy of NT$21.32 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 by professional nurses, and a Maternal Protection Plan is implemented for them. The Company introduced a new taxi allowance of NT$10,000 for pregnant employees, effective as of 2021; and each company is planning to increase the number of maternal 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 shows that our actions toward gender equality have been integrated into the Group's business philosophy and leadership decision-making.

Childbirth Allowance and Subsidies

Increased benefits NT$310,000 for marriage and childbirth

- Marriage allowance of NT$60,000for two (employees)
- Childbirth allowance of at most NT$300,000for twins
- NT$10,000 in Transportation Subsidy for Pregnant Employees
- Flexible work hours
- Work from home
- Subsidies for children's education
- Child care subsidies

Work–life balance

Various flexible working measures provide more support for colleagues to take care of their families

Flexible work hours

- No need to apply for leave if 10 minutes late for work
- No need to apply for leave if leave work 10 minutes early
- Can start work an hour early or leave work an hour later
- Can work an hour less
- Can apply for an hour of leave

Employees are supported during COVID-19 to take care of their family

- 14 days of paid epidemic prevention leave
- Work from home
- Distributed work to reduce traveling
- Risk of infection in public transportation

Paid leave and number of paid leave days surpass legal requirements

Full-Pay Leave

- Personal leave14 days[Note 1]
- Sick Leave 30 days[Note 1]
- Family care leave 7 days[Note 1]
- Menstrual leave 1day/month[Note 1]
- Tocolysis Leave 44 days[Note 2]
- Epidemic prevention leave 14 days[Note 3]
- Volunteering leave1 day

Increased number of days

FFHC	Legal Requirement
Marriage leave 14 days	8 days
Compassionate leave 21 days[Note 4]	Longest 8 days
Miscarriage leave 7 days	5 days
Maternity leave 58 days	56 days
Prenatal checkup/ paternity leave 8 days	7 days

Note 1: New employees are paid in accordance with labor leave rules in the year they arrive on the job.
Note 2: Sick leave and personal leave combined amount to 44 days.
Note 3: Counted toward 14 days of personal leave.
Note 4: The number of days granted for compassionate leave depends the degree of kinship.

Pregnancy-Friendly Leave

Maternity Leave

Female employees are granted 58 days of maternity leave before and after child birth. (law grants 56 days)

Miscarriage Leave

7 days of maternity leave are granted to employees who miscarried within 3 months of pregnancy. (law grants 5 days)

Tocolysis Leave

44 days of paid sick leave and personal leave combined. (whereas the law grants half-paid sick leave and unpaid personal leave)

Prenatal Checkup + Paternity Leave Maternity Leave

8 days of leave for accompanying spouse to prenatal checkups or child birth. (law grants 7 days)

In 2021, employees of domestic and overseas operations attended human rights protection training 18,958 times for a total of 15,195 hours of human rights-related training. The training participation rate was 100%. Our company policy on human rights has also been communicated to the security company to ensure that they understand and incorporate our human rights policy into their pre- and on-the-job training for security personnel. The proportion of security personnel who have completed training is 100% and on average, we organize 12 training sessions every year each lasting 0.5 hours in 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, if men's compensation was 100%, then women's compensation would be 108%. The average compensation was 109%; The average salary of non-managemen female employees was 97% and the average compensation was 100%.

◇ Remuneration at FFHC in the past years

	2018		2019		2020		2021	
Average salary of the President Note1	100%	100%	100%	100%	100%	100%	100%	100%
Average compensation of the President	100%	100%	100%	100%	100%	100%	100%	100%
Average salary of management personnel Note 2,Note3	105%	100%	104%	100%	104%	100%	108%	100%
Average compensation of management personnel Note4	105%	100%	107%	100%	105%	100%	109%	100%
Average salary of non-management personnel	100%	100%	97%	100%	97%	100%	97%	100%
Average compensation of non-management personnel	100%	100%	100%	100%	100%	100%	100%	100%

Note 1: The salary and remuneration of the President are proposed by the Remuneration Committee and submitted to the Board of Directors for review. There is no gender-based variation.
Note 2: Definitions of management personnel: Employees who assume managerial roles and administrative duties.
Note 3: Definitions of salary: Salary refers to the monthly base salary, position allowances, various other allowances, compensation for overtime work, etc.
Note 4: Definitions of compensation: Compensation refers to the salary + other incentives (e.g., Employee compensations, bonuses, retirement benefits, severance pay, and incentives of material value).

We offer a fair workplace with gender equality. At FFHC, female directors and female independent directors account for 57% and 60% of the Board of Directors, respectively, and a female member of the board also serves as the convener of the Company's Audit Committee. The Board of Directors of FFHC and its bank and life insurance subsidiaries is chaired by a female chairperson, 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

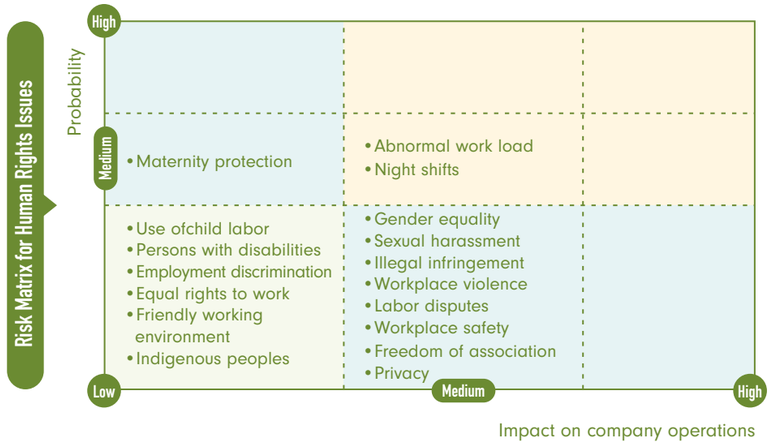
Item / Year	2018	2019	2020	2021
Percentage of female employees (%)	60.0	59.9	60.0	60.4
Percentage of female executives (%)	53.0	51.2	51.2	51.1
Percentage of junior female executives (%) Note 1	53.6	51.3	51.3	50.9
Percentage of senior female executives (%) Note 2	48.6	51.1	50.9	51.9
Percentage of female employees in management roles that have the potential for salary increase (e.g. sales) (%) Note 3	47.4	48.4	53.2	40.1
Percentage of women in related STEM positions (%) Note 4	38.0	38.1	38.8	43.1

Note 1: Number of junior female executives/total number of junior executives(Definition of junior executive: Management personnel other than senior executives.)
Note 2: Definition of senior executive: based on definition of "managerial officers" (including managers of foreign sub-branches) established in Tai-Cai-Zheng-3 No. 920001301 letter dated March 27, 2003
Note 3: Number of female executives in positions with potential for salary increase/total number of executives in positions with potential for salary increase(excluding supporting departments such as human resources, IT, and legal affairs)
Note 4: We started the disclosure of the percentage of women in related 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 questionnaire surveys to evaluates potential human rights risks and establish a risk matrix for human rights issues.

◇ Human rights due diligence procedures



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, Complaints and Investigation". We impose appropriate penalties on perpetrators in accordance with the committee's resolution to prevent the occurrence of infringements and harassment

◇ Human Rights Risk Assessment and Management

Human Rights Risk Factor	Risk identification (%)	Overall Risks (%)	Preventive and Mitigation Measures	Probability of Impact (%)	Total Impact (%)	Assessment Results
Diversity, inclusiveness, and equal opportunity (e.g., ban on the use of child labor, ban on employment discrimination, equal work rights, gender friendliness)	0%		• All companies appoint the full number of employees with disabilities based on legal requirements. • Create a friendly accessible workplace environment for people with disabilities. • Recruitment phase: Applicants are required to specify the correct date of birth in the CV and affix their signatures to guarantee the accuracy of the data. • Reporting for duties phase: Employees are required to provide their identity documents on the day they report for duties to ensure that the Company does not hire child labor. • Prevention of Illegal Infringement at Work Plan. • Set up a friendly environment for employees with disabilities.	0%		The Company did not hire child labor less than 16 years old and no employment or gender discrimination occurred.
Freedom from compulsory labor (e.g., abnormal work load or night shifts)	3.49%	6.79%	• Implement the "Abnormal Workload-triggered Diseases Prevention Plan" • Establish procedures for daily overtime work applications and management reminders in the system to provide care for employees and ensure reasonable adjustments of work and manpower allocation. • Implement restrictions on total daily/monthly extended hours. • The system produces a table on abnormal overtime work and implements improvements to reduce the risks of violation of regulations. • Implement regular inspections on overtime work and enhance audits based on the overtime work conditions of each unit to help units manage overtime work. • Issue official letters from time to time to remind units of key points in labor inspections. • Implement flexible work hours in accordance with the Labor Standards Act to reduce the need for overtime work. • Implement flexible work hour system (flexible commuting, work hours adjustments, flexible leaves, and reduced work hours). • High-risk employees who "work in shifts, at nighttime, and long hours" are evaluated for risks and provided with appropriate health management measures or promotional activities. Follow-ups are conducted on high-risk employees to track their improvement status and prevent erebrovascular/cardiovascular diseases caused by overwork.	0.1%	0.17 %	• We identified 11 high-risk employees in the "Abnormal Workload-Triggered Diseases Prevention Plan" and assigned physicians to organize interviews, provide health advice, and continue to provide follow-up care for improvements. • There were no related penalties. • A total of 8 people applied for and became eligible for flexible work hours.
Maternity health protection	2.25%		• Implement the "Maternal Employee Health Protection Plan" • Implement risk assessment, hazard control, risk management, and work adjustments and assign in-house physicians and full-time nurses to provide care and health education over the telephone. • Rigorously comply with labor regulations, gender equality in employment, and maternity protection regulations. • Provide health education on precautions during pregnancy and after giving birth as well as remind pregnant employees of childbirth subsidies and related information. • Provide flexible breastfeeding measures and set up breastfeeding rooms. • Organize maternity health protection(including childcare) related seminars.	0.01%		• The breastfeeding rooms in the head office building, IT building, and First Bank Credit Card Department - Zhongshan Building and Bade Building, continued to receive certification for excellence (which was extended due to COVID-19). In 2021, a breastfeeding room was built in Yanping building.Breastfeeding rooms in all buildings were used on average 726 times a month. • In 2021,one employee was assessed to be at Level-2 risk during her pregnancy. We assisted her in making work arrangements, continued to track her progress, and assessed her again and found that she was no longer at risk. • In 2021,we provided maternity health protection care services in376 cases over the telephone. • In 2021, we organized 4 seminars on breastfeeing in the workplace and on child care.

Human Rights Risk Factor	Risk identification (%)	Overall Risks (%)	Preventive and Mitigation Measures	Probability of Impact (%)	Total Impact (%)	Assessment Results
Good labor relations (e.g., workplace safety, freedom of association, labor disputes, and complaints mechanisms)	1.02%	6.79%	• Implement the "Human-factor Hazard Prevention Plan" • Regularly complete the Employee Musculoskeletal Symptom Self-Assessment and create a Follow-Up Overview Form. Prevent work-related musculoskeletal injuries and diseases caused by repetitive work or poor posture in work. • Automatic inspections and maintenance of the work environment and occupational safety and health. • Provide diverse and confidential complaint channels • Rigorously comply with labor regulations and specify regulations in the Work Rules and related regulations. • Convene regular Employer-Employee Meetings and the meetings of the Occupational Safety and Health Committee to promote benefits, improve the work environment, and facilitate cooperation and communication between labor and management. • Increase the workplace safety awareness from time to time. • Publish posters for complaint channels in public areas. • Provide a diverse range of activities and implement work and life balance.	0.05%	0.17 %	• The Company identified 93 employees in the human-factor hazard screening who require follow-up management. The in-house physician learns about the reasons of symptoms in individual cases, provides suitable recommendations for improvement,In 2021, improvements were observed in 87 people and follow-ups are conducted on 5 employees (one employee refused follow-up care) to track their improvement status and outcomes. • There were no related penalties.
Gender equality (e.g., workplace violence, illegal infringement, sexual harassment, and privacy)	0.03%		• Implement the "Prevention of Illegal Infringement at Work Plan" • The Company enhanced the training programs for new employees and current employees. All units are required to complete the "hazard identification and risk assessment for prevention of illegal infringement in the workplace" for all employees each year. • The representatives of both labor and management established the "Illegal Infringement Complaint Investigation Team" to investigate cases of illegal infringement, implement the Prevention of Illegal Infringement at Work Plan. • All units have posted promotional posters for "ban on sexual harassment" and published the "Regulations on Sexual Harassment Prevention, Complaints and Investigation" on the official website and internal website. They have also set up sexual harassment complaint hotlines and emails. • The Company organizes courses on sexual harassment prevention regulations, complaint channels, and prevention of workplace violence each year.	0%		All cases of sexual harassment and illegal infringement complaints were adequately processed and concluded.

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

Item / Year	2018	2019	2020	2021
Risk value (%)	5.98	6.63	6.93	6.79
Impact value (%)	0.13	0.17	0.10	0.17

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

◇ Human rights protection training in past years

Item / Year	2018	2019	2020	2021
Total hours	20,938	25,617	15,276	15,195
Total number of attendances (persons)	18,730	20,253	19,473	18,958
Employee training rate (%)	100	100	100	100

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

1-5 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.

◇ Statistics on Employer-Employee Meetings in the past years

Item / Year	2018	2019	2020	2021
No. of meetings	26	28	32	30
Proposals	73	76	70	71
Labor disputes (number of cases)	2	0	0	0

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

Around 96.84% 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 also included provisions for labor rights protection in the event of material changes in operations. More than 15.8% of the provisions involved health and safety and they were commended by the Ministry of Labor for promoting cooperation between employees and the employer and mutual prosperity.

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

Item / Year	2018	2019	2020	2021
No. of employees who are members of the union	6,500	7,300	7,500	7,500
Percentage of employees who are members of the union (%)	84.33	96.51	97.94%	96.84%

Note1: Percentage of employees who are union members = number of employees who are members of the union / number of employees (excluding local hires of overseas offices and temporary personnel)
Note2: Reduction in members was due to an increased number of retired employees and relatively low number of new recruits who became a member.

1-6 Sexual Harassment Prevention

To foster a friendly workplace where employees are safe from sexual harassment, we have announced and implemented the "Regulations on sexual harassment prevention, complaints and investigation". Random inspections of posters on sexual harassment prevention and laws were conducted in northern, central and southern Taiwan as well. The company website now contains information on sexual harassment prevention, along with a sexual harassment telephone hotline, fax and e-mail. Complaints are handled by dedicated staff. All FFHC companies have also incorporated sexual harassment prevention and handling procedures into orientation and compliance training. Sexual harassment prevention and gender equality awareness coursesare 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, 8,904 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 demerits. 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 protected the parties' privacy and personal legal interests. With regard to the names of the parties or other information that can be used to identify the parties, except where it is necessary for investigations or public security, we have requested the members of the Sexual Harassment Complaints Committee and related personnel to bear confidentiality obligations. To reiterate the importance of the confidentiality obligations, the Chairman of the Committee recites related provisions before each meeting to inform all personnel in attendance.

◇ Statistical table on related human right complaints in the past years

Item / Year	2018	2019	2020	2021
Sexual harassment (number of case)	2	0	5	1 (Not established)

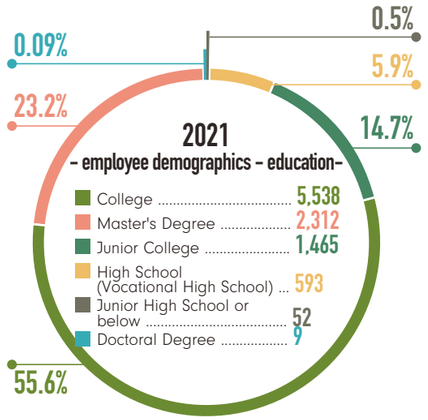
Talent recruitment and skills development

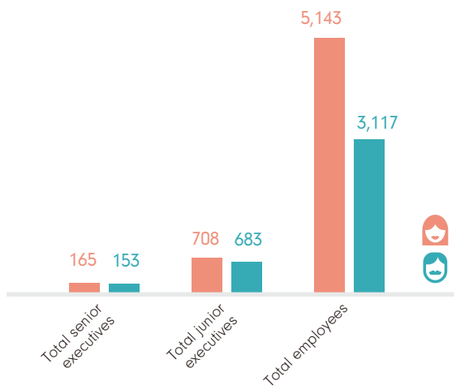
GRI: 401, 402, 404

2-1 Employee composition and diversity

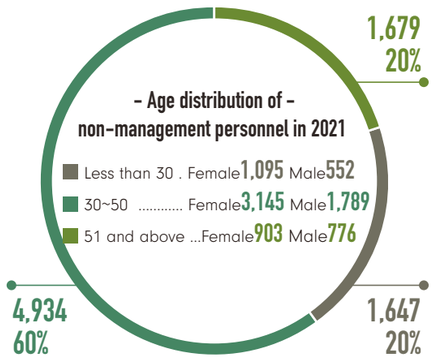
Employees form the core of the financial service industry. FFHC has not only established a brand image of sound management in the minds of the general public but is also working actively to build a "happy workplace." We have long adhered to our philosophy of "employees are the company's most valuable 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.

