

2023 SUSTAINABILITY REPORT



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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 13 consecutive years. The last issue was in June 2023, The Report has been 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 to "Sustainability Report". Furthermore, the English version of the Report (2014) has been issued since 2015. 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 major stakeholders to adjust the sustainable management policy.

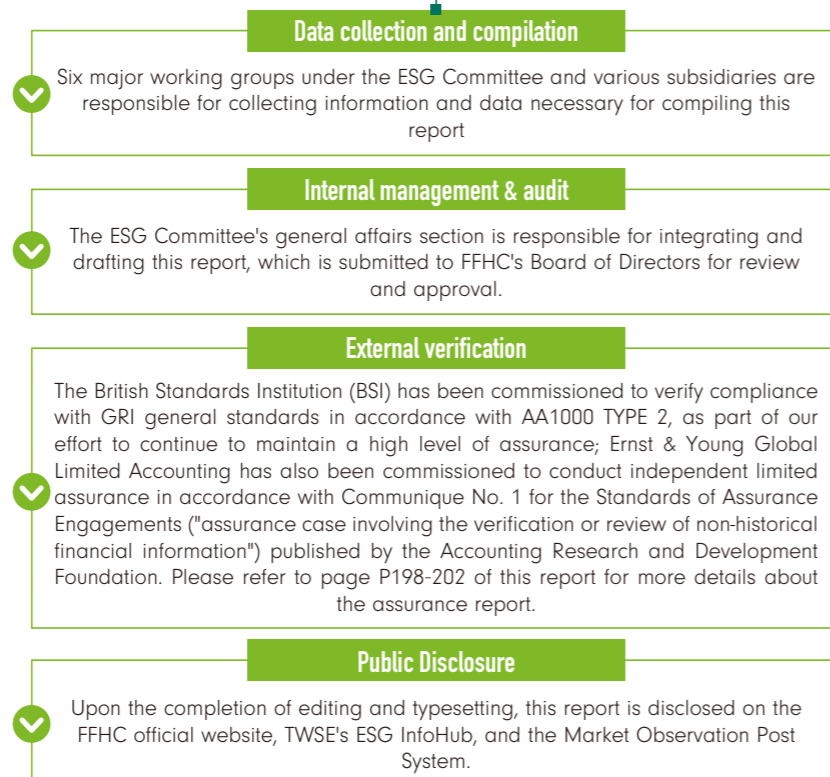
Reporting period

The Company's 2023 report covers the Group's impact and implementation status in material subjects such as economy, environment, demographic groups (including human rights) in 2023 (Jan. 1, 2023 to Dec. 31, 2023) in accordance with GRI standards. Part of the content dates back to information relating to differences or growth between 2020 and 2022. There has been no re-editing of information. This report is publicly disclosed after approval by the Board of Directors.

Scope and boundary

This report is not about our financial statement's sustainability data. The scope of this report mainly focuses on our business operations in Taiwan, and encompasses First Financial Holding and its seven subsidiary companies - First Commercial Bank (including overseas branches), First Securities, FSITC, First Life Insurance, First Financial Assets Management (referred to as First Financial AMC hereafter), First Financial Management Consulting, and First Venture Capital. The financial and non-financial data are consistent with the scope of First Financial Holding's consolidated financial statements. With respect to information pertaining to social impact, First Bank Culture & Education Foundation has also been included. All financial data are quoted in New Taiwan dollar.

Management Flow



Reporting principles

The Global Reporting Initiative, GRI	2021 GRI Sustainability Reporting Standards
	GRI guidelines and financial services sector disclosure standards
	Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
Taiwan Stock Exchange Corporation	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
	Science-based targets initiative, SBTi
Partnership for Carbon Accounting Financials, PCAF	

Reporting quality

Standard	Certification Bodies
Environmental Education Site	
Product Carbon Footprint Label (First Bank Counter Service/Credit Card)	Environmental Protection Administration, Executive Yuan
Product Carbon Footprint Reduction Label (First Bank Counter Service)	
AA 1000 Assurance Standard application type 2 high level of assurance.	
ISO 45001 Safety and Health Management System.	British Standards Institution, BSI
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"	
ISO 14064-1 Greenhouse Gas Inventory	
ISO 50001 Energy Management System	
ISO 14001 Environmental Management System	SGS Taiwan
ISO 20400 Sustainable Procurement - Guideline	
ISO 46001 Water Efficiency Management Systems	
BS 10012 Personal Data Management System	
Product Carbon Footprint Criticality Verification Statement (First Bank Credit Card)	Environment and Development Foundation

Contact method

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CHAIRMAN'S MESSAGE

As we entered the post-pandemic period in 2023, tourism, travel and leisure activities started to perk up, the labor market gradually improved, applications and opportunities relating to emerging technologies such as AI expanded, and businesses continued to invest in R&D and process improvement in response to the trends of digitalization and the transition to net zero, which fueled consumption and investment momentum. Based on a solid operating foundation, the Group stayed on top of business opportunities to reboot the economy, as it continued to enhance the integration of its core operations with ESG factors internally, and concentrated on innovation in FinTech as well as talent cultivation and transformation. Externally, it actively engaged in negotiations with potential financing and investment targets, and urged them to make the transition to carbon reduction and sustainable development. Thanks to concerted efforts, the Group turned in impressive growth and operating results in 2023, as our assets increased to NT\$4.43 trillion. Its consolidated net income totaled NT\$67.255 billion. Its after-tax net profit reached NT\$22.461 billion, up 9.06% from the previous year while setting a new profit record again. The Group's consolidated after-tax ROE and ROA amounted to 9.51% and 0.52%, respectively, and its after-tax earnings per share was NT\$1.65.

In light of the importance of sustainable development to business operation, FFHC established the "CSR Committee" in 2011, which was renamed "ESG Committee" in 2022. In keeping with the business management philosophy of "Building Ethical Governance for a Sustainable Future," it internalized environment, society and governance (referred to as ESG hereafter) as its corporate culture. 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 annual performance evaluation of subsidiaries to continue our progress in promoting sustainable development.

To respond to the risks climate change poses to the operation of the financial industry, FFHC took stock of and identified the risks and opportunities associated with climate change for the Group's operations based on the "Climate-Related Financial Disclosures Recommendations" published by the Task Force on Climate-Related Financial Disclosures (TCFD), in addition to formulating mitigating measures as well as short-, mid-, and long-term goals. The Group followed up on KPI results, conducted scenario analysis on climate risk cases, quantized the resulting financial impact, and published TCFD reports between 2021 and 2023. The Group further received a Level-5+ audit statement - the highest grade - from the British Standards Institution (BSI), and presented a report pertaining to the results of climate change risk assessment, mitigation measures, and state of implementation to the Group's highest management level - the Financial Holding Board of Directors. The Group has incorporated climate risk management into its business operation flows through controlling and managing related risk indicators. It also incessantly adjusts its business strategies to continue to enhance climate governance.

As a member of the Financial Supervisory Commission's Coalition of Movers and Shakers on Sustainable Finance, FFHC strives to introduce Partnership for Carbon Accounting Financials' (PCAF) financial carbon inventories and SBTi's (Science Based Target initiative) carbon reduction pathways. First Financial Holding and its subsidiaries have completed greenhouse gas inventories of all business locations in Taiwan and abroad, and since 2023 has complied with the Science Based Targets (SBT) for carbon reduction, which seek to control warming to under 1.5°C. Annual reduction targets of 4.2% of emissions during the baseline year (2022) have been set for the Group's Scope 1 and Scope 2 emissions, and it has joined the "Partnership for Carbon Accounting and Financials" (PCAF) and SBTi. Carbon emissions inventories employing the PCAF's methodology have been conducted on the investment financing positions, and short-, mid-, and long-term carbon reduction targets for major investment financing business have been set on the basis of inventory results. The Group submitted its SBT short-term carbon reduction goals, which had been approved by the FFHC Board of Directors, to SBTi for review in late 2023. It also established a decarbonization mechanism for investment/financing operations. Targeting corporate financing relating to coal mining, project financing relating to building coal-fired power plants (excluding those qualified for transition to decarbonization), as well as corporate financing cases where the share of revenues from atypical oil and gas exceeds a certain threshold, the Bank pledged not to undertake any such new cases or approve more funds for existing loans. Related positions are expected to return to zero by 2030. First Commercial Bank also publicly pledged not to invest in "high carbon-producing corporations with no transition plans to decarbonization", "companies where coal operations account for more than 25% of revenue," and "companies where atypical oil and gas operations account for more than 10% of revenue". The existing positions in such compa-

nies are expected to be completely eliminated by 2025.