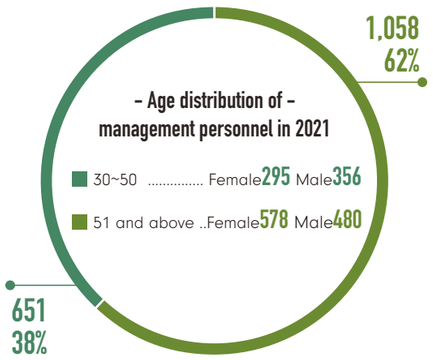
◇ Total number of employees in 2021 – By role



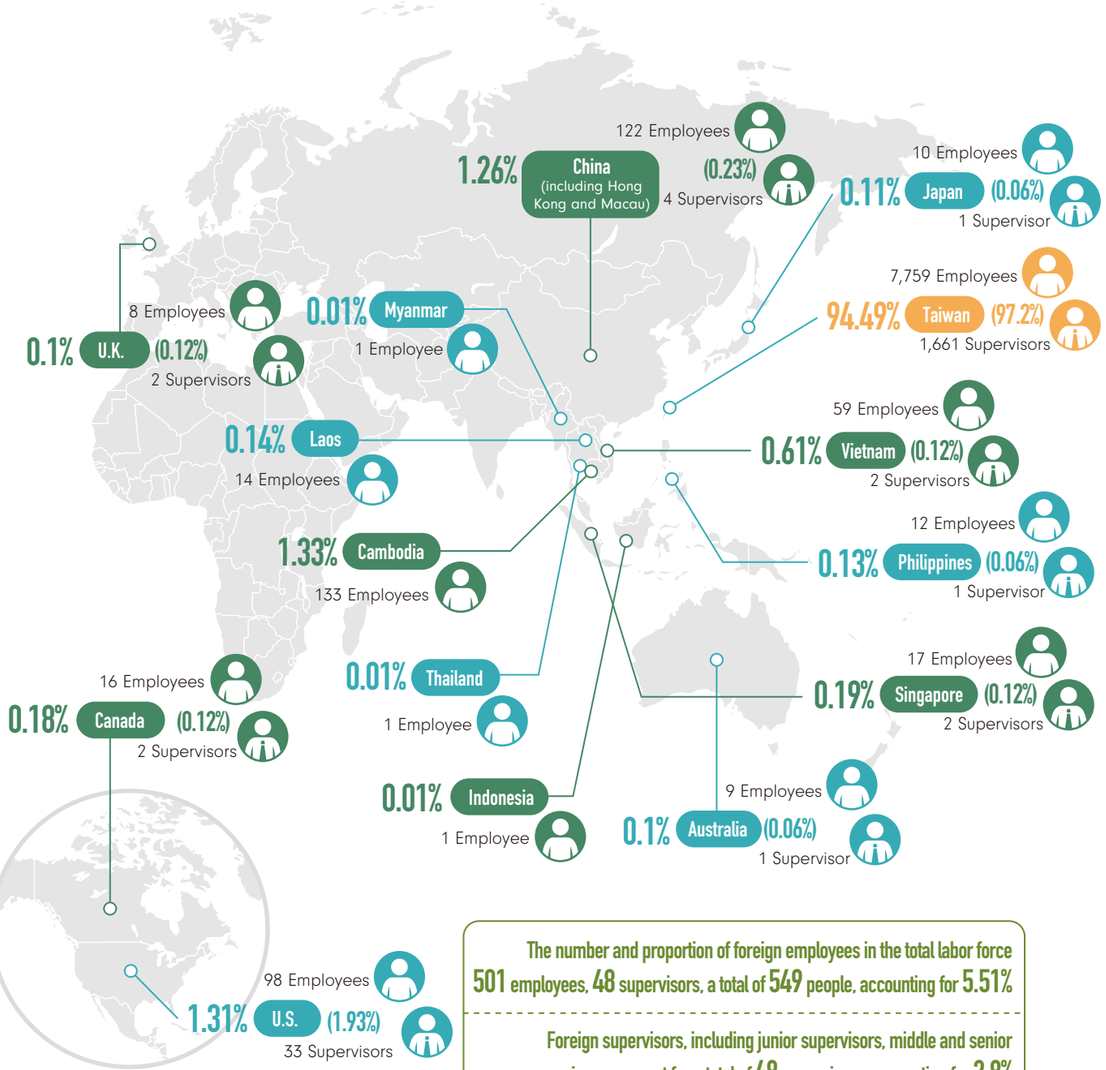


Unit: person





◇ 2021 Foreign Employees by Nationality and Percentage



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%

◇ Statistics on the number of atypical employees appointed in 2021

Unit: person

Gender / Title	Administration	Security	Driver
♀	129	0	0
♂	69	67	233
Sub-Total	198	67	233
Total	498		

Note: The labor contract region is Taiwan

2-2 Human Capital and Recruitment

To catalyze the development of innovative financial products and services, we recruit top professionals with a background in business management, information science, science and engineering, law or psychology. Since 2014, we have recruited more than 300 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 imaging analysis of minute facial expressions, voice traits, and speech speed to establish a personality trait prediction model. The model helps the Bank avoid subjective biases and enhance the accuracy of interviews for supervisors in talent recruitment interviews.First Bank supports the Group's global expansion strategy and continues development in the ASEAN region. It also expands overseas offices in the United States and Europe and recruits talents based on the business plans and needs of each business unit. The status of diverse talent recruitment in 2021 was as follows:

Target	Goals	Project	Execution Results
Finance talents	We work together with academic institutions to build a comprehensive supply chain of financial professionals, and use work-study and internship programs to quickly connect outstanding students with real experience in the financial industry.	• "Work-Study Program for Youths for Economic Independence" of the Youth Development Administration of the Ministry of Education • "Youth Employment Pilot Program" of the Workforce Development Agency, Ministry of Labor	• The program helps youths experience, learn, and explore professional careers, gain economic independence during their studies, and improve their career development competitiveness. We recruited 35 summer interns in 2021 and we have provided more than 400 students with part-time job opportunities since 2011. • The Ministry of Education encourages high school and vocational high school students to explore their career opportunities during their studies by participating in the "Career Counseling Program for Students in Senior High School and Below". 2 students took part in 2021 and were hired as full-time employees.
Cross-border talents	With the expansion of First Bank's overseas subsidiaries, the Bank's demand for talented expatriate personnel has increased. We hope to cultivate international talents to enhance their understanding and support of the Group.	• Strengthen training mechanisms for overseas trainees • Expand overseas talent recruitment channels	• The Bank has established and implemented the "overseas management personnel program and "sales personnel for China program" since 2009 and has trained a total of 380 overseas trainees. • We use Phnom Penh branches in Cambodia to engage in industrial-academic cooperation with local schools and participated in events such as the "Taiwan Enterprises Talent Recruiting Event for ASEAN, South Asia, Australia, and New Zealand Market" to recruit elite students and replenish the talent pool for overseas branches.
Digital talents	Understanding digital finance development is the key for success in the era of digital finance. We help our employees to improve their digital skills and actively recruit skilled employees with scientific, mathematical, and information backgrounds.	• Financial technology and other professional talent recruitment • Individuals from the company's core talent pool are appointed to participate in digital projects	• We recruited 17 FinTech talents in 2021. They include specialists in big data analysis, social media management, digital channel planning, and information security. • The Company strengthens its cultivation of digital talents by building a core talent pool comprising management associates (MAs) who possess digital, innovative thinking, design thinking, and agile management skills. Specifically, four major projects are arranged for MAs, including digital account promotion, collaboration with different industries on open banking innovation, analysis of customer behaviors in digital channels and marketing activities, and digital recreation.
Industrial-academic and cross-industry cooperation talents	The Company has established a presence on campus and identifies talented students to cultivate talents with potential for research and development in the financial industry and enhance management services and added value of its products.	• Training programs in industrial-academic collaboration with universities • Anti-money laundering and counter terrorism financing training program • iLEO cross-industry collaboration for digital product PM • Named sponsor of the 5th Campus Gaming Contest of the "League of Legends"	• To attract young students to work for the Group after they graduate, the Company engaged in industry-academic cooperation on talent development with 13 colleges and universities in Taiwan: National Taichung University of Science and Technology, China University of Science and Technology, National Taipei University of Business, Chihlee University of Technology, National Kaohsiung University of Science and Technology, National Taipei University of Technology, National Taipei University, Fu Jen Catholic University, Soochow University, Tamkang University, Feng Chia University, Tunghai University, and National Taiwan University of Science and Technology. Between 2019 and 2021, we recruited a total of 174 interns, arranging for them to take part in the actual operations of the finance industry, and of these interns, 115 of them were hired as full-time employees. • Partnered with National Taipei University of Business in the establishment of the "Banking Industry Anti-Money Laundering and Counter Terrorism Financing Training Program". All courses were lectured by executives and employees with professional experience whose aim was to help students learn more about practical operations in the financial industry and increase their anti-money laundering awareness. • The iLEO digital account, created in collaboration with students from the Department of Management Information Systems of National Chengchi University, incorporates design thinking and user story mapping technologies; it constantly monitors real-time data from Google Analytics, features professional UIUX with more graphic guidance, and adopts Minimum Viable Product (MVP) concept to provide customers with solutions as quickly as possible, demonstrating effective user interface and functions.

FFHC embraces tolerance and multiculturalism in our recruiting policy every year. There are no restrictions based on school, major, age, background or gender. In 2021, the number of employees with disabilities in the Company satisfied or exceeded the government quota.They also enjoy the same salary and benefits as regular employees.A total of 918 new employees were recruited in 2021 with a women:men ratio of 6:4.

◇ Overview of employee diversity in the past years

Unit: Persons

Year \ Item	Persons with physical and mental disabilities	Indigenous People	No. of Nationalities
2018	99	4	14
2019	98	7	15
2020	99	7	14
2021	95	6	14

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 operations in Southeast Asia. In addition to hiring the most compatible and talented employees, the business locations also provide local residents with prioritized employment opportunities to continue to implement local management. Local hires with outstanding performances are promoted annually, with some holding managerial positions, emphasizing the diversity and inclusiveness of the Group while benefiting business expansion. As of the end of 2021, the Group has hired 549 foreign employees including 110 new foreign employees.

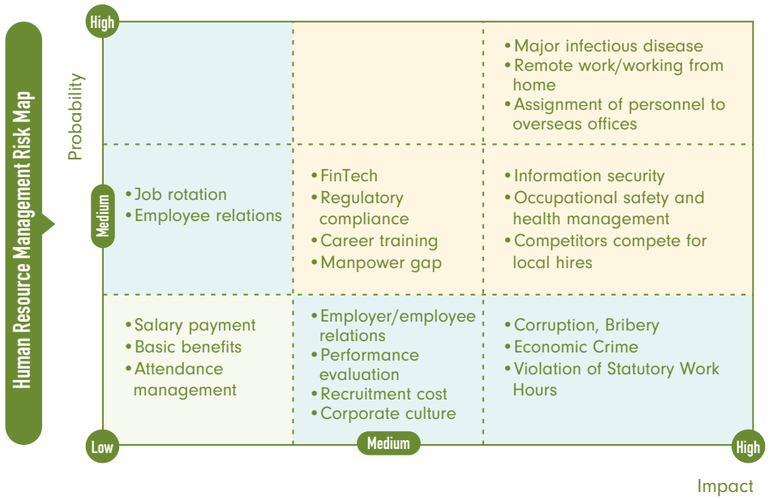
◇ Statistics of new recruits and total number of employees in 2021

End of 2021	Total no. of employees	♀ Less than 30	♀ 30-50 years old	♀ 51 and above	♂ Less than 30	♂ 30-50 years old	♂ 51 and above	Total ♀	Total ♂
Number of employees in Taiwan	9,420	292	175	22	177	127	15	489	319
Percentage of all employees (%)	94.50	2.93	1.76	0.22	1.78	1.27	0.15	4.91	3.20
Number of employees overseas	549	44	26	9	18	12	1	79	31
Percentage of all employees (%)	5.50	0.44	0.26	0.09	0.18	0.12	0.01	0.79	0.31
Total	9,969	336	201	31	195	139	16	568	350
Percentage of all employees (%)	100	3.37	2.02	0.31	1.96	1.39	0.16	5.70	3.51
Percentage of employees of the same gender/age (%)	-	30.68	5.84	2.09	35.33	6.48	1.27	9.44	8.85

Note: FFHC recruited 3 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 axis as the impact on company operations, is as follows. The 10 factors designated as medium to high probability incidence were categorized as those requiring risk management.



In 2021, we conducted due diligence surveys on the material issues with high rates of occurrence and impact such "major infectious disease", "remote work/working from home", and "assignment of personnel to overseas offices", and established and implemented related programs to reduce the impact of related risks on the Group. For instance, we have revised the "Major Infectious Disease Contingency Plan", "Crisis Management Guidelines for Overseas Units", and "Guidelines and Notices in Operating Procedures for Work from Home" in response to the new pneumonia epidemic and geopolitical risks in our overseas operations. In the event of a crisis or disaster, a crisis management team shall be created in the form of a task group to find solutions and prevent risks of disruption of operations. In addition, we established the "Overseas Management Talent Cultivation Guidelines" and "Sales Personnel in China Talent Cultivation Guidelines" which shall be used as the basis for promotions to expand overseas market opportunities and increase employees' willingness to work in overseas units.

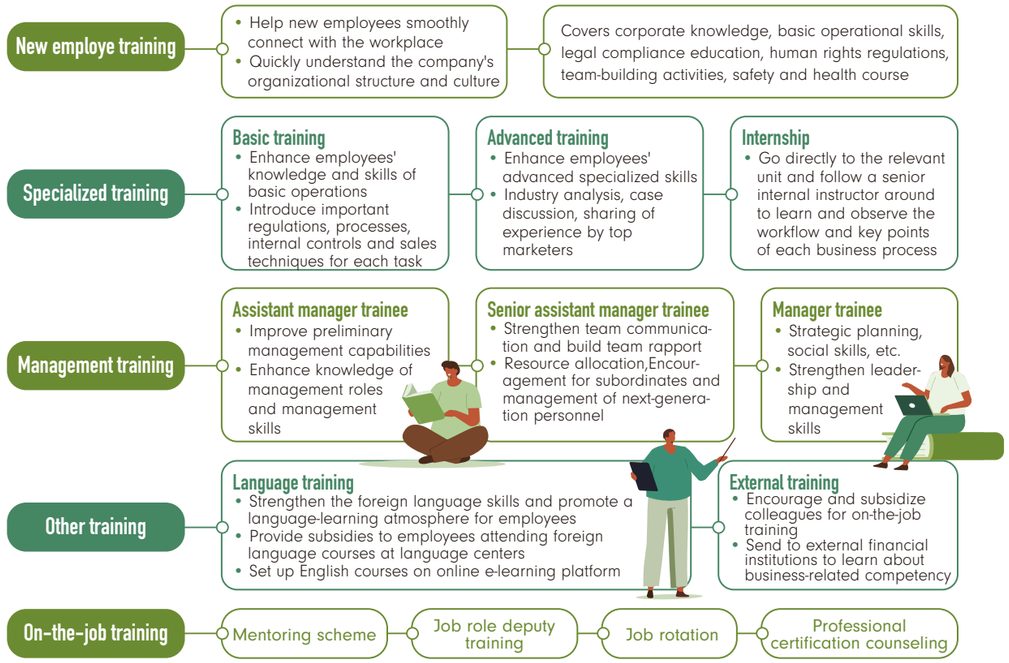
2-4 Complete development system

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

For employee professional competency development, employees are encouraged to actively participate in training courses, acquire related certificates necessary for their businesses, and propose innovative work plans. Employees receive credit for acquiring related professional certification during annual performance evaluations, and are given bonuses for innovative proposals. Between 2018~2021, a total of 251 employee proposals were adopted and NT$84,000 in bonuses issued. Apart from solid on-the-job training as well as practical experience gained through job rotation, we also organize a variety of professional training, online training, internships, language training, internal certification testing and management competency training. To acquire new financial knowledge and the latest industry developments, personnel are frequently sent to attend training courses and overseas development programs organized by professional training bodies.

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

◇ Career training system



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

Unit: case, NT$

Employee proposals	2018	2019	2020	2021	Total
Total proposals	143	97	196	147	583
No. of awarded proposals/Bonuses	56 / 18,200	45 / 15,200	76 / 24,000	74 / 23,000	251 / 80,400

2-5 Talent Training Programs

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

Overseas talent is also a key component of our global expansion. To ensure the smooth operations of overseas business units and the stability of the business operations of the unit.Outstanding employees interested in working at overseas branches are selected for management associate training every year. We provide employees with different professional training and foreign language courses based on their different business experience and professional background to strengthen their language skills, business skills, and management skills for understanding cultural diversity. As of the end of 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.

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

◇ Effectiveness of training based on implementation of the Kirkpatrick Model

Management Trainee Succession and Training Program

Target: Improve the competency indicators such as management and leadership skills and judgment of managers to attain all business objectives.

Benefits for operations: Strengthen the team leadership skills of managers to enhance the cohesion force and motivation of employees and increase the revenue of the Company. The Company has employed 669 management associates between 2018 and 2021.

Kirkpatrick Evaluation Level	2018	2019	2020	2021
Response level (L1) : Average satisfaction rate of training course (%)	92.6	92.2	94.6	**94.1**
Learning level (L2) : Test passage rate (%)	100	100	100	**100**
Behavior level (L3) : Key talent retention rate (%)	100	100	100	**100**
Results level (L4) : Operational risk ratio (%)	4.81	4.78	4.56	**4.57**
Returns level (L5) : Estimated return on investment (ROI) for training	91.4	78.8	114.4	**109.5**

✳ Operational risk ratio = (operational risks/total risk-weighted assets) *100%
✳ Estimated return on investment (ROI) for training = revenue (operating expenses - (salary cost + benefit cost)) ÷ (salary cost + benefit cost)

Digital Banking Talent Transformation Program

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

Operating performance: We acquired 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, 2020, and 2021 totaled NT$126,959 thousand, NT$70,408 thousand, NT$49,860 thousand and NT$51,014 thousand , respectively. The estimated ROI for training in 2021 increased by 90% compared to 2020.

Kirkpatrick Evaluation Level	2018	2019	2020	2021
Response level (L1) : After-course satisfaction questionnaire recovery rate (%)	85	90	88	**95**
Learning level (L2) : Test passage rate (%)	100	100	100	**100**
Behavior level (L3) : Utilization rate of electronic channels (%)	78.07	80.18	83.85	**87.29**
Results level (L4) : Percentage of income from digital transactions (%)	7.90	6.97	7.49	**8.12**
Returns level (L5) : Return on investment (ROI) evaluation	467.6	882	1,077	**2,044**

✳ 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$250,027,000, US$264,032,000, US$394,963,000, and US$425,098,000 respectively.

Kirkpatrick Evaluation Level	2018	2019	2020	2021
Response level (L1) : Average satisfaction rate of training course (%)	93.6	92.6	93.6	**91.7**
Learning level (L2) : Test passage rate (%)	100	100	100	**100**
Behavior level (L3) : Overseas trainee turnover rate (%)	2.00	2.93	1.35	**4.8**
Results level (L4) : Target achievement rate for new borrowers (%)	53.72	72.34	60.78	**58.1**
Returns level (L5) : Operating margin growth rate of overseas units (%)	21.67	5.57	49.59	**14.72%**

✳ 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 salespersons evolve into an all-rounded financial management advisor

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

Kirkpatrick Evaluation Level	2018	2019	2020	2021
Response level (L1) : Average satisfaction rate of training course (%)	-	83.4	80.6	**86**
Learning level (L2) : Test passage rate (%)	100	100	100	**100**
Behavior level (L3) : Salesperson insurance license acquisition rate (%)	48.36	66.37	71.76	**70.95**
Results level (L4) : Percentage of income of insurance products (%)	0.52	0.53	0.30	**0.20**
Returns level (L5) : Return on investment (ROI) evaluation for insurance products through co-marketing	350.24	451.03	460.63	**473.76**

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

Professional Insurance Talent Training Program				
Goal: Strengthen professional insurance knowledge to increase insurance marketing and fund utilization benefits.				
Operating performance: After improving the professional knowledge of channel sales personnel and employees of investment departments of First Life Insurance,We added 11,849 policyholders and the EPS increased by 14% in 2021.				
Kirkpatrick Evaluation Level	2018	2019	2020	2021
Response level (L1) : After-course satisfaction questionnaire recovery rate (%)	88.96	89.80	90.6	**91.5**
Learning level (L2) : Test passage rate (%)	100	100	100	**100**
Behavior level (L3) : Customer satisfaction survey (%)	77.4	74.0	83.9	**79.3**
Results level (L4) : Growth rate of the number of policyholders (%)	19.2	14.6	10.9	**12**
Returns level (L5) : First Life Insurance EPS (NT$)	(0.41)	0.63	1.14	**1.3**

2-6 Employee Training and Development

In response to the FSC'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, Inc., 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 test., and provided senior management and overseas personnel with foreign language training.We provided subsidies for 2,265 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 certification tests such as the LTTC, IELTS, TOEFL, TOEIC, BULATS, and GEPT, while 307 employees passed the JLPT and the LTTC's Japanese, Spanish, Korean, and German language certifications. To effectively strengthen Group personnel's knowledge and awareness of anti-money laundering and counter-terrorism financing, FFHC encourages employees to obtain the Certified Anti-Money Laundering Specialist (CAMS) certification.As of the end of 2021, 1,522 employees of the Group had obtained CAMS certification. 2,712 employees obtained the anti-money laundering and counter terrorism financing professional certification.

Note: Professional certificates/licenses and number of licensed FFHC employees.Please refer to page 165-167 of the Company's 2021 Annual Repor

We also organized digital finance courses to strengthen employees' digital finance knowledge. In addition to arranging employees to participate in external Fintech training courses and seminars, we also organized digital finance courses. As of the end of 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 employees in internal and external training in 2021, which equals an average of 53.49 hours of training per person.

◇ Average employee training hours and training expenses in past years

Item \ Year	2018			2019			2020			2021		
			Total			Total			Total			Total
Total attendances in training for managers	22,244	18,660	40,904	17,003	15,612	32,615	21,105	19,315	40,420	22,880	20,831	43,711
Total training hours for managers	74,524	63,512	138,036	58,176	54,383	112,559	66,194	59,823	126,017	61,117	54,265	115,382
Average training hours per manager	84.11	81.74	83.01	69.17	67.73	68.47	77.24	73.22	75.28	70.01	64.91	67.51
Total attendances in training for non-managers	89,397	52,804	142,201	74,009	42,381	116,390	90,480	52,325	142,805	98,881	57,315	156,196
Total training hours for non-managers	245,634	150,512	396,146	260,028	150,468	410,496	274,417	159,580	433,997	260,043	157,798	417,841
Average training hours per non-manager	53.17	51.12	52.37	53.18	49.64	51.82	54.33	51.08	53.09	50.56	50.63	50.59
Training hours per capita- Leader type	10.77			9.82			6.85			7.20		
Training hours per capita- Sales type	20.18			21.67			8.93			10.19		
Training hours per capita- Compliance type	36.05			31.53			30.9			31.82		
Average employee training hours	57.89			54.68			56.86			53.49		
Average employee training cost (NT$)	13,760			7,805			5,647			5,610		
Total training expenses (NT$10,000)	12,696			7,466			5,561			5,593		

Note 1: Managers refer to employees who assume managerial roles and administrative duties.
Note 2: Training include physical and online courses.
Note 3: We provided NT$73.4 million in subsidies for the membership, test fees, and incentives for the "Certified Anti-Money Laundering Specialist" (CAMS) in 2018. As a result, the total training fees and average training cost was higher.
Note 4: We reduced the number of courses to avoid clustering in 2020 and 2021 due to the impact of the epidemic. The total training fees and average training cost were therefore lower than the previous years.

Talent retention and diverse welfare

GRI: 401, 402, 404, 405
SASB: FN-CF-270a.1

3-1 Competitive remuneration and performance evaluation system

To fulfill our care of duty to employees, we refer regularly to salary surveys conducted by professional organizations. Our annual salary is in the P65 range of the market (P65 means our standard of compensation is superior to 65% of our competitors). The average salary was increased by 2.4% in 2021. The average salary of full-time non-management employees was NT$1,294 thousand, 7.12% increase compared with the NT$1,208 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$17.33 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

Item \ Year	2018	2019	2020	2021	Percentage of change (%)
Number of people	7,585	7,835	8,056	8,171	**1.43**
Average salary (Thousands NTD)	1,235	1,243	1,208	1,294	**7.12**
Median salary (Thousands NTD)	1,138	1,133	1,103	1,180	**6.98**

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

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

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 35% of the special incentive bonus is based on the employee's long-term performance and special contribution.

The calculation of employees' compensation is based on weightage on evaluation as well as seniority and position. Promotion of employees takes into consideration the current position, as well as evaluation scores for the last 1-9 years; the selection of assistant supervisor associates take into account their evaluation scores at the current grade for the past 1-5 years as well. Each weightage is correlated to the employees' long-term performance. We also included ESG training in the performance evaluation of employees (5% of the total score), and included volunteer activities as necessary items in the promotion evaluation of the deputy management trainees. We participate in the implementation of environmental protection and care for the disadvantaged through volunteer activities and 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:

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

The Bank also started the "Employee Deposit and Employee Shareholding Trust" to provide official employees who have served for more than six months with the option of participating in deposit or shareholding trusts starting from 2019. The Bank provides a fixed amount of deposit each month. As of the end of 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:

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

First Life Insurance appropriates retention benefits for employees each month and purchases group annuity insurance based on the preferences of employees to strengthen their economic independence after retirement. As of the end of 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 accordance to the "Investment Researcher's Compensation and Penalty Plan", long term performance bonuses would be awarded after 2 to 3 years of fund management. The bonus would be given in stages to prevent any loss on the company's end after the award of bonuses. We are working to create a happy workplace environment with diversified benefits and comprehensive compensation/bonus scheme. We have established incentive schemes to encourage employees to focus on performance and established clear avenues of promotion. The selection, evaluation, training and promotion of future management associates and overseas management personnel are held at regular intervals as well. Employee attributes, experience and specialties are compiled into a database then analyzed to provide a reference for planning the employee's career development. Apart from new employees who are recruited as replacements for dismissed and resigned employees, experts and management professionals are cultivated internally. However, the recent trends in digital banking have prompted us to expedite the digital transformation by outsourcing digital banking experts, which caused a reduction in the internal training ratio of non-managerial personnel. We also encourage employees to attend external courses in their spare time. Subsidies are provided based on their grade and the course. Employees studying finance-related graduate or higher degrees in Taiwan and overseas may also apply for up to 3 years of unpaid leave. We endeavor to enhance corporate sustainability by promoting lifelong employability among employees.

We encourage internal rotations for talents and increased opportunities for employees to actively arrange and plant their personal careers. The Company has strengthened the disclosure of information on internal openings and focused on on-the-job training for employees. We also use systematic job rotations to gradually reduce the turnover rate of employees. Our group turnover rate was 6.96% at the end of 2021. If those applying for retirement at the age of 65 in accordance with the Labor Standards Act are excluded then the turnover rate was 5.81%.Our internal opening fulfillment rate was 79.53% in 2021.

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 Rules and dismissed employees are provided with severance pay and pay in lieu of notice in accordance with work rules, so as to cover employees' living costs after retirement or while they seek employment.

◇ Employee Resignations in 2021

End of 2021	Total no. ofemployees	Less than 30	30-50 years old	Over 51 year old	Retirement at 65 years	Less than 30	30-50 years old	Over 51 year old	Retirement at 65 years	Total	
Number of employees in Taiwan	9,420	114	137	21	58	71	110	18	55	330	254
Percentage of total employees (%)	94.50	1.14	1.37	0.21	0.58	0.71	1.10	0.18	0.55	3.31	2.55
Number of employees overseas	549	34	34	10	2	12	16	2	0	80	30
Percentage of total employees (%)	5.50	0.34	0.34	0.10	0.02	0.12	0.16	0.02	0	0.80	0.3
Total	9,969	148	171	31	60	83	126	20	55	410	284
Percentage (%)	100	1.48	1.71	0.31	0.60	0.83	1.26	0.2	0.55	4.10	2.84
Percentage of employees of the same gender/age	-	13.52	4.97	2.10	-	15.04	5.87	1.59	-	6.82	7.18

Note: In 2021, the turnover rates of senior executives and middle/low-level executives of the Group are 2.3% and 13.3%, respectively.

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

Item / Year	2018	2019	2020	2021
Resignation rate (%)	9.81	8.43	7.26	6.96
Resignation rate (%)-Excluding retirees	7.82	7.06	5.89	5.81
Voluntary separation rate (%)	7.54	6.82	5.68	5.67
Average recruitment cost (NT$) Note	7,120	8,723	2,491	11,708
Total no. of employees	9,227	9,565	9,849	9,969

Note: Average recruitment cost = (recruitment expenses for the entire year/number of new employees) + training expenses ; The Company organized two large-scale recruitment events in 2021, and the adoption of pandemic prevention measures resulted in increased recruitment cost.

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

Category / Year	2018	2019	2020	2021
Ratio of open positions filled by internal candidates (%)	79.62	73.84	84.21	79.53
Ratio of management positions filled by internal candidates (%)	98.93	98.63	100	99.29
Ratio of non-management positions filled by internal candidates (%)	33.33	37.16	58.75	42.67

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

3-3 Employee Communication and Commitment

To respond to the Company's business development and protect employee rights, regarding the minimum notice period for important job changes, the Company complies with the "ILO Indicators of Forced Labour" of the International Labour Organization and Taiwan's labor regulations including the "Labor Standards Act", "Employment Service Act", "Act of Gender Equality in Employment", and "Middle-aged and Elderly Employment Promotion Act". We specify regulations in the Work Rules and human resource management bylaws. In addition, employees must be notified of important work changes as soon as possible. For instance, employees must be notified of the establishment of new business units or the re-assignment of personnel due to business requirements in writing one week in advance. For the assignment of employees to overseas business locations (including branches, offices, and preparatory offices), employees must first be assigned to the relevant domestic units for training and given reasonable time to learn about the regulations, culture and lifestyle of the destination country. This will shorten the amount of preparation time, reduce the time required for handover, protect employees' labor rights, and reduce operational risks.Employment may be terminated in the event of business shut down, transfer of ownership, losses, reduced business, change in nature of business or where the employee is clearly unfit for their job. Advance notice must be given in accordance with the following rules:(1) 10 days' notice for employees with more than 3 months and less than 1 year of continuous service. (2) 20 days' notice for employees with 1 –3 years of continuous service.(3) 30 days for employees who have continuously served for three years or more.

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

Item / Year	2019	2020	2021
Number of questionnaires	8,792	9,053	**9,051**
Number of returned questionnaires	8,495 (Male:3,487/Female:5,008)	8,896 (Male:3,638/Female:5,258)	**8,928** (Male:3,581/Female:5,347)
Recovery rate (%)	96.67	98.27	**98.64**
Overall commitment (%)	86.43	92.38	**91.03**
Level of commitment of male employees (%)	87.91	93.79	**92.54**
Level of commitment of female employees (%)	85.38	91.43	**90.01**
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 medium high performance and medium 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 helped employees pass foreign language certification tests. As of the end of 2021, 3,044 employees passed English proficiency certification tests and 307 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 unitsto promote local talents and implement local business strategies. To ensure that we offer more competitive salaries to local hires, we regularly reviewthe salary standards for local hires and adjust them accordingly as needed by overseas units and based on the economic data of the country where the unit is based. • 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. • First Securities Investment Trust convenes regular town hall meetings (meeting of all employees) to increase employees' cohesion and foster interactions. Senior executives give presentations or lectures, and employees can propose suggestions for discussion during the meeting. First Securities Investment Trust convened 1 town hall meetings in 2021. • All companies hold Employer-Employee Meetings at regular intervals and encourage employees to join the union. The percentage of employees who are members of the union is 96.84%.		

Note: This year, the employee commitment of the Group dropped by 1.35% 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 possible factors and strengthen communication with employees to improve the overall commitment.

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

Employee communication, complaint, and whistleblowing channels

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 supervisors/independent 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", "Ideas 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 employees 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 automatic 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 department are proposed for discussion and communication during the regular "Employer-Employee Meeting" and monthly meetings.
9. We conduct employee commitment surveys as channels for them to express opinions. We also formulated improvement mechanisms to follow up on the effectiveness of improvements.

◇ Level of commitment –breakdown by age and management level

Category / Year	2019	2020	2021
Age under 3	94.92%	85.40%	**93.50%**
Age between 30~50	93.39%	82.64%	**91.44%**
Age above 51	94.73%	84.49%	**93.35%**
Senior supervisor	92.30%	80.10%	**96.53%**
Junior supervisor	95.23%	88.31%	**91.25%**

3-4 Friendly, Healthy, Happy Workplace

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

Remarks: Employees refer to full-time employees.