In addition, the Group continues to push forward multiple green financing projects to support industries in their transition to low carbon emissions. As of the end of 2023, approved domestic and foreign green financing projects had reached NT\$227.93 billion cumulatively. In particular, the Group has granted loans to a cumulative total of 215 clients for the "Sustainability Linked Loan", in which companies whose ESG performance indicators have improved are prioritized. A cumulative total of NT\$346.3 billion has been approved. We also provide funds needed for programs to improve the environmental benefits of pollution control, green transportation, green buildings/green factories, and energy and resource conservation. Moreover, FSITC raised and issued the "First Financial Holding Global Sustainable Impact Investing Multiple Asset Fund", the first ESG fund for impact investing in Taiwan. It also issued financial bonds focusing on sustainable development, and rolled out a time deposit program for sustainable development. The funds are used to help companies develop renewable energy programs such as solar and wind generation installations, as well as credit cases for social housing. In doing so, we hope to guide companies, investors and deposit account customers to invest in clean energy industries and march towards the 2050 net-zero emissions goal. On the other hand, First Financial Management Consulting has successfully raised and managed three green energy funds totaling NT\$780 million. Meanwhile, First Venture Capital also invested NT\$333 million in the construction of solar power plants with a capacity of approximately 47 MW. Once the power plants are completed, they are expected to reduce 47,000 metric tons of CO₂e every year, comparable to the annual carbon absorption by around 121 Da'an Forest Parks. FFHC also led by example by establishing a "Green Building Label Certification Program" team in 2010. As of the end of 2023, we had refurbished 33 existing buildings, which have all received the Green Building Label from the Ministry of the Interior (including Diamond class for 29 buildings, Silver class for one building, Bronze class for one building, and Certified for two buildings). Two newly constructed buildings have obtained the Gold-class Green Building Label. Our London branch office building has also obtained the "PASS" green building rating from the Building Research Establishment in the UK. All of these green buildings contributed to an annual reduction of 2,927 metric tons of CO₂e in 2023.

In response to the government's goal of building environment-friendly and low-carbon cities, FFHC had constructed 23 solar-powered branches as of 2023, contributing to an annual reduction of 122.04 metric tons of CO₂e. Between 2015 and 2023, we purchased green electricity, carbon credits and renewable energy certificates totaling 8,608,000 kWh. We also set a target of generating and using 220 MWh of renewable energy in 2024, as we continue to increase the share of renewable energy that we use. We installed "green roofs featuring solar power generation, rainwater harvesting and ecological hydroponic function" on our Wanhua, Huashan, and Chang'an branch buildings, which help create zero carbon aquaponic farms that generate solar power, harvest rainwater, and grow fishes and vegetables. Our Wanhua Branch has been certified by the Environmental Protection Administration as an "Environmental Education Facility." The branch has rolled out environmental education courses incorporating core financial competencies, including "energy conservation and carbon reduction with green buildings", "climate change risk management", "green loans and financing review", and "green consumer finance". We held 33 environmental education sessions for enterprises, government agencies, and schools in 2023, with a total of 1,290 people participating. We also promote the renewal and reconstruction of dangerous and old buildings by offering preferential loans aimed at "accelerating the reconstruction of dangerous and old urban buildings". We had completed a cumulative total of 231 urban renewal financing cases as of the end of 2023, and the total approved amount reached NT\$180.198 billion. In particular, 133 of these projects have been awarded Silver-class Green Building Label certification or above, and 3,921 households have benefited as a result.

We have responded to the United Nations' sustainable development goals by providing financial services to vulnerable demographic groups and remote areas. FFHC actively promotes inclusive finance and has expanded financing services for domestic small and medium enterprises. As of the end of 2023, outstanding loans to SMEs had reached NT\$925.8 billion, and our market share has topped all domestic banks for 14 consecutive years. We continue to support loans for "small and micro enterprises", "Loans for Young Entrepreneurs and Start-ups", "Loans for Micro Entrepreneurs", and "Micro Loans for Female Entrepreneurs", and have undertaken a total of 14,921 such accounts; We also launched the "Micro Enterprise e-Services" online loan application platform, enabling small and micro enterprises to quickly obtain start-up loans and operating capital. 5,981 applications were accepted in total in 2023. To provide care to our aging society, we offered the "e-First Smart Money Management" retirement financial manage-

ment service. On top of that, the cumulative trust assets of elderly customers and persons with disabilities had reached NT\$25.349 billion by 2023. We had provided a cumulative total of 233 "Comfort Loan" reverse mortgage loans up to the end of 2023, with an approximate approved amount totaling NT\$1.624 billion.

In terms of financial innovation, we rolled out the "Consumer Carbon Footprint Inquiry" service in 2023. Consumers can inquire about the carbon emissions of their transactions made with their credit cards each month via the iLeo app. We have also developed the "ESG Sustainable Application Map Inquiry Tool", so that the general public can inquire about environmental observations relating to their local areas by inputting their addresses at one go, as well as about areas susceptible to disasters triggered by climate change. In addition, the "iLEO Digital Account" developed in-house by First Commercial Bank is the first financial service that simultaneously provides comprehensive online account initiation to adults, minors and sole proprietors. Users of the iLEO Digital Account had exceeded 1.56 million by the end of 2023, making it the fifth largest digital account in Taiwan. The iLEO app has been downloaded 1.1 million times cumulatively, with an annual growth rate of 46.1%. To improve the service quality of our branches, we have also integrated AI technology to introduce the full-function virtual bank teller "e". As of the end of 2023, this "smart teller service" had been used 1,115,589 times, with a response accuracy rate of 98%. We also completed the addition of multiple languages, including Japanese, Vietnamese, Indonesian and Thai, to our existing ATMs, as we strive to enhance the inclusiveness of our financial services.

FFHC has been actively building a gender-equal and gender-friendly work system and workplace environment. The share of our female employees and the average compensation of female executives have outpaced those of their male counterparts. Furthermore, as part of our efforts to create a workplace environment conducive to mothers' health, we provide maternity (prenatal checkup) leave and paternity (prenatal checkup) leave that exceed the minimum benchmark set by labor laws, in addition to increasing employee childbirth subsidies. With effect from 2023, female employees who undergo intrusive artificial insemination procedures are eligible for two days' paid leave, as we strive to realize our management vision of a "happy workplace". We have been awarded the "OHS SDGs" by the Occupational Safety and Health Administration, Ministry of Labor, in addition to receiving the "Happy Enterprise Gold Award" from the 1111 Job Bank.

FFHC has combined group resources and its employees to actively engage in public welfare events. In 2023, it invested more than NT\$110 million to subsidize disadvantaged schoolchildren and groups, fund the cultivation of talented athletes, and support food banks and exhibition/performance platforms for the art and cultural communities. We rolled out diverse inclusive finance products targeting the elderly, youths, women, disadvantaged people and SMEs, and issued various green and charity credit cards, including the World Card, Leezen Co-branded Credit Card, Living Green Card, YiLan Affinity Card, and Taoyuan Affinity Card. A fixed percentage of the amount of transactions made with these credit cards would be donated to benefit environmental conservation and social welfare events, as part of our efforts to encourage our credit card holders to engage in sustainable consumption. We have thereby donated NT\$782 million cumulatively. We have amassed many important domestic and foreign ESG awards for our stellar ESG efforts and performance, including continued inclusion as a constituent stock of the world's top 3 ESG indexes - DJSI, FTSE and MSCI. We were also rated as a "top 5% listed company" in the Corporate Governance Evaluation of the Taiwan Stock Exchange Corporation for the ninth consecutive time. We have also received the "Taiwan Top 10 Sustainable Paradigm Company Award" from the Taiwan Corporate Sustainability Awards (TCSA). We also won the top honor as a winner of the Ministry of Environment's fifth "National Enterprise Environmental Protection Award", becoming the only Taiwanese enterprise to have won five straight times. Aside from being ranked in the top 20% of all banks in the "First Sustainable Finance Evaluation" by the Financial Supervisory Commission, First Commercial Bank was also "ranked in the top 25% for fair customer treatment" for two straight years by the Financial Supervisory Commission. First Securities and First Life Insurance were also "ranked in the top 50% for fair customer treatment", as the Group continues to deepen its culture for fair customer treatment and integrity.

Looking ahead to 2024, the Group will continue to enhance its digital developments as well as the interdisciplinary integration of various business units and channels. We will incorporate our core management values into ESG implementations through strengthening the sustainable finance DNA of all of the Group's employees. We seek to stay on top of green business opportunities, realize inclusive finance, guide our supply chains, customers and shareholders towards low-carbon transformation. We will work with stakeholders to plan for a mutually beneficial net-zero ecosystem where we can all thrive together, as we endeavor to improve the long-term value for the "FIRST brand in sustainable finance".

First Financial Holding Chairman

Yechin Chion



AWARDS AND ACKNOWLEDGMENTS IN 2023

FFHC was selected for inclusion as a constituent in the Dow Jones Sustainability World Index for 6 years in a row, and was also selected for inclusion as a constituent in the Dow Jones Sustainability Emerging Markets Index for the 8th consecutive year.

FFHC's TCFD report obtained the highest level certification of "LEVEL-5+" again by the British Standards Institute 3 times.

Awarded the highest rating of AAA in ESG ratings for the banking sector by MSCI All Country World Index (MSCI ACWI Index) 2 times

OVERALL ESG PERFORMANCE

- Selected as a member of the S&P Global Sustainable Yearbook for the seventh time, and ranked in the top 5% of the global banking industry
- Ranked in the "top 5% among publicly listed companies" in the TWSE Corporate Governance Evaluation for the ninth time
- Ranked in the top 20% in the "First Sustainable Finance Evaluation" by the Financial Supervisory Commission
- The Group's bank, security company and insurance subsidiaries all made the "list of companies with better institutional investor stewardship disclosure"
- Included as a constituent stock of the "FTSE4Good Emerging Index" of London for seventh straight years
- Taiwan Corporate Sustainability Awards (TCSA) - "Taiwan Top 10 Sustainable Paradigm Company Award", "Taiwan Corporate Sustainability Reports Award - Platinum Award, Financial & Insurance Industry", "Climate Leadership Award", "Workplace Wellbeing Leadership Award", "Social Harmony Leadership Award", "Innovative Growth Leadership Award", and "Information Security Leadership Award"
- First Commercial Bank was presented with the "Sustainability Resilience Pilot Award" by the British Standards Institution (BSI), its eighth such award in as many years

ENVIRONMENTAL PERFORMANCE

- First Commercial Bank was awarded the Excellence Award, the top accolade in the fifth "National Enterprise Environmental Protection Award" hosted by the Ministry of Environment, becoming the only Taiwanese enterprise to be awarded in five straight years
- Certificates of "Evaluation of Environmental Education Facility and Field - Outstanding Unit", "Outstanding Unit for Promoting Green Procurement & Green Consumption" and "Carbon Reduction Label" from the Ministry of Environment
- Certified for "Level 1+ Energy Efficiency Label (near zero-carbon building) for Existing Buildings" by the Ministry of Interior
- One Gold Award and two Silver Awards for "Environmental Sustainability" in the Taiwan Institute for Sustainable Energy's 3rd Taiwan Sustainability Action Awards
- Certified to "PAS 2060:2014 Carbon Neutral" by the British Standards Institution

SOCIAL PERFORMANCE

- Awarded the "OHS SDGs" by the Occupational Safety and Health Administration, Ministry of Labor
- "Happy Enterprise Gold Award" and "Happy Enterprise Silver Award" presented by the 1111 Job Bank
- "Taipei City Workplace Gender Equality Certificate" Golden Quality Award presented by the Department of Labor, Taipei City Government
- "Gold Award for Social Inclusion" from Taiwan Institute for Sustainable Energy's 3rd Taiwan Sustainability Investment Awards
- First runner-up in the Financial Supervisory Commission's "Best Trust Awards" and first runner-up in the "Elderly Care Trust Award", as well as a special award for its zealous participation in the "Campaign to Walk into the Campus and Communities to Increase Financial Literacy".
- Named as an insurance company with outstanding performance for the "National Insurance Coverage Improvement Plan" for the 28th consecutive time
- "Buying Power Award (Second Runner-up)" from the Ministry of Economic Affairs
- First Commercial Bank has won the Sports Activist Awards from the Sports Administration, Ministry of Education for five straight years, including the triple accolades of "Sponsorship Category - Golden Quality Award", "Long-term Sponsorship Award", and "Promotion Category - Golden Quality Award".
- "Award for Reaching Out to Persons with Disabilities" in the Financial Supervisory Commission's microinsurance competition
- "Best Domestic Bank for Promoting Public Welfare" award in the Wealth Magazine's Wealth Management Awards

PRODUCTS AND SERVICES

- Ranked in the "top 25% for fair customer treatment" by the Financial Supervisory Commission for two straight years
- Financial Supervisory Commission's "Banks with Outstanding Results for Conducting Loans to SMEs", "Incentivizing Domestic Banks to Ramp Up Efforts to Conduct Credit Extension for Target Countries Identified in the Country's New Southbound Policy - Outstanding Banks", "Conducting Loan Cases for Six Core Strategic Industries - Grade-A Bank", "Citation Plan for Collaborating Financial Institutions with Stellar Results", "High Distinction Award (1st place) for Growth in the Amount of Financing for New Southbound Countries", "Excellence Award for the Total Amount of Applied Financing", "Excellence Award for the Submission of COVID-19 Cases for Collateral Audit", and "Excellence Award for the Submission of Financing Cases for Collateral Audit by a Branch Office".
- Level-A verification from the Taiwan Intellectual Property Management System (TIPS), Bureau of Industry, Ministry of Economic Affairs
- International Date Corporation's Financial Insights Innovation Awards (FIIA)- Asia's Leader in Sustainable Finance
- Taiwan Institute for Sustainable Energy's 3rd Taiwan Sustainability Investment Awards - "Institutional Impact - Good Example Award (Bank Division), (Securities Division) and (Venture Capital Division)", "Institutional Impact - Merit Award (Life Insurance Division)", and "Case Impact - Sustainability Topic Investment Award" Silver-grade
- "Financial Consultants for Old-Aged People - Strong Presence Award" from the Trust Association of R.O.C.
- "Best Product- Top National Award", "Best Product", "Outstanding Enterprise", and "Best Popular Brand" in the 20th National Brand Yushan Award
- Financial Supervisory Commission's "Financially-Friendly Benchmark Exemplary Bank"
- The Commercial Times' "Diverse Trust Innovation Award" - "Best Elderly Care Trust Innovation Awards-Golden Quality Award", "Best Real Estate Management Trust Innovation Awards - Golden Quality Award", "Best Trust Marketing Excellence Awards-Golden Quality Award", "Urban Renewal & Reconstruction of Dangerous and Old Buildings Trust Innovation Awards - Excellent Quality Award", "Best Employee Welfare Trust Innovation Awards - Excellent Quality Award", "Best Sustainable Trust Innovation Awards - Excellent Quality Award", and "Banking Industry Silver Medal", "Digital Finance Award" and "Digital Information Security Awards - Excellent Quality Award" in the "Second Taiwan Customer Service Assessment".
- The Joint Credit Information Center's "Golden Security Awards" and "Special Contribution Awards-Sustainable Financing". The Bank has won the "Golden Excellence Awards" for five straight years
- "Taiwan's Best Digital Commercial Bank of the Year Award" and "Taiwan's Best Bank for SMEs of the Year Award" from Asian Banking & Finance, an international financial magazine based in Singapore
- Taiwan Insurance Institute's "Taiwan Insurance Excellence Awards" - "Excellence Award for Promoting Protection-Oriented Products-Silver Quality Award"
- Business Today's "Assessments on Wealth Management Banks & Securities Companies"-first place finish in the "Best Risk Control Award", "first runner-up in the "Best Trust Innovation Award", second runner-up in the "Best Financial Advisory Team Award", first runner-up in the "Best Customer Trust Award", first runner-up in the "Best Elderly-Friendly Award", and second runner-up in the "Best Sustainable Development Award", etc.
- "Best Bank Evaluation-Best New Southbound Contribution Award" from the Excellence Magazine
- "Special Contribution Award" and "Interbank Service Innovation Award" from Financial Information Service Co., Ltd.
- "Added Wealth Value Award for Domestic Banks" in the Wealth Magazine's Wealth Management Grand Prix