Consolation payments

- COVID-19 Care Pacakage
- Consolation payment for serious illness or injury
- Consolation payment for major disasters
- Consolation payment on the three major holidays for retired employees

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 and 3 days of menstruation leave (except for employees on their first year)
- Number of leave days for wedding, funeral, and miscarriage exceeds statutory requirement
- One day of volunteering leave
- Paid leave for COVID-19 self-isolation

Employee dormitories and guest houses

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

Health management

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

Various subsidies

- Marriage, childbirth subsidies
- Subsidy for continuing education at university
- Subsidy for learning foreign language
- Subsidy for professional exam entrance fees
- Subsidy for birthday celebrations, annual parties and holiday travel
- Subsidy for funerals
- Subsidy for recreational courses and events
- Subsidy for hire of sporting venues
- Employee deposit and shareholding trust
- Employee group annuity insurance
- COVID-19 Prevention Insurance and subsidies for relevnt supplies

Implementation results of employee welfare measures in 2021

Childbirth and childcare benefits	Marriage	• We encourage employees to build families and raise children. We provide NT$30,000 in marriage allowances and 14 days of marital leave which is superior to regulations specified in the Labor Standards Act. A total of 186 employees applied for the marriage allowance in 2021 which totaled NT$5.32 million. • We encourage single employees to take part in socializing activities for unmarried people organized by public institutions. A total of 5 people took part in the activities and received NT$6,000 in subsidies in 2021.
	Pregnancy	• We provide a total of 44 days of paid tocolysis leave, sick leave, personal leave (superior to the half-salary for sick leave and unpaid personal leave specified in the Labor Standards Act), and prenatal checkup leave/paternity leave (5 days). The use of leave is not included in the annual performance evaluation and does not affect promotions. A total of 395 people applied for such leave in 2021 and the average duration was 8.05 days. • FFHC appoints full-time nurses and in-house 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.
	Childbirth	• Effective as of January 2021, childbirth subsidy (NT$50,000 for first child, NT$80,000 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$100,000 for the first child and NT$150,000 for the second child and every child thereafter. In 2021, the Company provided NT$20.04 million to subsidize the birth of 226 babies. Over the past five years, the average number 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 taxi, they may apply for this subsidy, and each pregnant employee is entitled to a maximum of NT$10,000. In 2021, this subsidy was granted to 19 pregnant employees. • Maternity leave of 56 days.Employees with a miscarriage after being pregnant for less than three months shall be given one week of maternity leave. This provision is superior to the 5 days of maternity leave for miscarriage after being pregnant for less than 2 months. A total of 164 employees applied for the leave in 2021 ,and the average duration was 44.57 days. • In 2022, the Company is planning to increase the number of days of prenatal checkup/paternity leave to 8 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 Pack", and constantly evaluated adjustments for the work environment of pregnant employees.
	Breastfeeding	• FFHC Headquarters building, First Bank IT building, Zhongshan building, and Bade building which were set the breastfeeding rooms and also certified for excellence by the Taipei City Department of Health in September and were all certified for excellence by the Taipei City Department of Health. All these breastfeeding rooms were used on total 726 people in 2021. • We organized workplace breastfeeding and childcare health talks onbaby care, infant allergies and breastfeeding, breastfeeding in the workplace, and baby sleep advices.
	Childcare (Family care leave/personal leave)	• FFHC provides 14 days of paid personal leave (including 7 days of family care leave). These types of leave were applied for by 279 employees, averaging 20.4 hours per person. • Education subsidies are also provided for employees' children. A total of NT$14.29 million was disbursed. • FFHC has signed an agreement with a well-known national chain to provide all employees with discounted daycare service. • FFHC organized workplace childcare health talks, family reading, and relaxing childcare activities. • FFHC protects the promotion prospects, performance evaluation, and benefits of employees on unpaid parental leave, and offer diversified care and support for employees. In 2021, a total of 117 people applied for unpaid maternity leave and the reinstatement rate reached 85.95%; the retention rate one year after reinstatement in 2021 for employees who went on unpaid child care leave was 82.95%.
Leisure and care measures	Vacation subsidies Sports and recreational activities Volunteering leave	• To help employees take care of both work and family, we implement a family-friendly policy that encourages employees to travel and plan leisure activities with their family on their off-days. We launched a "vacation subsidy program" in 2021, offering employees a subsidy of NT$5,000 for taking 7 days off, NT$7,500 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 1,206 employees and their dependents. Various sports and recreation activities (including singing competition, tennis/softball tournament, domestic travel voucher subsidies, etc.) were organized for employees and their dependents to promote a healthy, motivated and optimistic workforce. Up to 9,102 people took part in these events in 2021 and the Company provided NT$29,481,706 in subsidies. • As a means of encouraging employees to take part in volunteering 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 volunteering. • Retired employees enjoy group insurance benefits with the same preferential rates as current employees. In addition to organizing regular socializing activities each year, we also invite retired employees to participate in sports, cultural, and health activities organized by the Group (singing contents tennis/softball tournament, etc.) to continue to care about the life and physical and mental health of retired employees.
Disease prevention and care	Care measures	• To mitigate the impact of the COVID-19 epidemic on overseas personnel, we distributed support funds totaling more than NT$8.5 million to employees assigned to overseas units in 316 cases, and provide paid disease prevention leave for quarantined employees during the quarantine period. Employees assigned overseas are provided with official leave for self-health management when they are transferred or when they return to their office. The number of subsidized airplane tickets for family visits, health examination subsidies, and annual leave that were unused in 2021 may be deferred for use in 2022. andprovided subsidies that cover the cost of staying in a quarantine hotel in Taiwan. • To comply with the government's pandemic prevention policy and provide employee care, in 2021, the Company provided another NT$3,500 in COVID-19 insurance subsidy for employees in Taiwan. The insurance was purchased by the company to better protect employees against the pandemic. In 2021, the insurance subsidy was used as follows: (1) A total of 8,979people purchased the COVID-19 insurance, totaling NT$4,749,891. (2) A total of 1,879 people applied for vaccine insurance, totaling NT$795,816. (3) 182 people applied for COVID-19 testing (including rapid antigen test andPCR) totaling NT$289,030.

◇ 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 actual returning employees (B)	2020 No. of actual returning employees (C)	2021 No. of employees who returned from child care leave and stayed for at least 1 year (D)	Reinstatement rate (%) (B/A)	Retention rate (%) (D/C)
Total	385	98	108	92	78	65	85.19	83.33
Total	309	19	13	12	9	8	92.31	80.00
Grand Total	694	117	121	104	87	73	85.95	82.95

◇ Statistics on rate of reinstatement and retention in past years

Item \ Year	2018			2019			2020			2021		
			Total			Total			Total			Total
Reinstatement rate (%)	95.18	81.82	93.62	85.54	100.00	87.10	87.64	90.00	87.88	85.19	92.31	85.95
Retention rate (%)	93.55	90.91	93.27	92.31	88.89	91.95	89.19	100.00	90.00	83.33	80.00	82.95

◇ FFHC Pension Contribution Plans in Past Years

Unit: NT$1,000

Category \ Year	2018	2019	2020	2021
New Pension System	247,787	274,071	317,994	290,930
Old Pension System	357,919	352,208	327,151	334,556
Overseas	15,969	16,514	18,798	17,883

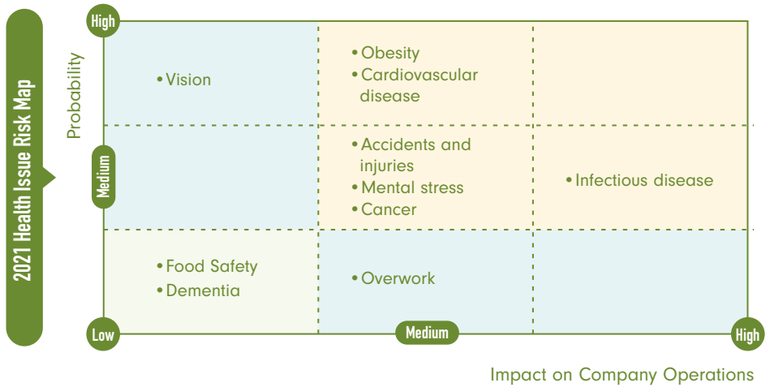
Note: Please refer to page 306-308 of the Company's 2021 Annual Report for detailed information on the pension contribution plan and contribution status

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.



According to the 2021 health risk map, the Company listed the top 8 issues with medium to high probability of occurrence/degree of impact as health risks that must be managed. Infectious diseases, obesity, cardiovascular diseases, accidents, mental stress, and cancer are listed as medium high risk factors, and infectious diseases may cause higher impact on the Company's operations and probability. FFHC has formulated preventive plans and mitigation measures based on the risk level for management and tracking to effectively reduce the frequency of occupational accidents and health hazards for employees, and assist employees with work, family, and health problems, support employees to work with peace of mind, and improve organizational performance.

Occupational safety and health management procedures

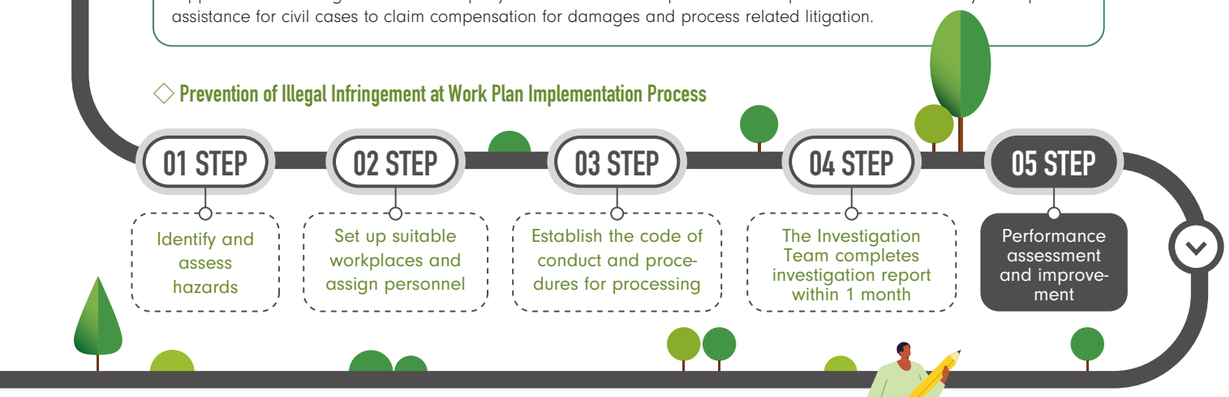
1. **Evaluate health hazards**
   Review and evaluate the impact of the Company's business activities and work environment on occupational safety and health
2. **Formulate corresponding plans**
   Discuss major occupational accidents and health risk issues and formulated annual health promotion plans in meetings of the Occupational Safety and Health Committee
3. **Supervise and implement plans**
   Implementation of occupational safety and health measures, system certification, and training, and follow up on the implementation status
4. **Performance assessment and improvement**
   Analyze and review results to adjust the mitigation measures. Assign in-house physicians and nurses for follow-up management and provide health instructions.

The employee health risk prevention plans in 2021 are as follows:

1. **Health Check:** We provide regular physical health examinations superior to regulatory requirements and provide subsidies for health examinations for senior executives, overseas personnel, night shift personnel, and catering personnel each year. We provide other employees with health examinations at partner hospitals every two years. Full-time nurses and in-house physicians actively notify employees with irregularities in their health examination results to receive further check-ups at hospitals. They provide employees with healthcare instructions and recommendations for improvements and follow up on their improvement status. We organized health examinations for 77 senior executives, 29 overseas personnel and 157 employees work at night and in the kitchen. In 2021 and subsidies amounted to approximately NT$2.35 million.
2. **Abnormal Workload-triggered Diseases Prevention Plan:** Evaluation is performed once a month by completing the table of abnormal workload risk identification and evaluation. Employees are screened to determine their risk rating based on personal risk factors. High-risk employees are provided with telephone interviews and healthcare instructions by the in-house physician. Staff nurses send out e-mails with relevant health information to moderate-to-low-risk employees and notify their supervisors to provide appropriate assistance. 11 high-risk employees and 341 moderate-to-low-risk employees were identified in 2021.
3. **Human-factor Hazard Prevention Plan:** Conduct an annual assessment for employees suspected of musculoskeletal symptoms and draw up a tracking table. The in-house physician learns about the reasons of symptoms in individual cases, provide suitable recommendations for improvement, and regularly follows up on the improvement status through the telephone We also organized the health seminars such as "Fighting Osteoporosis" and "Officer Worker Stress Relief Health Seminar" to raise employees' health awareness. In 2021, 93 employees were suspected of having human-factor hazards they made improvements with the assistance of the in-house physician.
4. **Maternal Employee Health Protection Plan:** Female employees, upon learning of their pregnancy and those reinstated within one year of childbirth, jointly fill out the "Health Risk Assessment Form for Pregnant/Postpartum Employees" with their manager to assess the impact on maternal health due to work.. In 2021, 207 pregnant employees were included in the Maternal Employee Health Protection Plan and medical personnel completed risk assessment and confirmation in 376 cases through the telephone or onsite interviews. They provided related health education information for the pregnancy and postpartum periods and informed employees of related information such as childbirth subsidies and benefits.
5. **Prevention of Illegal Infringement at Work Plan:** The senior management signed and issued the "Written Statement for Preventing Illegal Infringement in the Workplace". The Company creates safe work environments, assigns manpower appropriately, and provide free psychological consultation and other measures to relieve the stress of employees. The representatives of both labor and management established the "Illegal Infringement Complaint Investigation Team" to investigate cases of illegal infringement, implement the Prevention of Illegal Infringement at Work Plan, and reduce the probability of internal or external illegal infringement in the workplace.

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

◇ Prevention of Illegal Infringement at Work Plan Implementation Process



◇ Statistical table on related illegal infringement complaints in past years

Item / Year	2018	2019	2020	2021
Illegal infringement (number of cases)	0	0	0	2

Note: Bank 1, Securities 1

In 2021, illegal infringement complaints were handled as follows:

- The bank subsidiary received one report of verbal abuse and psychological violence, and internal decisions were made to impose punishment following a meeting and discussion by the investigation team.
- The securities subsdiary received an illegal infringement claim against an executive officer. Following investigations by the investigation team, we informed the complainant of the compensation he/she is entitled to and made changes with respect to the position and role of the executive officer, thus concluding the case closed.

◇ 2021 employee health risk mitigation measures and effectiveness:

Health risk	Mitigation/ Prevention Measures	Effectiveness
Infectious disease	Issued e-newsletter to provide health care information	E-newsletters were issued to deliver health information on the prevention and treatment of infectious diseases such as tuberculosis and on seasonal infectious diseases such as influenza and flu-like illnesses. We also set up the "COVID-19" section on the internal website to provide employees with the latest COVID-19 disease prevention information.
	Protective measures	• Maintain cleanliness of the workplace environment with periodic cleaning and disinfection and increase the number of disinfections when necessary. • Provide employees with necessary protective equipment such as transparent separation boards, visors, face masks, and disinfectants.
	On-site service by nursing personnel	Based on the health examination results, if the workplace has employees who contracted infectious disease, dedicated nursing professionals were invited to provide disease health education at the workplace to improve employees' understanding of the disease and prevention methods.
Obesity	Organized health promotion activities	• The Company organized a 6-month health-promoting activity. In 2021, groups were formed, and group members were inspired and encouraged to work together as a team to lose weight and stay healthy. There were 98 groups for a total of 2,070 employees; they lost 3,694.38 kgs combined, averaging 22.5 kg per person and 7.98 kg per group. • A professional nutritionist was invited to give a talk on healthy eating and personal nutrition/diet plans.
	Nutrition Management	Our Company operates an employee cafeteria with professional nutritionists retained to design a menu low in salt and fat. We also have arrangements with organic vegetable farmers to supply fresh and healthy cuisine with Food Traceability certification. Each dish is labeled with its calorie count and the total calorie count of each meal is kept between 600-800 Kcal to take care of employees' dietary health. The average number of diners each day in 2021 was 946.
Cardiovascular disease	Individual guidance by health professionals	A total of 204 employees were diagnosed with a >15% risk of contracting cardiovascular disease within 10 years according to health screening results. Phone interviews with health professionals were provided, in addition to health measures and tracking such as regular medical counseling through email. The company has also set up a health page on its website to provide health care information.
	Installation of automated external defibrillator (AED)	As of the end of 2021, we have installed AEDs in 60 business sites to protect employees and customers, and received the "AED Safe Workplaces Certification".
	Organized talks	A physician was invited to give a talk on cardiovascular diseases and raise the health awareness of employees.
Accidents and injuries	• Increased awareness through internal official documents • Enhanced occupational hazard reporting • On-site instructions by nursing personnel	We reminded employees to pay close attention to safety and traffic conditions on their commutes and official travel. They must be careful when walking at the workplace and should not run or use their mobile phones when walking. They must pay attention to their surroundings to avoid slipping and must hold hand rails and step carefully when going up or down the stairs to avoid accidents.
Mental stress	Appointed the "Teacher Chang Foundation" to provide employees with psychological consultation	We helped employees identify and resolve issues that affect their work performance such as physical or mental stress, adapting to the workplace, and childcare. We provided consultation in 113 cases in 2021.
	Organized health talks	We asked "Teacher Chang Foundation" to organize 5 sessions of mental health seminars on "Creating Positive Energy in the Workplace - Supervisor Sensitivity and Communication EQ" in northern, central, and southern Taiwan for a total of 211 participants.
	Shared information on alleviating pressure on mental health	Employees can share their experience in mental health and stress relief on the internal website (e.g., psychological consultation and emotional thermometer sections).
Cancer	Promoted the "Low-dose Radiation Tomography Lung Scan" to provide early detection and treatment for lung cancer.	A total of 5,491 employees completed the examination from 2017 to 2020, and the examination rate was 77.4%. Hospital health examination center was asked to contact employees whose examination results revealed lung nodules or anomalies to return for further check-ups. In August through to December of 2021, health examinations were organized for 893 employees aged over 55 (or over 40 for employees from branches in Kaoshiung and Pingtun) who did not receive examination between 2017 and 2020 or who were examined and their report showed no abnormalities. Statistics showed that 97 employees completed health examinations.
	Provided support mechanisms for serious illness o injury and severe disasters	We provided employees with consolation fund for serious illness or injuries (15 applicants in 2021). We also set up a "Family Association" and encouraged employees to support and share their healthcare experiences with each other. For individual patients, health professionals made phone calls to check up on seriously ill or injured employees and provide professional healthcare information. 371 expressions of support were conducted during 2021.