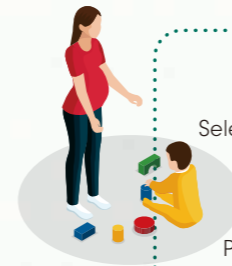


PERFORMANCE HIGHLIGHTS IN 2023



ENVIRONMENT

- Built **three** "zero-carbon green roofs" as well as **23** branches fitted with solar power generation
- Refurbished **36** self-owned buildings and obtained diamond-class (29), silver-class (1), bronze-class (1) and qualified-class (2), 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 **64** remote elementary schools, and replaced **17,792** sets of LED lamps, reducing carbon emissions by about **799** metric tons
- Used the science-based targets of controlling warming to under 1.5°C to set the total annual carbon reduction targets of 4.2% for Scope 1 and Scope 2 from the baseline year (2022). A reduction of **10.57%** from 2022 for Scope 1 and Scope 2 was achieved in 2023.



SOCIETY

- First in the country to **offer two days of paid leave for "artificial insemination leave"**
- Selected as a constituent stock of "Taiwan High Compensation 100 Index" for **10** consecutive years and "Taiwan Employment Creation 99 Index" for **14** consecutive years
- A total amount of **NT\$112.03** million was invested in social participation
- Provided a total of NT\$925.8 billion in loans to SMEs and became the **Top** lender to SMEs by market share in the domestic banking industry for the 14th consecutive year
- All companies within the Group have started to **conduct sweeping employee stock ownership trust** since 2024



GOVERNANCE

- FFHC was selected for inclusion as a constituent in the **Dow Jones Sustainability World Index** for **6** years in a row.
- **"Top 10 Sustainable Paradigm Company Award"** from the Taiwan Corporate Sustainability Awards (TCSA)
- FFHC was rated as a top **5%** listed company in the TWSE Corporate Governance Evaluation for the **9th** time.
- Selected into the S&P Global Sustainability Yearbook **7** times, ranking in the **top 5%** of global banks
- Ranked in the top **20%** in the "First Sustainable Finance Evaluation" by the Financial Supervisory Commission
- Awarded the **highest rating of AAA** in ESG ratings for the banking sector by MSCI All Country World Index (MSCI ACWI Index) **2** times
- FFHC's TCFD report obtained the highest level certification of **"LEVEL-5+"** by the British Standards Institute (BSI) **3** times



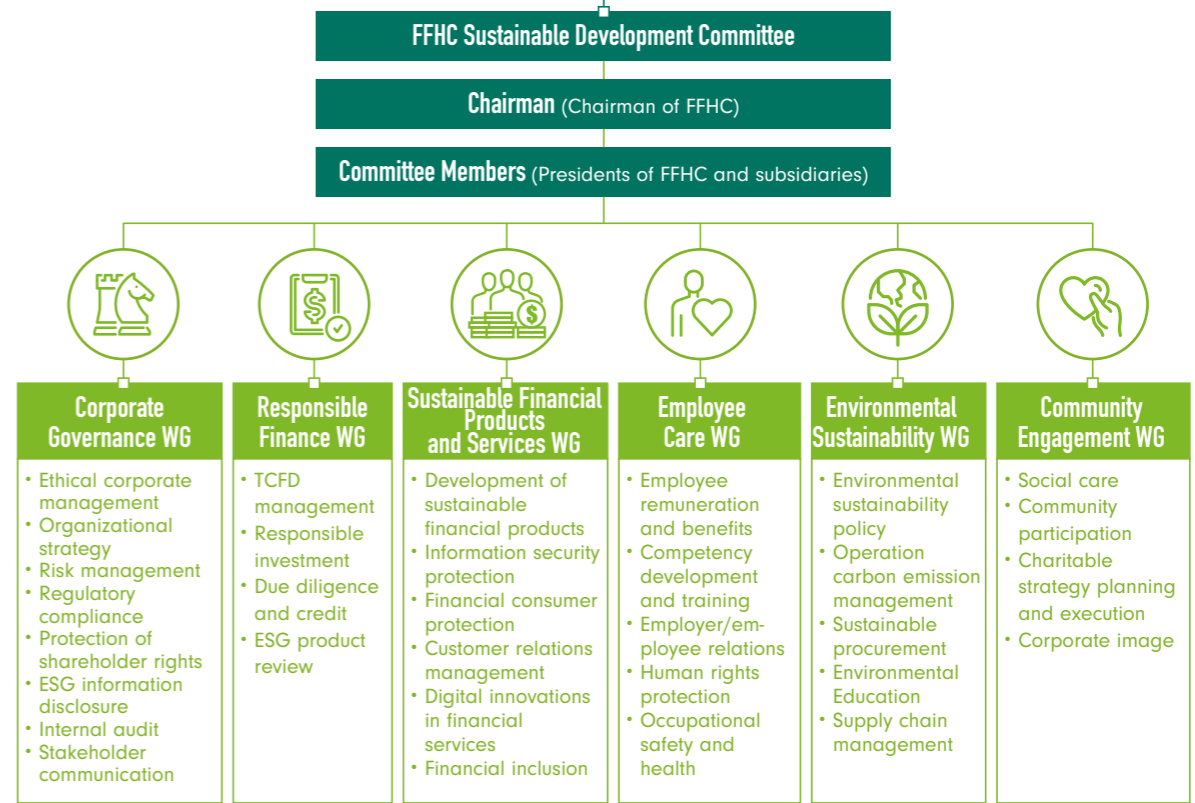
SUSTAINABLE GOVERNANCE OPERATIONAL MECHANISMS

1. Sustainable Governance Organizational Structure

In 2011, the FFHC Board of Directors approved the establishment of the CSR Committee, and renamed as "Sustainable Development committee" in March, 2022, which is the core organization of the Group for promoting sustainable governance with the Chairman as the chair and Presidents of the companies of the Group as members of the Committee. 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.

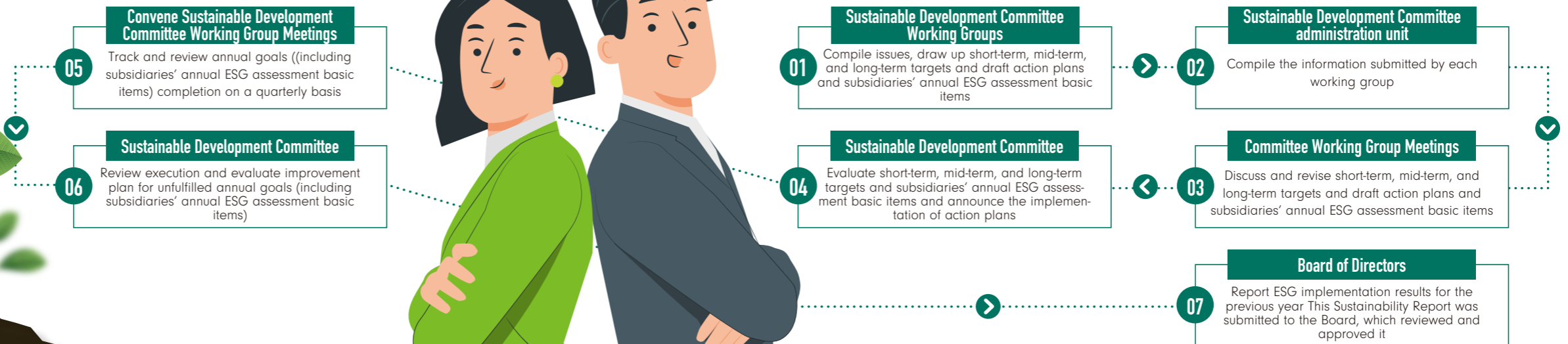
FFHC has also formulated the "Sustainable Development Guidelines" and "Sustainable Development Policy", which serve as the ultimate guiding principle for the companies within the Group to respond to risks and seize the opportunity for business management with respect to various ESG aspects. To ride the trend of sustainable financial development, the Board of Directors has been designated as the highest supervisory unit for climate risk governance. An ESG Committee and a Risk Management Committee have been established under the Board. These two committees take stock of and identify the risks and opportunities posed by climate change to the Company's operations based on TCFD's suggestions on climate-related financial disclosures, and formulate risk management strategies and corresponding measures. We joined the Partnership for Carbon Accounting Financials (PCAF) in 2022, and took inventory of Scope 3 investment/financing and financial carbon emissions based on its suggested methodology. We also joined the SBTi in November that year, and submitted our short-term carbon-reduction pathway reviewed and approved by the Board to the SBTi at the end of 2023, as we continue to reduce the share of highly-polluting (carbon emissions) industries in our investment and financing portfolio, in order to help contribute to the country's commitment to achieving net-zero emissions. Results of the Group's risk assessment of climate change, mitigating measures and implementation status are reported to the Risk Management Committee as well as the Board. We also comply with the Principles for Responsible Banking (PRB), Principles for Responsible Investment (PRI), and Principles for Sustainable Insurance (PSI), and have incorporated ESG issues into the development strategies and operating procedures of our core business operations such as investment, financing, underwriting and insurance. We comply with related policies on sustainable credit extension, sustainable investment and sustainable insurance, and strive to guide our customers and invested companies to fulfill the responsibilities of environment protection and social sustainability.