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

◇ The Company's occupational health and safety management system

Item	Description
Organization	• For the Occupational Safety and Health Committee, the President appoints the Vice President of a business group to oversee committee operations • Type of meetings: Routine, face-to-face employer-employee meetings • Meeting frequency: Quarterly • Meeting content: Review, coordinate, and give advice on safety and health-related matters • Participants: Occupational Safety and Health Committee members(including department heads and labor representatives), persons in charge of occupational safety and health management, and health professionals who provide health services, etc.
Risk identification	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 employess, and four major programs for mental and physical health protection, to identify safety risks that might occur in various operating procedures, contents, and environment. 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.
Target setting	• To achieve 70% outpatient visits for those with serious health issues shown on medical check-up reports • To obtain healthy workplace certification for 60 business locations • To educate employees and raise their awareness on occupational safety and health from time to time
Supervision mechanisms	The Occupational Safety and Health Committee tracks the implementation results of occupational safety and health issues on a quarterly basis, and reports to the FFHC Board of Directors for supervision and management every year.
Internal / External audit	• Internal audit: In 2021,matters that necessitate correction in accordance with ISO45001-based internal auditwere all corrected before the external audit. • External audit: In 2021,the external audit based on ISO 45001 found no deficiencies. In 2021, the competent authority in charge of occupational safety and health found no deficiencies during its labor inspection.
Performance-linked remuneration	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).

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.

Applicability	KPI	Calculation Formula (scoring criteri)
OSH supervisor	Performance in supervising occupational safety and health management	• Unsatisfactory (<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. • 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. • 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. • Exceed expectation (85%-94%): All of the KPIs in the semi-annual evaluation have been completed and were almost faultless. • Outstanding performance (>95%): All of the KPIs in the semi-annual evaluation have been completed and were completely faultless, and the individual is able to actively provide suggestions on corrections.

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

Item / Year	2018	2019	2020	2021
No. of meetings	4	4	5	4
Proposals	15	10	9	8

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

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

Item / Year	2018	2019	2020	2021
Number of Trainees and Training Hours for Workplace Safety and Hygiene Managers	71 / 2,405	728 / 7,309	29 / 645	702 / 5,205
Number of Trainees and Training Hours for Fire Hazard Prevention Management	69 / 828	93 / 1,116	693 / 4,314	9 / 108
Number of Trainees and Training Hours for Emergency Rescue	41 / 738	625 / 2,640	33 / 594	19 / 342
Number of Trainees and Training Hours for ISO 45001 Management Systems	99 / 707	50 / 179	29 / 645	44 / 66
General employee	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 in-house 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 system is effectively implemented across management.This system has been certified by theBritish Standards Institute (BSI) and applies to all business units in Taiwan, including employees who work in the company's head office building and contractors.

In 2021, the Company continues to make improvement and ensure that the certificate is valid. We practice occupational safety and health management by using a systematic management mechanism, such as revising and adopting relevant procedural documents, identifying and continuously improving workplace safety and health hazards, and performing management reviews and safety and health inspections. Our objective is to provide a safe and health work environment where employees are protected from accidents and occupational illnesses.

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 Financial AMC, and First Securities Investment Trust also provide group insurance for employees. A total of 1,600 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 can also enroll in the International SOS for emergency medical assistance. Half of the cost is borne by the company to meet emergency medical needs.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 hospital 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.

◇ Overview of occupational injuries in 2021:

Gender	Number of people on occupational injury leave	Number of days of occupational injury leave	Occupational injury rate % (Note 1)	Lost day rate % (Note 2)	Disabling injury frequency rate % (FR, Note 4)	Severity of disabling injuries rate % (SR, Note 5)	Number of days absent (excluding leave)	Absenteeism rate % (Note 6)
	37	696.5	0.62	35.22	1.87	35	5,383	0.36
	29	867.5	0.73	43.86	1.47	44	8,192	0.84
Total	**66**	**1,564**	**0.66**	**79.08**	**3.34**	**79**	**13,575**	**0.55**

◇ Occupational Injuries and absences in past years

Year	2018			2019			2020			2021		
Gender			Total			Total			Total			Total
Occupational injury rate%	0.47	0.43	0.46	0.58	0.37	0.49	0.47	0.36	0.43	**0.62**	**0.73**	**0.66**
Absenteeism rate%	0.82	0.30	0.61	0.66	0.36	0.54	0.73	0.63	0.69	**0.36**	**0.84**	**0.55**

Note:

1. Occupational injury rate: Number of people on occupational injury leave
2. Lost day rate: Days of occupational injury leave/ Work hours * 200,000
3. Total work hours: 19,698,000 hours
4. Disabling Injury Frequency Rate (FR): Based on the total number of disabling injuries during the period in question. Disabling Injury Frequency Rate is calculated as the total number of disabling injuries for every million work hours (to two decimal places). The formula is as follows:

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

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

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

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

Community Engagement

GRI: 201, 203, FS7, FS8, FS14, FS16
SASB: FN-CB-240a.4

5-1 Charitable strategy

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

Amount Unit: ten thousand

Solution			2019	2020	2021
Social Care	Commercial benefits	"GLORY+ World Cards" in circulation and the proceeds	2,449 cards/1,846	3,071 cards/1,787	3,715 cards/1,7033
		Proceeds from "financing projects for the reconstruction of dangerous and old buildings"	127,000	3,516	6,137
		The senior citizens' easy-care trust and disabled people's care trust	22	13	55
		Proceeds from reverse mortgage "Comfort Loan"	163	279	440
		Income from "Worker Relief Loan" and "Micro-Enterprise e-Services"	2,500	23,751	29,242
		Income from First Time Home Buyer Mortgage	43,672	47,634	48,579
		Proceeds from loans for small and medium enterprises	1,280,000	1,281,420	1,350,050
		Premium income from micro insurance products	5	9	11
	Social/environmental benefits	Number of beneficiaries in the financial seminars in remote areas, campuses, and communities	8,991persons	6,814persons	8,519persons
		Amount of donations from customers for charity organizations made through First Bank credit cards	49,500	56,517	64,899
		Amount of donations allocated to public welfare organizations/ community integrated service centers (stone soup) from digital account application and life insurance purchasing	-	39.86	50.18
		Number of beneficiaries of disadvantaged schoolchildren (including rebates from the World Card, breakfast for schoolchildren in remote areas, financial support for disadvantaged schoolchildren, and financial industry scholarship donations) and amount donated	2,137 / 432	2,226 / 483	2,228 / 441
		Purchase of gifts for the charity year-end party and income for the performance of disadvantaged groups	124	100	152
		Number of beneficiary households of donations to the Food Bank and amount	465 households/105	730 households/110	1,410 households/177
		Number of beneficiaries in overseas charitable activities and amount of donations	1,400 persons/129	535 persons/75	400 persons/41
		Number of beneficiaries in domestic volunteer clinic activities and amount of medical expenses saved	1,635 persons/25	1,600 persons/24	608 persons/9.1

Resolved social and environmental issues

- The wealth gap between urban and rural areas makes it difficult for disadvantaged groups to obtain education resources and financial information and services.
- Many buildings in cities are too old and they affect the safety of the people and their property and they affect the quality of life.
- Taiwan's aging society has made the lack of resources for long-term care of the elderly increasingly severe.
- Resolve youth and low birthrate issues and help youths uphold optimism in facing the future.

Driving force

Upholding the spirit of the financial service industry, we provide a variety of financial services through a diversified digital platform. At the same time, we combine the application for digital accounts and the purchase of life insurance products to allocate donation amounts and disclose information on donations to public welfare groups for free. 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.

Impact

We promote financial inclusion and incorporate SDGs to take care of young property buyers and ensure asset safety that is necessary for the silver-haired people living in the aging society. In addition to fully supporting small and medium enterprises, we also provide First Time Home Buyer Mortgage and Comfort Loan. Moreover, we offer the "Worker Relief Loan" to address the impact of the pandemic. These services were concluded in an amount totaling NT$44.921 billion in 2021, accounting for 7.52%% of overall consumer loans. The amount of ESG-backed retirement trusts for the elderly and disability trusts for customers with physical or mental disabilities reached NT$9.053 billion.

Amount Unit: ten thousand

Solution			2019	2020	2021
Sports Competition	Commercial benefits	Hiring athletes as official employees and contribution of employees to the Bank's profitability	15 employees/ 3,655.3	10 employees/ 1,985	18 employees/ 4,215.6
	Social/ environmental benefits	Awards won by the First Bank men's table tennis team in Taiwan and abroad (number of medals)	8 gold medals, 16 silver medals, 21 bronze medals	2 gold medals, 1 silver medals, 3 bronze medals	9 gold medals, 17 silver medals, 25 bronze medals
		Rewards won by the First Bank table tennis team in Taiwan and abroad	141	24	No award money provided for winners
		Number of participants in the national tennis and table tennis tournaments	1,881 persons	1,881persons	Canceled due to the pandemic
		Donations to social welfare foundations from the Ministry of Finance "Unified Invoice Cup for Road Running" invoice award amount	38.08	36.4	36.3

Resolved social and environmental issues

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

Driving force

Physical strength is national strength. We help promote the development of sports in Taiwan and enhance the Taiwanese people 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.

Impact

We have been sponsoring and organizing all kinds of sports activities for more than 20 years. By training potential young table tennis players, we have cultivated a number of national players, laying a solid foundation for Taiwan's table tennis development. Internally, we have created a sporting culture among employees. Externally, we have successfully enhanced the young, energetic brand image of the Group.

Solution			2019	2020	2021
Artistic Cultural Creation	Commercial benefits	Proceeds from loans for the cultural and creative industry	41,400	44,652	42,837
	Social/ environmental benefits	Number of borrowers of loans to cultural and creative industry	1,550 borrowers	3,464 borrowers	4,335 borrowers
		Number of borrowers of loans to cultural and creative industry that specialize in film and television	90 borrowers	140 borrowers	231 borrowers
		Number of visitors and economic value in the Taiwan and Taipei Lantern Festivals	17.39 million visitors/ 380,800	11.82 million visitors/ 700,000	Canceled due to the pandemic
		Total number of participants and income in National Taiwan University Hospital and large-scale concerts (Total online views and sessions)	10,200 participants/ 13	9,100 participants/ 7	(91,101 participants/ 4 sessions)
		Total number of participants and sessions of art and cultural exhibitions (total online views and sessions)	12,000 persons/ 12 sessions	9,000 persons/ 9 sessions (21,756 persons/ 2 sessions)	2,500 persons/ 3 sessions (84,842 persons/ 4 sessions)

Resolved social and environmental issues

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

Driving force

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.

Impact

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$2.13 billion. We also assisted in the development of the domestic cultural and creative industries by proactively processing loans for the said industries. The total credit balance of the loans in 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 Start-ups in the Cultural and Creative Industries. Furthermore, continue to improve people's temperament and artistic competence through in-person or online concerts and art exhibitions.

Amount Unit: ten thousand

Solution		2019	2020	2021
Green Care – Commercial benefits	The number of Green Public Welfare Credit Cards (Leezen Card, Yilan Card, Living Green Card , and Taoyuan Card [Note]) in circulation and their proceeds	1147,548 Cards / 4,706	153,367 Cards / 3,192	213,932 Cards / 4,628
	Related proceeds from urban renewal financing projects	31,000	16,691	21,009
	Green loan proceeds	111,000	111,348	131,516
	Investment proceeds in green bonds	7,700	11,000	14,000
	Five Plus Two Industries" policy (green energy technologies, Asia Silicon Valley, biomedical technologies, defense, smart machinery, new agriculture, and circular economy) related proceeds	115,000	109,793	207,862
	Proceeds from Renewable Energy Creation Loans	1,246	1,356	2,068
	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 CO_2e	130 trees / 1.3 MT CO_2e	10 trees / 0.1 MT CO_2e
	Number of LED lighting equipment installed in the Green Light Program and the reductions in electricity consumption, electric bill, and carbon emissions each year	1,184 sets / 118,000 kWh/ 47/ 82 MT CO_2e	1,216 sets / 103,000 kWh / 41/ 52.27 MT CO_2e	2,599 sets / 218,000 kWh / 87.2/ 110.7 MT CO_2e
	Carbon emissions reduction in investments in solar power plants	11,000 MT CO_2e	56,000 MT CO_2e	56,500 MT CO_2e
	Landowners' proceeds from urban renewal financing projects	-	1,838,574	2,445,940
	Carbon emissions reduction in urban renewal financing projects	-	997.7 MT CO_2e	946.1 MT CO_2e
	Rebates 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	1,221 beneficiaries/ 3,447 beneficiaries
	Volunteer service satisfaction rate	82.86%	92.28%	89.53%
	Purchase amount of organic vegetables and fruits	28	26	36

Resolved social and environmental issues

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

Driving force

Promote the company's service capabilities in green finance, provide knowledge, products and services of green finance, and work with customers, suppliers and the general public to practice environmental sustainability and create a green living model.

Impact

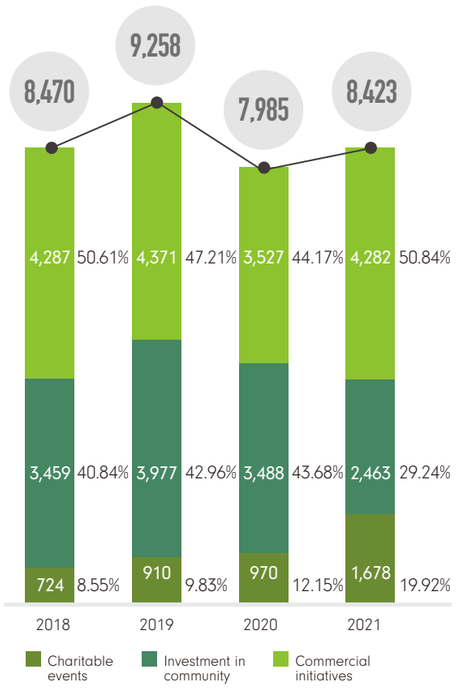
We combine core competencies to facilitate industrial transformation, and develop and provide ESG products and services. We hosted energy-conservation symposiums, Supplier Conference, Corporate Gold Workshop, urban renewal information sessions, and environmental education to communicate the Group's green finance products, policies, and ideas with customers, suppliers, and various stakeholders. The financing balance of ESG-related corporate loans amounted to NT$52.4303 billion in 2021, accounting for 53.87% of the overall financing balance of corporate loans. Furthermore, working with the Group's subsidiaries, First Bank donated 2‰ of the Living Green Card transaction amount and cooperated with suppliers and customers in assisting 14 remote elementary schools in the installation of 2,599 sets of LED lamps. In 2021, an additional green charity card was issued. It is also planned to collaborate with the Tze-Xin Organic Agriculture Foundation and the Tungshih Forest District Office of the Forestry Bureau to plant more than 3,000 trees in 2022 through the foreign exchange time deposits marketing campaigns, so as to protect the beautiful island of Taiwan with practical actions.We also provide One-stop Financial Service for Urban Renewal to help residents rebuild their homes to increase real estate value. Moreover, we respond to the government's goal of achieving an eco-friendly, low carbon footprint city by supporting the construction of green buildings.

Note: The Taoyuan Card is a new credit card issued in 2021.

5-2 Benefit evaluation

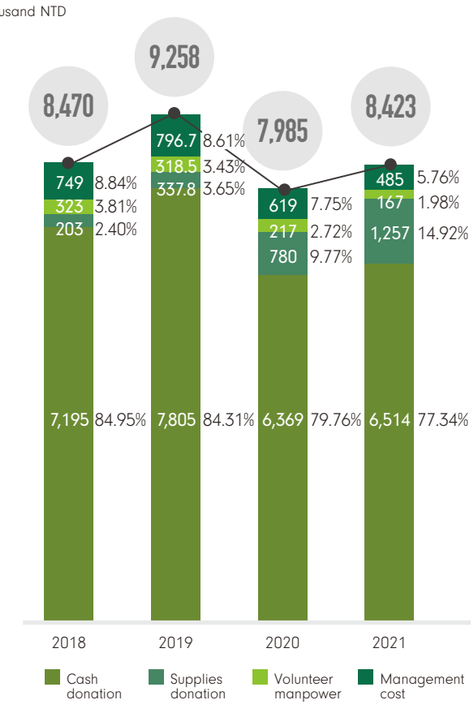
In order to effectively measure the input resources and output benefits, FFHC adopts the community investment management model of London Benchmarking Group (LBG), and uses quantitative data to evaluate the input resources, benefits, results and long-term impact of each project on society. We invested a total of NT$84.23 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

Unit: ten thousand NTD



5-3 Volunteer Service

First Financial Holdings has established a volunteer service team since 2011, including "Green volunteers" who promote sustainable environment and "Loving Volunteers" who care for the disadvantaged. In 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-over-year growth of 3% starting from 2021 in terms of the number of volunteers.