■ FFHC Sustainable Governance Organizational Structure



2. Sustainable Development Committee Functions and Team Operation Mechanism

Every year, each working group of the Sustainable Development committee compiles the ESG Issues of Concern to FFHC stakeholders, then draws up the short-term, 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. Within 4 months after the end of the fiscal year, major sustainability issues of stakeholder concern in the 3 major aspects of governance, environment, and social were reported to the Board of Directors using the framework for sustainability reporting guidelines published by the Global Reporting Initiative (GRI) and SASB industry standards. The report contained the risks and opportunities generated by the Group's operations, short-, medium-, and long-term targets in sustainable development, and target achievement in the previous year.



FIRST FINANCIAL HOLDING SUSTAINABLE DEVELOPMENT MILESTONES

2011-2012

- 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

2013-2014

- 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 in 2013".
- Received "Gold Award" and "Climate Leadership Award" from the Taiwan Corporate Sustainability Report Awards in 2014.
- 14th Place in the Large Enterprises category of the Commonwealth Magazine CSR Corporate Citizenship Awards in 2014.
- Published first English version of Sustainability Report in 2014.
- Received "Gold Award", "Transparency and Integrity Award" and "Climate Leadership Award" from the Taiwan Corporate Sustainability Report Awards in 2015.
- 9th Place in the large enterprises category of the Commonwealth Magazine Corporate Citizenship Awards in 2015.
- Received Excellence Award in the Environmental Friendliness Category of the "Global Views Corporate Social Responsibility Awards".

2015-2016

- 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.

2017-2018

- 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 Gold and Platinum Award", "Talent Development Award".
- Won 3rd place among large companies in Commonwealth Magazine-Corporate Citizenship Award.
- Won the Model Award of the "Grand Survey - Financial Industry Group" of the Global Views-CSR Corporate Social Responsibility Award.
- Included as constituent stock in the FTSE4Good Emerging Index for consecutive years.

2022

- Revised First Financial Holding's corporate social responsibilities, enterprise sustainable development policy, and Enterprise Sustainable Development Committee by renaming them to "Sustainable Development Guidelines", "Sustainable Development Policy", and "Sustainable Development Committee".
- Named by the Financial Supervisory Commission as a member of the "Coalition of Movers and Shakers on Sustainable Finance"
- Selected as a constituent stock in the "World Index" and "Emerging Market Index" of the Dow Jones Sustainability Indices (DJSI) for five and seven consecutive years, respectively.
- Received the highest distinction of an "A" rating in the 2022 CDP climate change questionnaire, the only domestic company in the financial sector to receive the highest "A" rating for 4 times as well as 5 consecutive years in the "Leadership level". Awarded the highest A leadership level in the CDP 2021 Supplier Engagement Rating
- Selected as a constituent stock of the Bloomberg Gender-Equality Index (GEI)
- Constituent stock of the MSCI All Country World Index (MSCI ACWI Index) and AAA in the bank sector of the MSCI ESG Ratings
- Included as a constituent stock in the FTSE4Good Emerging Index for six consecutive years
- Awarded the "National Sustainable Development Award in the Enterprise Category" by the National Council for Sustainable Development, Executive Yuan
- Awarded "Best ESG Award - 2nd Place" at the 11th Elite Awards of Taiwan Academy of Banking and Finance
- TCFD report once again obtained highest certification of BSI "LEVEL -5+"
- Obtained 6 major awards including the "Taiwan Corporate Sustainability Report Award - Platinum in Finance and Insurance Industries", "Climate Leadership Award", "Innovative Growth and Leadership Award", "Cybersecurity Leadership Award", and "Social Inclusion Leadership Award" from the Taiwan Corporate Sustainability Awards.
- Ranked in the "top 5% among listed companies" in the TWSE Corporate Governance Evaluation for the eighth time; ranked in the top 10% (top 4) among listed and OTC companies in the "finance and insurance category" for the third time
- Selected 6 times to The Sustainability Yearbook, ranking into the top 1% of the global bank sector, published by S&P Global

2021

- Revised the First Financial Holding CSR Policy to "Corporate Sustainable Development Policy"
- Changed the name of the FFHC CSR Committee to "Corporate Sustainable Development Committee" and adjusted the five Working Groups to six Working Groups
- 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 7th 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"

2019-2020

- Selected as a constituent stock in DJSI World Index for the 3rd consecutive year and DJSI Emerging Markets for 5 consecutive years.
- FFHC attained "A-" Leadership Level in the CDP climate change questionnaire which was the best performance in Taiwan's 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.
- Twice selected as a constituent stock with AA ESG Ratings for banking enterprises in the MSCI Global Sustainability Index.
- 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.
- Included as constituent stock in the "FTSE4Good Emerging Index" on the London Stock Exchange for the consecutive year.
- 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".
- First Bank and First Life Insurance were rated among the "Top 20% of the Fair Customer Treatment Principles Evaluation Rankings".

2023

- Amended the FFHC Sustainable Development Guidelines
- Selected as a member of the S&P Global Sustainable Yearbook for the seventh time; ranked in the top 5% of the global banking industry
- Ranked in the "top 5% among listed companies" in the TWSE Corporate Governance Evaluation for the ninth time
- Chosen as a constituent stock of the "World Index" by the Dow Jones Sustainability Index (DJSI) for six straight years; chosen as a constituent stock of the "Emerging Markets Index" for eight straight years
- Chosen as a constituent stock of the MSCI "Global Standard Indexes (MSCI ACWI Index) for the second time; recognized as an AAA company, the highest level in the bank category of ESG Ratings
- Selected as a constituent stock of the "FTSE4Good Emerging Index" in London for seven straight years
- Taiwan Corporate Sustainability Awards - seven major awards, including "Taiwan Top 10 Sustainable Paradigm Company Award", "Taiwan Corporate Sustainability Reports Award - Platinum Award, Financial & Insurance Industry", "Climate Leadership Award", "Workplace Wellbeing Leadership Award", "Social Harmony Leadership Award", "Innovative Growth Leadership Award", and "Information Security Leadership Award", etc.
- The Group's bank, securities and life insurance subsidiaries all made the TWSE "list of companies with better institutional investor stewardship disclosure in 2023"; First Securities was selected for the third consecutive year
- First Commercial Bank was ranked in the top 20% in the "First Sustainable Finance Evaluation" organized by the Financial Supervisory Commission, and was ranked in the "top 25% for fair customer treatment" by the Financial Supervisory Commission for two straight years