Northern Region

94 Events in 2021

Loving Volunteers：25 events

- Andrew Food Bank (4 events)
- Huashan Social Welfare Foundation - Xinyi Angel Service Station
- Da-Tung Children Center of Taiwan Fund for Children and Families
- Chung Yi Children's Home of Chung Yi Social Welfare Foundation
- Jen Ji Shiang Social Service Institute (2 events)
- Hondao Senior Citizen's Welfare Foundation
- Bethany Children's Home
- Harmony Home Foundation Taiwan
- Huashan Social Welfare Foundation - Songshan Angel Service Station
- Yifan Elementary School, Ruifang District, New Taipei City
- Erchong Elementary School, Sanchong District
- "Get Out and Give" Blood Drive
- Investment primary school
- General financial knowledge and law seminar (2 events)
- Retirement financial planning seminar (6 events)

Financial education activities in schools：33 events
Green Volunteers：36 events

- Linkou Journey to the West Organic Farm events (26 events)
- Tamsui Shalun beach cleanup (2 events)
- Beach cleanup at Waziwei, Bali (3 events)
- Keelung Waimushan Qingshui'ao beach cleanup
- Helping small farmers to harvest 600 kg of sweet potatoes
- Qingtiangang, Yangmingshan
- Erziping Trail, Yangmingshan
- Sanmin Primary School of Taitung

Taoyuan-Hsinchu-Miaoli Region

8 Events in 2021

Loving Volunteers：6 events

- RENYOU Sanatorium
- Loving Home of the Happiness Foundation of Taoyuan City
- Kert Jaschko (You-gen Garden) of the Catholic Hua-Guang Social Welfare Foundation
- Happy Mount Home of the Happy Mount Colony
- Yu An Retarded Children's Home, Miaoli County
- Dioecesis Hsinchuensis Holy Family for Special Education, Miaoli County

Financial education activities in schools：2 events

Yunlin-Chiayi-Tainan Region

7 Events in 2021

Loving Volunteers：3 events

- Yunlin Little Angel Development Association
- Yunlin County Maternal and Child Care Association
- Chiayi County Anren Home of Dioecesis Kiayiensis

Green Volunteers：4 events

- Tenha Organic Farm, Tainan (4 events)

Taichung-Changhua-Nantou Region

16 Events in 2021

Loving Volunteers：4 events

- Sweet Home Organization
- Association for Parents with Intellectually Disabled Children, Nantou County
- Nantou Ren-Ai Home, Nantou County
- Minsun Village Senior Care Center

Financial education activities in schools：7 events
Green Volunteers：5 events

- LadyBird Organic Farm events (4 events)
- Tan-Nan Elementary School

Kaohsiung-Pingtung Region

17 Events in 2021

Loving Volunteers：5 events

- Taiwan Fund for Children and Families-Southern Kaohsiung Center
- Kaohsiung Ji-Sing Senior Citizens Foundation
- Huashan Social Welfare Foundation - Pingtung City Angel Service Station
- Pingtung County Giving Tree Charity Association
- Pingtung County Sun Flower Association

Financial education activities in schools：5 events
Green Volunteers：7 events

- Kaohsiung An Hsin Home Organic Education Farm (4 events)
- Kaohsiung City Leren Center
- Kaohsiung Exhibition Center (2 events)

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

Year	Hours	Participants	Beneficiaries
2011	2,140 hours	535 persons	1,148 persons
2012	2,484 hours	621 persons	2,001 persons
2013	6,804 hours	1,701 persons	4,073 persons
2014	11,464 hours	2,866 persons	6,556 persons
2015	12,024 hours	3,006 persons	6,774 persons
2016	12,896 hours	3,052 persons	10,565 persons
2017	13,440 hours	3,128 persons	12,421 persons
2018	11,749 hours	2,888 persons	15,446 persons
2019	11,723 hours	2,872 persons	19,027 persons
2020	8,059 hours	2,019 persons	13,591 persons
2021	6,045 hours	1,559 persons	17,150 persons
Cumulative total	98,828 hours	24,247 persons	108,752 persons

Loving Volunteers：45 events (Including Phnom Penh 2 events)

Green Volunteers：52 events

Financial education activities in school：50 events

(Including 2 events in Kinmen and 1 event in Penghu)

Total 147 charity events in 2021

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

Services	2019	2020	2021
Financial education and promotion in rural areas, schools, and communities	Session: 66 Number of Participants: 8,077	Session: 53 Number of Participants: 5,363	Session: 50 Number of Participants: 3,586
Promotion in rural areas by volunteers	Session: 6 Beneficiary: 272	Session: 5 Beneficiary: 316	Canceled due to the pandemic
Volunteer services incorporated with the promotion of retirement trusts and disability trusts for customers with physical or mental disabilities	Went to Songnian University and rural areas in New Taipei City to promote retirement trusts, financial planning for the elderly, and property protection measures Session: 6 Beneficiary: 365	•Volunteers went to Wufeng aboriginal village, Hsinchu County. In addition to donating daily necessities to solitary elderly people and disadvantaged residents, they also promoted retirement trusts and provided villagers with planning for retirement and disability care to prevent elder fraud. Beneficiary: 150 •Xingfu Shelter, Taipei Autism Children Social Welfare Foundation. Beneficiary: 35	Arranging retirement trust courses at the Nanjichang Happiness and Liveliness Center, Pingtung City Angel Service Station, and Miaoli County's Holy Family for Special Education to provide more comprehensive protection for vulnerable residents. Session: 3 sessions Beneficiary: 290
"Investment Primary School - Wealth Management Number One"	Session: 1 (Taipei Family Helper Center and TCWC Children Home) Beneficiary: 33 children	Session: 1 (Taipei Family Helper Center) Beneficiary: 24 children	Online: 1 (Taipei Autism Children Social Welfare Foundation) Number of Participants: 35 students
Investment checkup seminar in rural communities	Session: 5 Number of Participants: 171	Session: 6 Number of Participants: 365	Session: 5 Number of Participants: 89
Gender equality education and anti-drug advocacy	Session: 4 Number of Participants: 1,520	Session: 15 Number of Participants: 1,490	Session: 32 Number of Participants: 2,591

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	2019	2020	2021
Online wealth management workshop	Session: 45 Number of Participants: 1,946	Session: 69 Number of Participants: 3,697	Session: 86 Number of Participants: 1,893

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 Luodong to jointly build the "Aohua Medical Rehabilitation Center" in 2021. Aohua Village, Nanao 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 for free. 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 World Card to the "School Education Savings Account" platform of the Ministry of Education. The platform sponsors education, school lunches, and after-school classes for disadvantaged schoolchildren in remote areas to help their schooling. We helped 259 economically disadvantaged schoolchildren and those suffering from drastic changes in their families in their education, with an amount donated totaling NT$933,000.
- We donated NT$2.5 million to the Financial Service Industry Education Foundation We supported 1,539 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 Ankeng, Zhongzheng, and Erchong Elementary Schools for 11 consecutive years and provided 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 "Tanan 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 "Aohua Medical Rehabilitation Center" by the Saint Mary's Hospital Luodong, which is expected to benefit more than 4,000 people every year.
- Donation of NT$5 million to help the patients injured in the "0402 Taroko Express Accident" with expenses related to their follow-up medical treatment, their everyday lives, and their return to society.
- Donation of NT$3 million to assist the people affected by the Kaohsiung Chengzhongcheng 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$373,000 in 2021.
- Together with the "House of Dreams", we launched the iLEO Digital Account charity account opening campaign: "You open account, I donate, and we jointly build the future for young people". A total of NT$128,800 was donated in 2021.
- Sponsored the Puren 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$4.12 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 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 Huashan Social Welfare Foundation Baisha 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) Kiosks" and 2 "TOCC Kiosks" to Taipei Veterans General Hospital, Taoyuan Branch and Taoyuan Armed Forces General Hospital.
- Donated 2 "UVC Automatic Ultraviolet Disinfection Human Body Temperature Measurement Security Gates" to Yunlin St. Joseph's Hospital to tangibly assist the hospital in carrying out epidemic prevention.
- Donated 5,000 isolation gowns to 5 medical institutions including Puzi 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 front-line 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 Phnom Penh Branch and its customers visited Ba Lai Township, Sufu County, Kampot province and Prek Pnov 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 Mennonite Christian Hospital and Taipei Medical University Hospital Feng Hsin Medical Youth Service Group for the 6th straight year to provide for care for residents in remote areas in Hualien and Penghu, and sponsored 20 free clinics and 4 liver disease patient gatherings in Mennonite Christian Hospital.

Sharing feelings on pandemic

Four online concerts were held, inviting inspiring figures to record videos 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 Midway 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 environmental education courses at Sanmin Primary School in Taitung. 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 after-school program at the Nanjichang Happiness and Liveliness Center and Erchong 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.

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$1,590,000and harvested and purchased 2,856kg of organic vegetables. We also purchased nearly 600kg of organic red sweet potatoes of "Tainung No. 66".
- In response to Arbor Day, we went to Kaohsiung City Leren Center to plant 30 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. Additionally, 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." 367 volunteers picked up a total of 230 kg of fishery waste, general waste, and driftwood.

Green Cooperation

- Joined by 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$872,000, and reduce emissions by 110.7 metric tons of CO2e each year.
- First Bank donated 0.6% from transactions paid using the Leezen 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, clean-up of water sources and enhancing spiritual education.
- The First Bank donated 3‰ of the Yilan Card to the Yilan County Government for 2.52 million dollars, which was used for social welfare and tree planting and tree protection.

Sports competition

Sport support

- 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.

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.

League of Legends School Championship

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.

Unified Invoice Cup for Road Running

Races were held on the Ketagalan Boulevard and at the Dajia Riverside Park, and 716,888 uniform invoices were collected. The winnings of more than NT$360,000 were donated to 21 recipient groups. Approximately 20,000 people participated in the road race events.

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

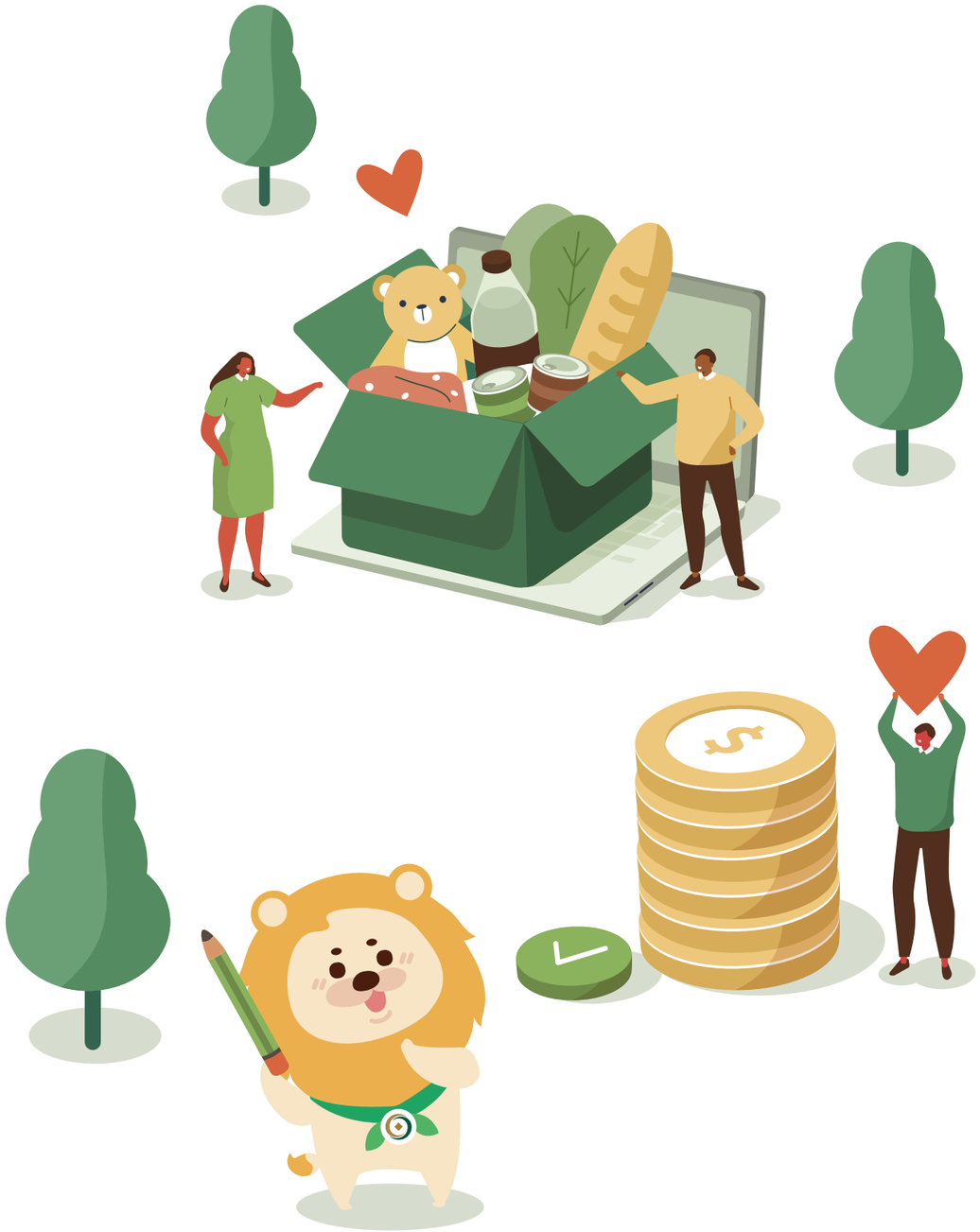
Sponsored the "Chin-Ai String Orchestra" life and education fund for disadvantaged students, not only continuing to cultivate indigenous music talent but also taking practical actions to improve music education in remote areas.

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 Troupe, 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.



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 finance services through application innovation technologies and providing online banking and mobile banking app FinTech services to least developed countries. FFHC also integrated various online businesses, smart customer services, and open API connections with big data, cross-industry alliances, and differentiated services to optimize the user interface and functions and provide customers with a more diverse and smooth digital finance experience with the aim of becoming customers' top choice and a leading brand in the market.

6-1 Optimize service procedures on digital channels

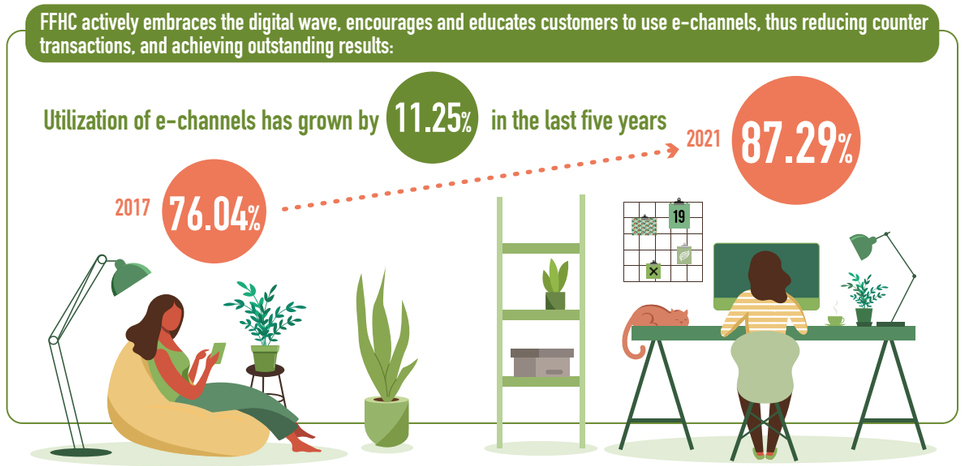
First Bank's "iLEO Digital Account" upholds the core values of "simplicity, speed, innovation, and thoughtfulness" and targets the digital natives under 35 years old. Customers only need to complete the four steps of online account opening application before having a comprehensive digital financial account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

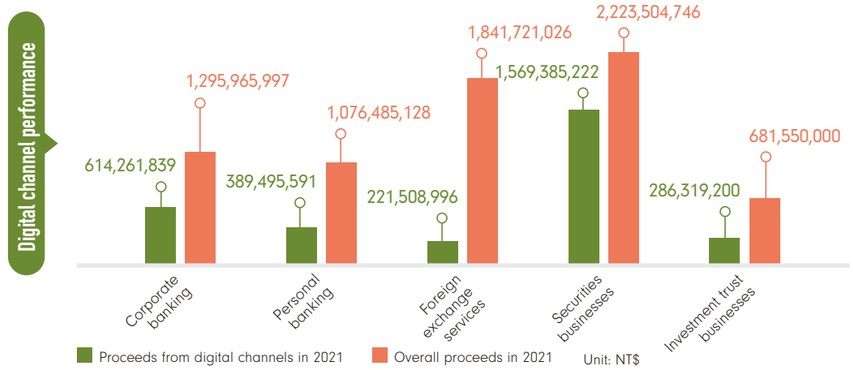
In order to improve the diversified application channels for iLEO digital accounts and continue to penetrate the young generation, in 2021, it was connected with the service platform of the National Development Council, so that minors can obtain personal household registration information through the 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 "LEO'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%.

First Securities "e-account opening" upheld its "three noes and one zero" features which require "no over-the-counter procedures, no closing time, no bank visit, and zero account opening documents to fill out". It only takes three steps and five minutes to complete the application and procedures from account opening to setting settlement bank, TDCC e-Passbook application, and electronic transaction password delivery can be completed digitally. The service has helped customers experience new digital financial services with ease and 20,418 people have opened accounts as of the end of 2021, which is an increase of 85.92% over the same period in 2020.





6-2 Smart Applications

Smart Customer Services

In response to the digital transformation in the traditional finance industry, First Bank launched smart robots on the customer service center to jointly provide 24-hour real-time services with customer service personnel. The service uses natural language processing and machine learning technologies to integrate bank business knowledge with artificial intelligence platforms so that customers can use the Internet and mobile devices to enter text or audio to communicate with smart robots. The simple interface and human-friendly interactions shorten service waiting time and increases service efficiency. As of the end of 2021, users have used the "smart customer services" 528,389 times and the accuracy rate of responses was 97.0%.