STAKEHOLDER COMMUNICATION AND MATERIALITY ANALYSIS

GRI : 2-29 \ 3-1 \ 3-2

1. Stakeholder identification and communication

Since First Financial Holding Co., Ltd. (FFHC) issued its 2011 Sustainability Report in 2012, stakeholders' opinions have served as the guiding principles for the company's sustainable development strategy. By listening to stakeholders' opinions and collecting their concerns on ESG-related issues, the company understands the themes and aspects of ESG information that matter to them. This process also takes into account international sustainability standards and initiatives such as the GRI Standards, ISO 26000, SDGs*1, TCFD*2, and the Equator Principles*3. Sustainability evaluations such as the CDP*4, DJSI*5, and MSCI ESG Ratings*6, specific issues for the finance industry such as the PRB*7 PRI*8, SASB*9, and GRI disclosure indicators for the financial services industry, stakeholder communications and feedback, and the Group's development strategy for sustainable finance is adopted as the basis for materiality analysis. To further respond to the revision of GRI 2021 General Standards G3: Material Topics (2021), the Group has adopted economic, environmental, and social impact assessment methodologies developed by institutions such as the Value Balancing Alliance (VBA), Harvard Business School's Impact-Weighted Accounts research project, and the London Benchmarking Group (LBG). We have established an impact-based materiality analysis process (comprising three major stages and six key steps) to identify 18 material topics across three dimensions: governance, environment, and people (including human rights). These topics are internalized as the company's sustainable development goals and serve as the foundation for preparing the report.

Identification and recognition

Step 1: 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/Unions/Retirees; 2. Shareholders/Investors/Analysts; 3. Customers; 4. Suppliers; 5. Community/Non-Profit Organizations/NGOs/Scholars and Experts; 6. Government and Regulatory Authorities; and 7. Media/Financial Industry Peers. These groups serve as the primary communication targets for the Sustainability Report.

Step 2: Identifying the issues of concern

The ESG Committee and various teams reference international sustainability standards/initiatives, special topics in the financial sector, stakeholder feedback, and the Group's sustainable development strategy to identify sustainability issues related to the Group's operations. This includes the aspects of governance (9 issues), environment (5 issues), and people (6 issues).

Analysis and confirmation

Step 3: Investigate 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 821 valid questionnaires including 256 from customers, 29 from suppliers, 75 from investors, 207 from employees, 92 from the media/other financial institutions, 2 from the government, and 160 from communities/NPOs/academics and experts.

Step 4: Analyze the degree of impact of sustainability issues on operations and confirm material topics.

Evaluate the impact of various sustainability issues on revenue growth, brand image, customer satisfaction, employee engagement, and overall group operations and sustainable development. The significance of each sustainability issue is determined by 15 senior executives, including the President of FFHC and its subsidiaries, as well as the conveners and secretaries of various committees. These issues are then ranked based on the level of concern from 821 stakeholders regarding 20 sustainability issues and the impact on the group's operations and sustainable development from 15 questionnaires.

Step 5: Compile materiality analysis matrix for issues of concern

To evaluate the significance of the impact of sustainability issues, we employ a sustainability impact assessment methodology from the perspectives of governance, environment, and people. This involves considering positive and negative, potential and significant, and value chain aspects. Through the "Sustainability Issue Impact Assessment Form" filled out by 17 group members, we further evaluate the intensity and likelihood of the impacts of 20 sustainability-related issues on governance, environment, and people. Additionally, we understand the impact boundaries and involvement level of sustainability issues within the value chain. Through this step's confirmation that all 18 sustainability issues have significant impact, the materiality analysis matrix is prepared, material topics that require priority response are selected, and the effectiveness of their execution is reported to the Board of Directors.

Action

Step 6: Reviewing all material topics covered by the Sustainability Report.

The ESG Committee will determine indicators and material topics that require disclosure when compiling the sustainability report based on each team's GRI general criteria resolutions passed by the Committee. The reporting requirements of each material topic will provide details of their response strategy, short-medium- and long-term goals, execution results, and management policies.

- *1 : United Nations Sustainable Development Goals
- *2 : Task Force on Climate-Related Financial Disclosures, TCFD
- *3 : Equator Principles, EPs
- *4 : Carbon Disclosure Project, CDP
- *5 : Dow Jones Sustainability Index, DJSI
- *6 : MSCI ESG Ratings
- *7 : United Nations Principles for Responsible Finance, PRB
- *8 : United Nations Principles for Responsible Investment, PRI
- *9 : Sustainability Accounting Standards Board, SASB

2. Material Topics Identification and Management

To obtain representative samples in the survey on the "level of concern to stakeholders", the number of questionnaires was determined based on the interaction, importance, and impact principles. 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.

Considering the growing global investor concern over the environmental and social externalities arising from corporate operations, and in response to the revision of GRI 2021 Universal Standards G3: Material Topics (2021), FFHC has adopted impact assessment methodologies developed by institutions such as the Value Balancing Alliance (VBA), Harvard Business School's "Impact-Weighted Accounts" research project, and the London Benchmarking Group (LBG). Additionally, the EU Corporate Sustainability Reporting Directive, CSRD European Sustainability Reporting Standards, and Double Materiality concept of ESRS have been incorporated. By utilizing both monetized and non-monetized methodologies, an impact-based materiality analysis process has been established. This process considers both "organizational operational impacts" and "governance, environmental, and individual impacts," evaluating the significance of sustainability issues from both internal and external organizational perspectives. The resulting data is then cross-analyzed to create a materiality analysis matrix.

Assessment of Economic, Environmental, and Social Impact

Category	Sustainability issues	Operational impact (Financial materiality)			Sustainability impact (Impact materiality)												
		Revenue increase	Customer satisfaction	Employee cohesion	Brand image	Industry technology development (Positive)	Create upstream output value (Positive)	Paying tax (Positive)	Increase financial returns for investors (Positive)	Assist in industry transformations (Positive)	Offer affordable goods (Positive)	Promote purchasing power (Positive)	Improve employment opportunities (Positive)	Improve community quality (Positive)	Cultivate finance talents (Positive)	Pollutant emissions (Negative)	
Economic factors	Business Performance	●		●		●	●	●	●		●	●		●			
	Responsible Finance	●			●	●	●	●	●	●				●			
	Corporate Governance	●	●		●			●	●	●				●			
	Risk Management and Operational Continuity	●	●													●	
	ESG Products and Services	●	●		●	●	●		●	●				●			
	Ethical Operations and Fair Treatment of Customers		●		●	●		●	●					●			
	Information Security and Privacy Protections		●														
	Money Laundering, Financial Fraud and Terrorism Financing Prevention																
	Tax Governance							●	●								●
	Decarbonization Strategy for Investment/Financing									●							
Environmental factors	Green Operations and Net Zero Initiatives																
	Climate Strategy and Management	●							●								
	Sustainable Procurement and Supplier Management					●										●	
Social factors	Biodiversity and ecological conservation															●	
	Occupational Safety and Health			●								●					
	Digital Innovation and Inclusion		●		●	●			●								
	Talent Retention and Accessible Benefits		●										●				
	Social Impact				●			●	●	●	●	●	●	●	●	●	
	Diverse Talent Recruitment and Skills Cultivation			●							●	●	●	●	●	●	
	Human Rights and Gender Equality			●		●				●	●	●	●	●	●	●	

● : It refers to the substantial impact of ESG on the organization's operational impact or sustainable development impact.

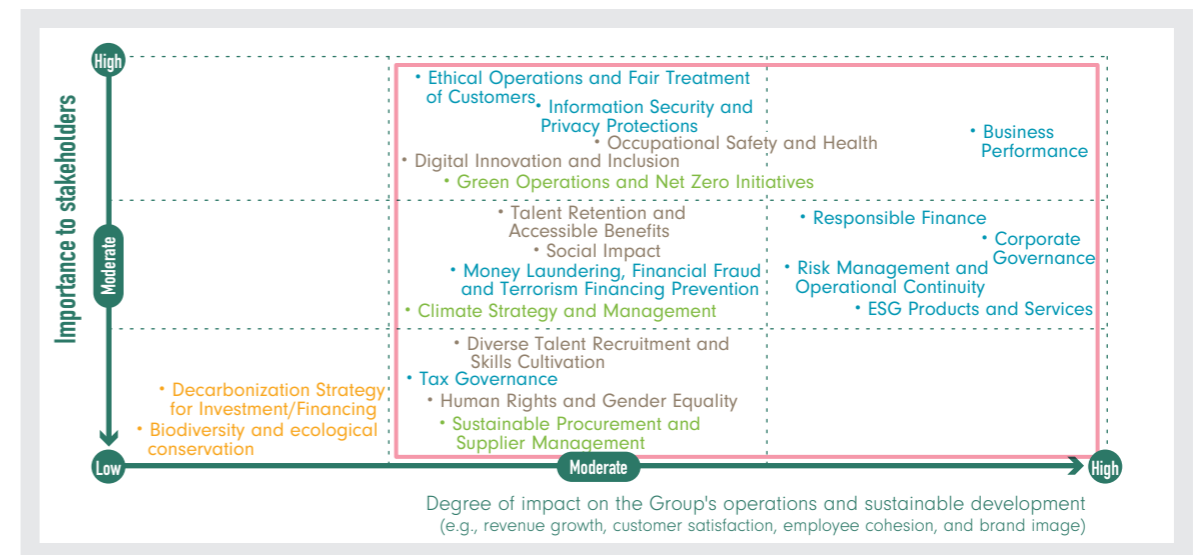


Sustainability issue impact assessment results

Sustainability issues	Order	Degree of impact on organizational operations	Level of concern of stakeholders	Sustainable development impact
Business Performance	1	★★★	★★★	★★★
Responsible Finance	2	★★	★★	★★★
Corporate Governance	2	★★★	★★	★★★
Risk Management and Operational Continuity	4	★★★	★★	★★
ESG Products and Services	5	★★★	★	★★★
Ethical Operations and Fair Treatment of Customers	6	★★	★★★	★
Information Security and Privacy Protections	6	★	★★★	★
Occupational Safety and Health	6	★★	★★	★
Digital Innovation and Inclusion	9	★	★★	★★
Green Operations and Net Zero Initiatives	10	★	★★	★
Talent Retention and Accessible Benefits	10	★	★★	★★
Social Impact	12	★	★	★★★
Money Laundering, Financial Fraud and Terrorism Financing Prevention	13	★	★★	★
Climate Strategy and Management	13	★	★	★★
Diverse Talent Recruitment and Skills Cultivation	15	★		★★
Tax Governance	16	★★		★★
Human Rights and Gender Equality	16	★	★	★★
Sustainable Procurement and Supplier Management	16	★	★	
Decarbonization Strategy for Investment/Financing	19	★		
Biodiversity and ecological conservation	20			★

★★★ Extreme concern/impact; ★★ High concern/impact; ★ Concern/impact

First Financial Holding ESG matrix



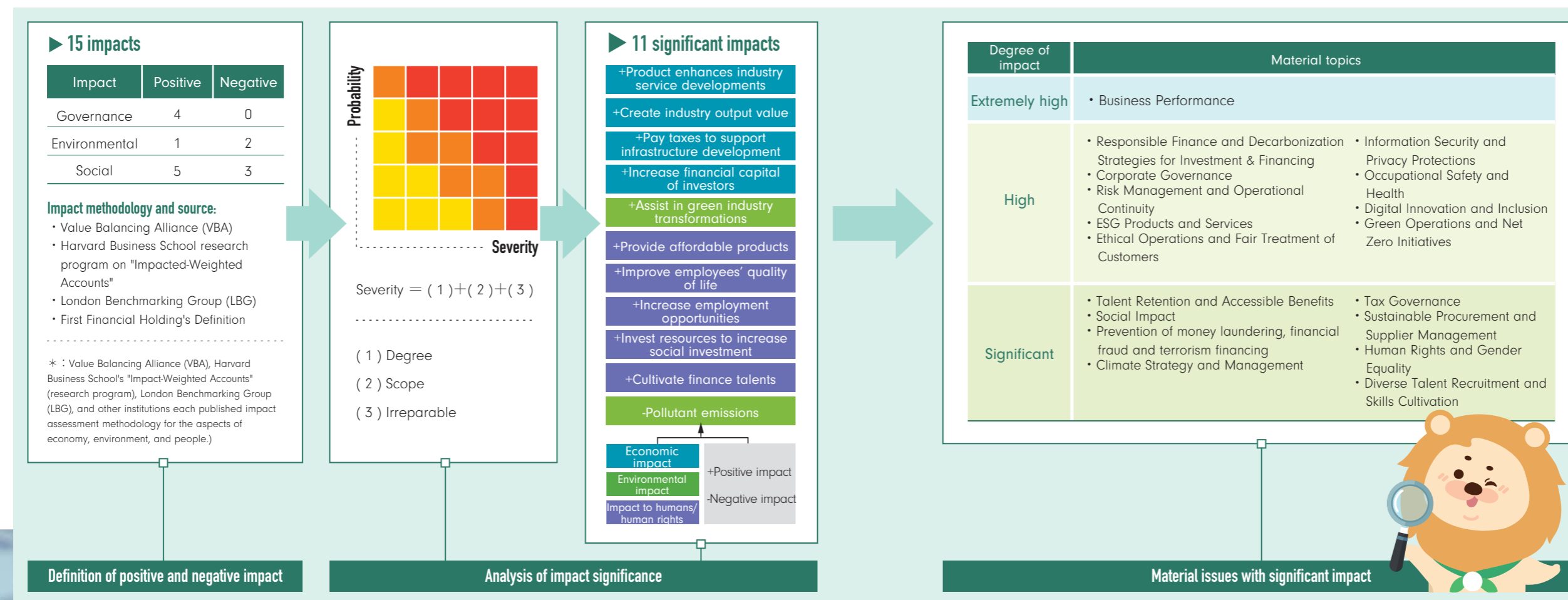
Explanation of differences and adjustments in material topics compared to 2022: Rename the material topic "Climate Action" to "Green Operations and Net-Zero Action." Additionally, considering that decarbonization has become an international development trend and that the company has already incorporated decarbonization mechanisms into its sustainable lending/investment policies, the investment and financing decarbonization strategy, though rated low in impact assessment, stakeholder concern, and operational impact, will still be included in the Responsible Finance section.

3. Sustainable impact assessment of value chain activities

As a cash flow provider for the industry chain, First Financial Holding is extremely concerned with the impact onto society and the environment. Our management thinking linked to financial performance can identify the positive/negative, potential/significant, and mid- and long-term impact of the Group's operations towards human life. In 2023, FFHC's value chain activities generated positive impacts amounting to NT\$4.2 trillion while also resulting in a negative impact of NT\$53.2 billion. Over 96% of this impact stemmed from downstream investment and credit businesses, highlighting the crucial role of the financial industry in driving sustainable transformation across various sectors. Through our investment and credit businesses, FFHC has driven the industrial chain to generate NT\$3.8 trillion in output, creating 660,000 job opportunities and NT\$282.7 billion in salaries. However, the consumption of natural resources and environmental pollution during the supply and demand processes within industries also resulted in NT\$53.1 billion in

social costs. In terms of positive impacts, investments boost industrial output, create job opportunities and salaries, after-tax net profit, interest, and employee compensation, which are considered high-impact items. The high negative impacts are mainly pollutant emissions caused by investments and credit. From these significantly high-impact items, we can define responsible finance and investment decarbonization strategies, operational performance, talent retention, and friendly benefits as high-impact ESG issues. In order to mitigate negative impact, First Financial Holding is dedicated to utilizing financial influence and core functions to expand the effect of sustainable investments and financing to more effectively allocate resources, support industry transitions towards sustainable development, and share sustainable values with stakeholders.