Smart wealth management

In response to the high demand for retirement planning in Taiwan's aging society, First Bank launched the "e-First smart wealth management" service in October 2020. It is the first such service that makes use of algorithms of the international investment research institute Morning Star. With the knowledge of more than 300 experts, the service offers a "human-machine collaboration" model to assist investors in allocating assets and selecting suitable investment targets. The service is distinct from other robo wealth management advisory services on the market because it caters to the investment requirements of customers with limited capital, office workers, and the general public. It also features the unique "elderly monthly pension plan" to provide customers with fixed monthly cash income upon retirement to make up for the deficiencies in personal savings and investments in the three major pillars of pension (social security, occupational pension, and personal savings and investments), and increase the income replacement ratio. We have accumulated nearly 36,000 investors by the end of 2021. The investment balance is nearly NT$700 million.

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 financial CA ID card, for sole proprietorships 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 entire population.

Artificial intelligence applications

- First Bank promoted the "e-speed loan" which provides online calculation of loan limits and application services. It also used AI appraisal models for customers to immediately calculate mortgage limits and interest rate by entering the address of the real estate in the mortgage and basic personal information online. 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 9,336 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 523.53 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 require 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 "interest sensitive annuity insurance" and "e 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 e-Bank App - Overseas Branch Internet Banking" and " Financing e-Bank App - Global e-Banking Service"), international business cash flow (e.g. Supply chain financing, sales chain financing), international consumer cash flow (e.g. international third-party payment) and international clearing system.

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 interest rate and exchange rate inquiries, account affairs inquiries, and fund transfers on the Internet banking of the Phnom Penh Branch in Cambodia. In response to digital finance trends, First Bank took advantage of the wide adoption of smart phones by customers in Cambodia and launched the First Bank overseas mobile app at Phnom Penh Branch in October 2020. The app offers interfaces in Chinese, English, and Cambodian. In addition, "non-designated account transfer/remittance function and eSecure 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 of "Taiwan Pay." Its "First e-Mobility" , "iLEO Taiwan Pay ",or "Taiwan Pay t wallet +" facilitate mobile payment, shopping, payment/ tax payment, fund transfer, and withdrawal through scanning QR codes and combine cloud invoices, thereby infinitely extending the convenience of smart life.

Credit Card Mobile Payments

To provide credit card customers with convenient payment tools, First Bank credit cards can be used in Taiwan Pay, Google Pay, and Apple Pay so that customers can choose their preferred payment method on their mobile devices. The Bank also organized several marketing activities to teach customers how to use mobile payment tools and reduce the use of cash and increase the mobile payment transaction volume in Taiwan. As of the end of 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)", "iPass (LINE Pay Money)", "EasyCard (Easy Wallet)", "iCash (iCash Pay)", "Gama Pay", "ezPay" ,"O'Pay", and InterPay. First Bank ranked first among partner banks in the "Payment Facilitated by Pre-arranged Deposit Account Link" by satisfying customers' demands for day-to-day payments. First Bank implemented the "integrated account binding for digital account opening" in collaboration with iPASS and launched the "LINE Pay Money" direct connection to digital account opening service, becoming the first government-owned bank to launch the service. The system automatically connects the account after it is opened to optimize the mobile payment experience.

6-5 FinTech Innovation

The financial services of the future will occur at any time at any place, and will be an intangible part of our life. FFHC is committed to research, development, and innovation of FinTech to expand the availability financial services to all parts of users' lives and provide omnipresent financial services. We shall continue to strengthen core technologies and capacity and establish competitive advantages in intangible assets.

Open API Platform

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 Eas Tone. Through the linking of the second-phase API project, consumers can inquire about their financial transactions at the First Bank through TDCC's "epassbook" APP or Far Eas Tone's "friDay 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 LEO'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 standardized 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.

Money	In order to provide a variety of innovative digital savings services, Dream Account has partnered with third-party service provider's "Piggy Bank APP" to launch the "self-deposit" and TWD/USD "auto-deposit" functions. Customers can set the dream name, amount, and deposit frequency according to their needs, and the system will automatically transfer a fixed amount of money, which also provides a "partial withdrawal" function. By the end of 2021, the number of people using the TWD and USD dream accounts were 26,204 and 447, respectively, with an amount of approximately NT$6.1 billion and US$1.26 million.
Food	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 person per month) when binding the First Bank credit card for payment.
Housing	To encourage people to go out less and search for housing items more through online channels, First Bank and Taiwan 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 showing, combining with First Bank's online mortgage service to provide customers with one-stop service. And the Bank also cooperated with "591 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.
Transportation	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.
Entertainment	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$100 and a 7-11 coupon of NT$50 when applying for the iLEO digital account; meanwhile, we cooperated with "PCHOME" in iLEO digital account opening campaign to integrate financial services into customers' lives.
Insurance	On the "Protection-type Insurance Product Platform" of FundRich, we provide protection-type products such as Loving Small-sum Lifetime 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.
Claims	We participated in the "one-stop medical claims" project co-operated by the Life Insurance Association and the Taipei City Hospital. Policyholders can obtain medical diagnosis certificates 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.

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		The most popular one in the domestic financial industry 700,000 Number of fans	352 Marketing promotion cases	9,380,000 Reach	
First Bank's Instagram account attracts the attention of young people with rich and lively content such as lucky draws and LEO filters		28,000 Number of fans			
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		No.1 among the public banks 15,800 Number of subscriptions			
First Bank's official LINE account launched iLEO coin collection platform point collection and redemption service, Chinese New Year's Marketing Greeting Cards and LEO's New Year wallpapers in 2021	First Bank	5,080,000 Accumulated number of friends	378,000 Personalized services bound	265 Business cases promoted	229.18 million Reach
First Securities Investment Trust's Facebook fan page communicates with fans by providing topics such as market trends, fund information, technology news, event information and good books on financial management	First Securities Investment Trust	42,000 Number of fans	4,400,000 Reach		

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 purposes 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 AA1000 AccountAbility 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 assurors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that FFHC's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

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

- a review of issues raised by external parties that could be relevant to FFHC's policies to provide a check on the appropriateness of statements made in the report
- discussion with managers on FFHC's approach to stakeholder engagement. Moreover, we had sampled 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 reproduced
- review of supporting evidence for claims made in the reports
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018)

Conclusions

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

Inclusivity

In this report, it reflects that FFHC has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for 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 probably balanced and effective way. FFHC has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within an organization. In our professional opinion the report covers the FFHC's impact issues.

Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, FFHC and BSI have agreed upon to include in the scope. In our view, the data and information contained within First Financial Holding 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.

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Statement No: SRA-TW-2021055

2022-05-05

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

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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.

Yu che Tseng

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 3.09 million (34.45%) entries 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.

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

Applicable Criteria:

FN-CF-220a.1

Number of 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.

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 financial losses hereunder are 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.

Applicable Criteria:

FN-CF-220a.2

Refers to the first point in the technical protocol of SASB FN-CF-220a.2, the statistics on financial losses arising from legal proceedings due to customer privacy disputes in 2021.

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 total number of data breaches that occurred in 2021.
- Percentage involving personally identifiable information (PII)：Refers to the second point in the technical protocol of SASB 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 based on FFHC's Information Security Incident Management Regulations, the total number of account holders affected by the data breaches involving personally identifiable information that occurred in 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

Refers to the first, second and third points in the technical protocol of SASB FN-CF-230a.2, statistics on the amount of fraud/scam losses related to the type of non-presenting and presenting physical credit cards 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	• 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. • FFHC also established the "FFHC Operating Guidelines for Responding, Processing, Reporting, and Preventing Material Personal Information Incidents". Material security incidents involving theft, alteration, damage, loss or disclosure of personal information shall be processed in accordance with the "FFHC Incident Reporting Guidelines" and companies must strengthen their emergency response and preventive measures for material personal information incidents. • We published the Group's Customer Privacy Protection Policy on the respective websites of the Group's companies and formulated the "Management Guidelines for Trade Secrets and Intellectual Property", "Rules for Safeguarding Confidential Data", and confidentiality levels for various forms confidential documents (including paper and electronic formats), charts and diagrams, messages, computer software, and other media and items in accordance with the "Joint Marketing Firewall Policy and Guiding Principles for FFHC and its Subsidiaries". We also provided regular trainings for employees.
Scope of Privacy/Personal Information Protection	Applicable scope, and all actions taken for personal information by all personnel of the companies of the Group in the implementation of their duties. They shall establish limits on relevant employees' access to personal information and to control and manage such employees' access. They shall also enter into an agreement with such employees that establishes an obligation of confidentiality to prevent them from disclosing personal or customer information.
Privacy/Personal Information Internal Control	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.
Personal Information Management of Overseas Branches	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 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.
Information Security Policy	• Board of Directors of FFHC reviewed and passed the Information Management Policy and Guidelines to stipulate that FFHC and subsidiaries must establish information management regulations based on the characteristics of their industry. • 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. • The Company established the "IT Management Guidelines" and "Guidelines for Disaster Recovery Plan" which serve as the basis for emergency response for IT operations. Provisions on the use and security of IoT equipment were added to the Information Security Management Regulations in response to the requirements of the Bankers Association of the Republic of China on IoT equipment. • The 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" to strengthen information security incident reporting and response procedures.
Information Security Management Unit	• 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. • 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. • 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. • 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.

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

Disclosure Elements	Corresponding Report Contents
Information Security Internal Control	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 chairman, president, chief auditor, and the head office's legal compliance officer jointly issued the internal control system statement. The Internal Control System contains detailed rules and manuals for information security/online security risks, including application system operations management, hardware and environment management, network management, webpage management, e-mail security management, computer user access rights management, disaster recovery procedures, subsidiary supervision and computer file preservation, storage and processing principles.
Information Security Governance Maturity	• 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, 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 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 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 encrypted attachment detection, and improves network and information system security capabilities.
Information Security Drills	• 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 2-4 social engineering drills irregularly within the scope of security monitoring for all employees. The employee test coverage rate was 100% and drill items included opening mail, clicking on the link, delivery receipt, opening the attachment, and successful phishing. • 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. • Table "First Bank's information security emergency response plan".

Applicable Criteria:

FN-CF-230a.3, FN-CB-230a.2

Refers to the first to seventh points in the technical protocol of SASB FN-CF-230a.3 and FN-CB-230a.2, we confirm and clarify the information security management policy and structure of FFHC, and protect and identify methods of information security-related risks.

No.6 Pg.143

Subject Matter Information :

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.

Note: The fixed salaries hereunder include basic salaries, meal allowances, year-end and holiday bonuses, and the salaries not included hereunder are calculated as variable salaries.

Applicable Criteria:

FN-CF-270a.1

Refers to the first and second points in the technical protocol of SASB FN-CF-270a.1, the total number of fixed salaries and variable salaries of employees of FFHC and all its subsidiaries are counted in 2021, and used to calculate the ratio of variable salaries to total salaries.

No.7 Pg.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:
- Pre-paid 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 overall 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 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.

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 application 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 Pg.199

Subject Matter Information :

On Page 199 Table "Indicators of loan and credit card products - distinguished by credit risks", Interest rate, Average account 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 data 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.
- Pre-paid 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 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.

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 Pg.90, 199

Subject Matter Information :

In 2021, the Group received a total of ..., of which 365 are notified by the competent authority (see appendix for details: sustainable 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 FFHC, except for the statistics on the complaint cases of the Financial Ombudsman Institution and FSC Banking Bureau.

Applicable Criteria:

FN-CF-270a.4

- 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 number of customer complaints filed by the competent authority of FFHC 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 FFHC's customer complaints filed by the competent authority through monetary or non-monetary mediation in 2021.
- Percentage disputed by consumer：Refers to the third point in the technical protocol of SASB FN-CF-270a.4, statistics on the percentage of all FFHC's client 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 FFHC's customer complaints filed by the competent authority that entered into the Financial Ombudsman Institution in 2021.

No.10 Pg.88, 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 hereunder are consistent with the description of the sanction cases issued by the FSC Insurance Bureau.
- The amount of property damage hereunder 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-paid card products are not provided by First Bank.

Applicable Criteria:

FN-CF-000.A

Refers to SASB's activity metric FN-CF-000.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-paid card products are not provided by First Bank.
- The number of credit cards in circulation hereunder is consistent with the relevant statistical data of the Banking Bureau.

Applicable Criteria:

FN-CF-000.B

Refers to SASB's activity metric FN-CF-000.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.85, 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, employs 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 hereunder 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 hereunder are subject to the statistics of penalty 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, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or 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/self-assessment 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 recused. • Depending on the type of case, an independent unit is designated to conduct the investigation. For cases received by the Company and investigated by a subsidiary, the subsidiary is required to report investigation results to the Company. • The investigation unit shall complete the investigation within 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 the law shall be reported to relevant units of the Company and relevant authorities in accordance with the "FFHC Incident Reporting Guidelines" and "First Financial Group Compliance Notification Guidelines".

No.16	Pg.65
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: Regulations hereunder are 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.

No.17	Pg.198

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.

No.18	Pg.198

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.

No.19, 20	Pg.78

Subject Matter Information :

On Page 78 Table "[Corporate finance]- ESG-related products and their respective proportions", the amount and percentage of ESG items.

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

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.

Various Certifications

Comparison Table of the Indicators in the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) in 2021

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

GRI 102: General Disclosures 2016

Disclosure	Description	Chapter Description	Pg.
102-1	Name of the organization	Business performance	P44
102-2	Activities, brands, products, and services		
102-3	Location of headquarters		
102-4	Location of operations		
102-5	Ownership and legal form	Corporate governance	P48
102-6	Markets served	Business performance	P45
102-7	Scale of the organization	Business performance Talent recruitment and skills development	P44-45 P134-135
102-8	Information on employees and others workers	Talent recruitment and skills development	P134-137
102-9	Supply chain	Sustainable procurement and supplier management	P123-125
102-10	Significant changes to the organization and its supply chain	Business performance Sustainable procurement and supplier management	P44-45 P119-121
102-11	Precautionary principle or approach	Risk management and continuous operation	P54-63
102-12	External initiatives	Business performance Sustainable financial products and services	P47 P67-68
102-13	Membership of associations	Business performance	P47
102-14	Statement from senior decision-maker	Chairman's Message	P4-5
102-15	Key impacts, risks, and opportunities	Stakeholder Communication and Materiality Analysis Responsible finance Sustainable financial products and services Climate change strategy and management	P14-19 P67-77 P78-83 P104-109
102-16	Values, principles, standards, and norms of behavior	Ethical corporate management	P64-66
102-17	Mechanisms for advice and concerns about ethics		
102-18	Governance structure	Corporate governance	P48-51
102-19	Delegating authority	Sustainable Governance Operation Mechanisms	P10-11
102-20	Executive-level responsibility for economic, environmental, and social topics		
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Communication and Materiality Analysis	P14-15
102-22	Composition of the highest governance body and its committees	Corporate governance	P51
102-23	Chair of the highest governance body	Our corporate Chairman is Ms.Ye-Chin Chiou / President is Ms. Fen-Len Chen	-
102-24	Nominating and selecting the highest governance body	Corporate governance	P49
102-25	Conflicts of interest		P50
102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainable Governance Operation Mechanisms	P10-11
102-27	Collective knowledge of highest governance body	Corporate governance	P51
102-28	Evaluating the highest governance body's performance		P50-51
102-29	Identifying and managing economic, environmental, and social impacts	Stakeholder Communication and Materiality Analysis Corporate governance	P48-51
102-30	Effectiveness of risk management processes	Sustainable Governance Operation Mechanisms Risk management and continuous operation	P56-63

GRI 102: General Disclosures 2016

Disclosure	Description	Chapter Description	Pg.
102-31	Review of economic, environmental, and social topics	Stakeholder Communication and Materiality Analysis	P14-15
102-32	Highest governance body's role in sustainability reporting	Stakeholder Communication and Materiality Analysis	P14-19
102-33	Communicating critical concerns		
102-35	Remuneration Policies	Corporate governance	P52
102-36	Process for determining remuneration		
102-40	List of stakeholder groups	Stakeholder Communication and Materiality Analysis	P14-19
102-41	Collective bargaining agreements	Human rights protection	P132
102-42	Identifying and selecting stakeholders	Stakeholder Communication and Materiality Analysis	P14-15
102-43	Approach to stakeholder engagement		P16
102-44	Key topics and concerns raised		P16-19
102-45	Entities included in the consolidated financial statements	Corporate governance	P54
102-46	Defining report content and topic boundaries	Stakeholder Communication and Materiality Analysis	P14-15
102-47	List of material topics		P20-43
102-48	Restatements of Information	Report information	P2
102-49	Changes in reporting	Stakeholder Communication and Materiality Analysis	P15
102-50	Reporting period	Report information	P2
102-51	Date of most recent report		
102-52	Reporting cycle		
102-53	Contact point for questions regarding the report		P3
102-54	Claims of reporting in accordance with the GRI Standards		
102-55	GRI content index		P190-194
102-56	External assurance		P3

GRI 103: General Disclosures 2016

103-1	Explanation of the material topic and its boundary	Stakeholder Communication and Materiality Analysis	P20-43
103-2	The management approach and its components	Sustainable Development Goals	P20-43
103-3	Evaluation of the management approach		

Topic-Specific Standards

GRI 200: Economic Topics 2016 (With the exception of GRI 207 which is the 2019 version, the other GRI standards are based on the 2016 version)				
Series	Disclo-sure	Description	Chapter / Description Series	Pg.
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	Corporate governance Sustainable financial products and services Community engagement	P54 P78-83 P158-161
	201-2	Financial implications and other risks and opportunities due to climate change	Responsible finance Climate change strategy and management	P68-77 P104-109
	201-3	Defined benefit plan obligations and other retirement plans	Talent retention and diverse welfare	P148-150
	201-4	Financial assistance received from government	NA	
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Human rights protection	P128 P144, P145
	202-2	Proportion of senior management hired from the local community	Talent recruitment and skills development	P128 P134-135
GRI 203: Indirect economic impacts	203-1	Infrastructure investments and services supported	Sustainable financial products and services Finance innovation and inclusiveness	P78-80 P170-174
	203-2	Significant indirect economic impacts	Sustainable financial products and services Climate change strategy and management Community engagement	P78-83 P108 P158-160
GRI 204: Procurement practices	204-1	Proportion of spending on local suppliers	Sustainable procurement and supplier management	P124
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	Risk management and continuous operation	P54
	205-2	Communication and training about anti-corruption policies and procedures	Ethical corporate management	P64-66
	205-3	Confirmed incidents of corruption and actions taken		P66
GRI 207: Tax 2019	207-1	Approach to tax	Tax governance	P53
	207-2	Tax governance, control, and risk management		
	207-3	Stakeholder engagement and management of concerns related to tax		
	207-4	Country-by-country reporting		P54
GRI 300: Environmental Topics 2016				
GRI 302: Energy	302-1	Energy consumption within the organization	Low carbon operations and circular economy	P114
	302-2	Energy consumption outside of the organization		P115
	302-3	Energy intensity		P114
	302-4	Reduction of energy consumption		P110-118
	302-5	Reductions in the energy requirements of products and services		P115-121
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Low carbon operations and circular economy	P114
	305-2	Energy indirect (Scope 2) GHG emissions		
	305-3	Other indirect (Scope 3) GHG emissions		
	305-4	GHG emissions intensity		
	305-5	Reduction of GHG emissions		P113-114
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		P113
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Low carbon operations and circular economy	P114
GRI 308: Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	Sustainable procurement and supplier management	P123-125
	308-2	Negative environmental impacts in the supply chain and actions taken		

GRI 400: Social Topics (With the exception of GRI 403 which is the 2018 version, the other GRI standards are based on the 2016 version)				
Series	Disclo-sure	Description	Chapter / Description Series	Pg.
GRI 401: Employment	401-1	New employee hires and employee turnover	Talent recruitment and skills development Talent retention and diverse welfare	P137 P144-145
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent retention and diverse welfare	P148-150
	401-3	Parental leave		
GRI 402: Labor/ Management relations	402-1	Minimum notice periods regarding operational changes	Human rights protection	P146
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	Occupational safety and health	P154-156
	403-2	Hazard identification, risk assessment, and incident investigation		P151
	403-3	Occupational health services		P151-157
	403-4	Worker participation, consultation, and communication on occupational health and safety		
	403-5	Worker training on occupational health and safety		
	403-6	Promotion of worker health		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8	Workers covered by an occupational health and safety management system		P156
	403-9	Work-related injuries		P157
	403-10	Work-related ill health		P151-152, P157
GRI 404: Training and education	404-1	Average hours of training per year per employee	Talent recruitment and skills development	P146
	404-2	Programs for upgrading employee skills and transition assistance programs		P138-142
	404-3	Percentage of employees receiving regular performance and career development reviews	Corporate governance Talent recruitment and skills development	P52 P143
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	Corporate governance Talent recruitment and skills development	P49-50 P134-137
	405-2	Ratio of basic salary and remuneration of women to men	Human rights protection	P128
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Human rights protection	P129-131
GRI 407: Freedom of association and collectivebargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainable procurement and supplier management Human rights protection	P123-125 P129-131
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor		
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		
GRI 410: Security practices	410-1	Security personnel trained in human rights policies or procedures	Human rights protection	P127
GRI 411: Rights of indigenous peoples	411-1	Incidents of violations involving rights of indigenous peoples		P126
GRI 412: Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments		P126-127 P129-130
	412-2	Employee training on human rights policies or procedures		
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Sustainable financial products and services Human rights protection	P69-71,P72,P74,P77 P126

GRI 400: Social Topics (With the exception of GRI 403 which is the 2018 version, the other GRI standards are based on the 2016 version)				
Series	Disclo-sure	Description	Chapter / Description Series	Pg.
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	Sustainable procurement and supplier management	P123-125
	414-2	Negative social impacts in the supply chain and actions taken		
GRI 415: Public policy	415-1	Political contributions	NA	
GRI 417: Marketing and labeling	417-1	Requirements for product and service information and labeling	Responsible finance Fair customer treatment and privacy protection	P77 P89
	417-2	Incidents of non-compliance concerning product and service information and labeling		
	417-3	Incidents of non-compliance concerning marketing communications		
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Fair customer treatment and privacy protection	P89
GRI 419: Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Risk management and continuous operation Fair customer treatment and privacy protection	P55 P88

GRI Financial Services Sector Supplement

Aspect: Product Portfolio			
Index	Description	Chapter / Description	Pg.
FS1 / DMA	Policies with specific environmental and social components applied to business lines	Tax governance Risk management and continuous operation Fair customer treatment and privacy protection Responsible finance Climate change strategy and management	P54 P56-57 P88 P67 P108
FS2 / DMA	Procedures for assessing and screening environmental and social risks in business lines	Risk management and continuous operation Responsible finance Sustainable procurement and supplier management	P56-57 P67-77 P123-125
FS3 / DMA	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Responsible finance	P67-77
FS4 / DMA	Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Responsible finance Low carbon operations and circular economy	P68 P122
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Sustainable financial products and services Community engagement	P78-83 P158-161
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose		
Aspect: Active ownership			
FS11	Percentage of assets subject to positive and negative environmental or social screening	Sustainable financial products and services	P78, P81
Aspect: Local communities			
FS14	Initiatives to improve access to financial services for disadvantaged people	Sustainable financial products and services Fair customer treatment and privacy protection Community engagement Finance innovation and inclusiveness	P86-87 P87 P163-165 P170-173
FS15 / DMA	Policies for fair design and sale of financial products and services	Fair customer treatment and privacy protection	P88
FS16 / DMA	Initiatives to enhance financial literacy by type of beneficiary	Fair customer treatment and privacy protection Community engagement Finance innovation and inclusiveness	P91 P163-165 P175

United Nations Global Compact Principles

Classi-fication	Content	Disclo-sure	Chapter	Pg.
Human rights	**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights	●	Human rights protection	P126-127
	Principle 2: Make sure that they are not complicit in human rights abuses.	●	Responsible finance Sustainable procurement and supplier management	P72, P74 P123-125
	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	●	Human rights protection	P126-127, P131-132
Labor	**Principle 4:** The elimination of all forms of forced andcompulsory labor	●		
	Principle 5: The effective abolition of child labor	●		
	Principle 6: The elimination of discrimination in respect of employment and occupation	●		
Environ-ment	**Principle 7:** Businesses should support a precautionary approach to environmental challenges	●	Climate change strategy and management Low carbon operations and circular economy	P102-109 P110-122
	Principle 8: Undertake initiatives to promote greater environmental responsibility	●	Sustainable financial products and services Climate change strategyand management Low carbon operations and circular economy Sustainable procurement and supplier management	P79-81 P104-109 P110-122 P123-125
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	●	Sustainable financial products and services Community engagement Finance innovation and inclusiveness	P78-83 P166 P170-174
Anti-Corruption	**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.	●	Ethical corporate management	P64-66

ISO 26000 Index Content Index

	Major Issues	Disclo-sure	Chapter	Pg.
Organizational governance	Due diligence	●	Sustainable Governance Operation Mechanisms	P10-11
Human rights	Compliance audits to prevent risks due to human rights issues	●	Human rights protection	P129-131, P133
	Human rights risks situations	●		P129-131
	Avoidance of complicity	●	Ethical corporate management	P64-66
	Resolving grievances	●	Talent retention and diverse welfare Human rights protection	P146-147
	Discrimination and vulnerable groups	●		P129-131
	Civil and political rights	●		P129-132
	Economic, social and cultural rights	●	Talent retention and diverse welfare Community engagement	P148-150 P158-168
	Fundamental principles and rights at work	●	Human rights protection	P126-131
Labor Practices	Employment and employment relationships	●	Talent recruitment and skills development	P133-134
	Conditions of work and social protection Social dialogue	●	Human rights protection Talent recruitment and skills development	P126-133 P146-147
	Health and safety at work	●	Community engagement	P158-168
	Human development and training in the workplace	●	Occupational safety and health	P154-157
	Employment and employment relationships	●	Talent recruitment and skills development	P138-143

	Major Issues	Disclosure	Chapter	Pg.
The Environment	Prevention of pollution	●	Low carbon operations and circular economy	P110-122
	Sustainable resource use	●	Climate change strategy and management	P115-119 P106-107
	Climate change mitigation and adaptation	●		
	Protection of the environment, bio-diversity and restoration of natural habitats	●	Community engagement	P162, P166
Fair Operating Practices	Anti-corruption	●	Ethical corporate management	P64-66
	Responsible political involvement	●		
	Fair competition	●		
	Promoting social responsibility in the value chain	●	Stakeholder Communication and Materiality Analysis	P14-43
	Respect for property rights	●	Ethical corporate management	P64
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	●	Fair customer treatment and privacy protection	P88-89
	Protecting consumers' health and safety	●	Community engagement	P164-165
	Sustainable consumption	●	Sustainable financial products and services	P78-83
	Consumer service, support, and complaint and dispute resolution	●	Fair customer treatment and privacy protection	P90-91
	Consumer data protection and privacy	●		P89
	Access to essential services	●	Fair customer treatment and privacy protection Sustainable financial products and services Prevention of money laundering, financial fraud and terrorism financing Finance innovation and inclusiveness	P88 P78-83 P96-101 P170-174
	Education and awareness	●	Fair customer treatment and privacy protection Sustainable financial products and services Community engagement Finance innovation and inclusiveness	P91 P81-83, P86 P161-167 P170-174
Community Involvement and Development	Community participation	●	Fair customer treatment and privacy protection Sustainable financial products and services Community engagement	P91 P86 P161-168
	Education and culture	●		
	Employment creation and skills development	●	Talent recruitment and skills development Community engagement Finance innovation and inclusiveness	P128, P139-142 P163-164 P170-174
	Technology development	●	Finance innovation and inclusiveness	P170-174
	Wealth and income creation	●	Fair customer treatment and privacy protection Sustainable financial products and services	P91 P85
	Health	●	Talent retention and diverse welfare Occupational safety and health Community engagement	P148-149 P152-153 P163-164, P167
	Social investment	●	Community engagement	P158-168

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

	Index	Description	Chapter / Description	Pg.
Financial Institutions		Financial and insurance industry shall disclose their management approaches, topic-specific disclosures and their reporting requirements for operation and business in major topic on data security, financial inclusion, and sustainable finance. Their reporting requirements shall include at least the following items:		
	1.	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	Sustainable Development Goals Fair customer treatment and privacy protection	P20 P89
	2.	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	Sustainable Development Goals Sustainable financial products and services Sustainable Operation Indicators	P22-23 P85 P198
	3.	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	Sustainable Development Goals Community engagement	P27、P40-41 P163-165
	4.	Products and services designed by individual operating units to create benefits for the environment or society.	Sustainable Development Goals	P22-23、P32-33 P40-43
			Sustainable financial products and services Low carbon operations and circular economy Community engagement Finance innovation and inclusiveness	P78-83 P110-122 P158-168 P170-174
Listed Company		The sustainability report mentioned regarding finance and insurance industry shall include relevant environmental, social and corporate governance risk assessments and lay out the performance indicators to manage the material topics identified.	Stakeholder Communication and Materiality Analysis Sustainable Development Goals	P20-43
		The number of its full-time employees who are not in a managerial position, the average and medium of the salaries of the full-time employees who are not in a managerial position, and the difference of the three figures from the previous year.	Talent retention and diverse welfare	P143
		The company's governance around climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and metrics and targets used to assess and manage relevant climate-related issues.	Sustainable Development Goals Sustainable financial products and services Climate change strategy and management Low carbon operations and circular economy Sustainable procurement and supplier management	P32-37 P77 P104-109 P110-122 P123-125

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

Item	Chapter / Description	Pg.
Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.	Stakeholder Communication and Materiality Analysis Sustainable financial products and services	P14-43 P67
Principle 2: Impact & Target Setting We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.	Sustainable Development Goals	P20-43
Principle 3: Clients & Customers We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.	Responsible finance Sustainable financial products and services Community engagement	P67-77 P78-83 P158-168
Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.	Stakeholder Communication and Materiality Analysis Responsible finance Sustainable financial products and services Sustainable procurement and supplier management Community engagement	P14-19 P67-77 P78-83 P123-125 P158-168
Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking.	Sustainable Governance Operation Mechanisms Sustainable Development Goals	P10-11 P20-43
Principle 6: Transparency & Accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.	Sustainable Governance Operation Mechanisms Stakeholder Communication and Materiality Analysis Sustainable Development Goals	P10-11 P14 P8-43

Sustainable Operation Indicators

SASB: FN-CB-240a.1, FN-CB-000.A, FN-CB-000.B, FN-CF-230a.2, FN-CF-270a.2, FN-CF-270a.3, FN-CF-270a.4, FN-CF-270a.5

Financial Inclusion & Capacity Building

◇ Financial inclusion metrics and activity metrics for promoting small business development

Item	Person	Small business	Corporate
Number of loan accounts	150,817	25,578	18,710
Value of loans (Unit: NT$1,000)	27,981,308	218,314,280	345,393,379
Number of checking and savings accounts	6,278,315	41,271	
Value of checking and savings (Unit: NT$1,000)	1,574,188,755	144,010,632	

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

Transaction type	Fraud number	Loss amount
Non-presenting a physical credit card	6 cases	NT$165 thousand
Presenting a physical credit card	44 cases	NT$290 thousand

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 counterfeit application.

Sales Process

◇ Indicators of loan and credit card products – distinguished by credit risks

Industry category	Loan			Credit card		
	Low-risk credit rating customers	High-risk credit rating customers	Overall customers	Low-risk credit rating customers	High-risk credit rating customers	Overall customers
Approval rate (%)	61	4	55	85	44	80
Interest rate (%)	1.80	2.17	1.80	9.26	12.30	9.52
Average account terms (unit: year)	6.99	7.27	7.00	4.07	5.45	4.19
Average number of accounts (credit card) held (unit: account/card)	1.06	1.02	1.06	1.14	1.17	1.14

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

	Number of customer complaints counted by the competent authority (unit: case)	Cases established after mediation (%)	Cases failed after mediation (%)	Cases entering the review process (%)
2021	365	0.55	0.27	3.29

◇ Total financial losses resulting from product sales and services related litigation

	Litigation	Punishment of the Competent Authority
Number of cases	8	1
Incident description and improvement measure	• 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 case-by-case 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	The relevant defects, such as rejection of insurance on the grounds that the insured persons with disabilities/handicapped and rejection insurance for persons with disabilities/handicapped by teaching sales talk, have been improved and incorporated into the legal compliance education and training.
Total loss amount	NT$206,437 (Excluding the amount of losses which are still under trial)	NT$1.2 million

SASB Sustainability Disclosure Topics & Accounting Metrics Content Index

TOPIC	CODE	ACCOUNTING METRIC	Chapter / Description	Pg.
Customer Privacy	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes	Fair customer treatment and privacy protection	P89
	FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy		
Data Security	FN-CF-230a.1 FN-CB-230a.1	• Number of data breaches • Percentage involving personally identifiable information (PII), • Number of account holders affected	Fair customer treatment and privacy protection	P89
	FN-CF-230a.2	Card-related fraud losses from (1) card-notpresent fraud and (2)card-present and other fraud	Sustainable Operation Indicators	P198
	FN-CB-230a.2 FN-CF-230a.3	Description of approach to identifying and addressing data security risks	Fair customer treatment and privacy protection Information security	P88-90 P92-95
Financial Inclusion & Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Sustainable financial products and services Sustainable Operation Indicators	P85,198
	FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	Relevant information will be further disclosed in the future.	-
	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Relevant information cannot be collected yet.	-
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Community engagement	P163
Selling Practices	FN-CF-270a.1	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	Talent retention and diverse welfare	P143
	FN-CF-270a.2	Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660	Sustainable Operation Indicators	P199
	FN-CF-270a.3	(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		
	FN-CF-270a.4	• Number of complaints filed with the Consumer Financial Protection Bureau (CFPB) • Percentage with monetary or nonmonetary relief • Percentage disputed by consumer • Percentage that resulted in investigation by the CFPB	Fair customer treatment and privacy protection Sustainable Operation Indicators	P90, 199
	FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products		P88, 199
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	Relevant information will be further disclosed in the future.	-
	FN-CB-410a.2	Description of approach to incorporation of ESG factors in credit analysis	Responsible finance	P67-73
Business Ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Ethical corporate management	P65
	FN-CB-510a.2	Description of whistleblower policies and procedures		
Systemic Risk Management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	First Bank is not G-SIB, so this metric is not applicable.	-
	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Relevant capital adequacy management is disclosed on page 160 of the 2021 financial statements.	-
Activity Metrics	FN-CF-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Sustainable Operation Indicators	P199
	FN-CF-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate		
	FN-CF-000.A	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	Sustainable financial products and services	P82
	FN-CF-000.B	Number of (1) credit card accounts and (2) pre-paid debit card accounts		

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