Impact assessment model - quantization method



■ Impact assessment model - currency method

Cause of the Impact	Management of ESG Issues	Output Metric	Impact Item	Type of Impact	Monetary (KNTD)		Impact Rating	Impact Stakeholders
					2022	2023		
Supply chain	Sustainable procurement and supply chain management	Procurement demand drives industrial supply and demand relationships	Social Externality - Increasing the supply chain's output value	Positive (+)	5,819,928	4,586,704	●●●●● ○○○	Society
		Employment opportunities in the supply chain created by procurement needs	Social Externality - Employment income of employees in the supply chain	Positive (+)	466,903	453,152	●●●●● ○○○○	External Employees
		GHG emissions generated by the supply chain	Environmental Externality - GHG emissions of the supply chain	Negative (-)	32,378	25,237	●●●●● ○○○○○	Environmental
		Air pollution generated by the supply chain	Environmental Externality - Air pollutant emissions of the supply chain	Negative (-)	28,666	18,385	●●●●● ○○○○○	Environmental
Company Operations	Business Performance	Net profit after tax	Added Value Income (GVA) - Net profit after tax	Positive (+)	20,595,663	22,461,001	●●●●●●● ○○	Shareholders/investors
		Interest	Added Value Income (GVA) - Interest	Positive (+)	28,085,214	71,501,734	●●●●●●● ○○	Customers
		Leasing	Added Value Income (GVA) - Leasing	Positive (+)	165,455	906,128	●●●●● ○○○○	Suppliers
		Depreciation and Amortization	Added Value Income (GVA) - Depreciation and Amortization	Positive (+)	2,243,880	2,316,507	●●●●● ○○○	Suppliers
	Tax Governance	Paying tax	Added Value Income (GVA) - Paying tax	Positive (+)	6,127,440	8,787,445	●●●●● ○○○	Society
	Talent Retention and Accessible Benefits	Employee compensation	Added Value Income (GVA) - Employee compensation	Positive (+)	17,575,865	18,465,190	●●●●●●● ○○	Employees
	Climate and strategy management	GHG emissions from energy usage	GHG emissions from energy usage	Environmental Externality - GHG emissions	Negative (-)	33,289	30,462	●●●●● ○○○○○
Use renewable energies to prevent GHG emissions			Environmental Externality - GHG emissions	Positive (+)	1,057	2,623	●●●●● ○○○○○	Environmental
Water use leads to water scarcity		Environmental Externality - Water usage	Negative (-)	3	4	●●●●● ○○○○○	Environmental	
Gasoline and diesel use causes air pollution		Environmental Externality - Air pollutant emissions	Negative (-)	11,156	12,483	●●●●● ○○○○○	Environmental	
Environmental impact of waste disposal processes		Environmental Externality - Waste	Negative (-)	634	728	●●●●● ○○○○○	Environmental	

Cause of the Impact	Management of ESG Issues	Output Metric	Impact Item	Type of Impact	Monetary (KNTD)		Impact Rating	Impact Stakeholders
					2022	2023		
Company Operations	Occupational Safety and Health	Occupational disasters involving employees	Social Externality - Employee occupational disasters	Negative (-)	2,616	1,470	●●●●● ○○○○○	Employees and Society
		Number of people with cardiovascular disease	Social Externality - Employee health risks	Negative (-)	5,939	1,760	●●●●● ○○○○○	Employees and Society
		Number of people with improved health management	Social Externality - Employee health management	Positive (+)	3,653	3,412	●●●●● ○○○○○	Employees and Society
		Diverse Talent Recruitment and Skills Cultivation	Training to acquire skills and income growth	Social Externality - Future revenue of employees	Positive (+)	571,184	425,755	●●●●● ○○○○
Products and Services	Social Impact	Resources and expenses invested in social inclusion	Social Externality - Social investment value	Positive (+)	96,388	112,032	●●●●● ○○○○	Society
		Investing and financing boosts industry supply and demand relationships	Social Externality - Increase the industry chain's output value	Positive (+)	3,782,907,974	3,802,927,796	●●●●●●● ●●●	Society
		Investment and financing create employment opportunities in the industry chain	Social Externality - Employment income of employees in the industry chain	Positive (+)	287,707,522	282,678,640	●●●●●●● ●●○	External Employees
	Responsible Finance and Decarbonization Strategies for Investment & Financing	Industry chain GHG emissions from investment and financing	Environmental Externality - Industry chain GHG emissions	Negative (-)	26,113,286	26,723,443	●●●●●●● ○○	Environmental
		Industry chain air pollutant emissions from investment and financing	Environmental Externality - Industry chain air pollutant emissions	Negative (-)	25,947,707	26,382,169	●●●●●●● ○○	Environmental
		Renewable energy investments prevent GHG emissions	Environmental Externality - Green finance benefits	Positive (+)	411,519	309,022	●●●●● ○○○○	Environmental

*1 : Added value income includes net profit after tax (shareholders/investors), interest (customers), leasing (suppliers), compensation (employees), depreciation and amortization (suppliers), and taxes (society), which directly generate financial benefits for stakeholders. The methodology references VBA (2022).


*2 : Externality refers to the positive or negative impacts on human well-being resulting from the interactions between FFHC's operational activities and various types of capital. These impacts do not directly generate benefits or costs for the company. Environmental externalities consider the carbon social cost, human health loss costs, and ecosystem damage resulting from greenhouse gases, air pollution, waste, and water resource consumption. Social externalities consider the employment impact on employees and society brought by issues such as salary quality, career development, equal opportunities, health, and well-being.

*3 : With consideration to the different economic conditions of each country, we use gross national income (GNI) assessed based on the purchasing power parity of each region to adjust value coefficients, and align the time boundary to the monetary value using 2017 as the baseline year. The methodology references OECD (2012) and PwC UK (2015).

Level of impact	Currency Value (NT\$ million)
●○○○○○○○	0~1
●●○○○○○○○	1~10
●●●○○○○○○	10~100
●●●●○○○○○	100~1,000
●●●●●○○○○	1,000~10,000
●●●●●●○○○	10,000~100,000
●●●●●●●○○	100,000~1,000,000
●●●●●●●●●	>1,000,000

4. Stakeholder Communication Channels and Results

Stakeholder	Materiality	Communication channel and frequency	Material topics	Communication highlights and accomplishments
Employees 	<p>Employees are the company's most important asset, and are crucial to the company's competitiveness. The support of employees is critical to corporate sustainable development and the most important component in our promotion of sustainable developments.</p>	<ul style="list-style-type: none"> • Monthly/Quarterly: Employer-Employee Meeting, Employee Welfare Committee, Labor Safety and Health Committee, and Labor Pension Oversight Committee • Once a year: Employee commitment survey • At least once a year: Employee Savings and Stock Ownership Committee • Once every three years: Revise the collective bargaining agreement • Permanent: Employee and sexual harassment complaint hotlines, fax, email, internal company website employee opinion discussion forum, "Whistleblowing Section," "General Manager's Mailbox," and "Ideas Mailbox." • Irregular: e-Student digital learning system and business unit morning and evening meetings 	<ul style="list-style-type: none"> • Diverse Talent Recruitment and Skills Cultivation • Occupational Safety and Health • Talent Retention and Accessible Benefits • Ethical Operations and Fair Treatment of Customers • Business Performance • Human Rights and Gender Equality 	<ul style="list-style-type: none"> • In 2023, 3,250 employees passed English proficiency certification tests such as the LTTC, IELTS, TOEFL, TOEIC, BULATS, and GEPT while 356 employees passed the JLPT and the LTTC's Japanese, Spanish, Korean, and German language certifications. • The result of the Group's employee engagement survey in 2023 was 91.88%. • Chosen for inclusion in the "Taiwan Employment Creation Index 99" for the 14th consecutive year • Chosen for inclusion in the "Taiwan High Compensation 100 Index" for the 10th consecutive year • Awarded the "OHS SDGs" by the Occupational Safety and Health Administration, Ministry of Labor • Received the 1111 Job Bank 2023 Happy Enterprise Gold Award • Received the "2023 Taipei City Workplace Gender Equality Certificate" Golden Quality Award presented by the Department of Labor, Taipei City Government
Shareholders / investors 	<p>To protect shareholder equity and to treat all shareholders equally, a corporate governance system has been set up so that shareholders enjoy the right to full information, participation, and decision-making on important company matters</p>	<ul style="list-style-type: none"> • Quarterly: Hosting of investor seminars. • Monthly and quarterly: Announce operational performance. • Once a year: Convene shareholders' meetings and publish annual reports in Chinese and English, sustainability reports, and annual ESG credit rating meetings with rating agencies. Participate in international ESG evaluations such as DJSI, CDP, and water questionnaires. • Permanent: The Company's website has an Investor Services section with contact details for the spokesperson and the Investor Relations Department, including phone numbers and email addresses. The Sustainability Development section features a stakeholder survey form. Recordings of institutional investor briefings are also published on the website for investors to view (retained for one year). • Irregular: Publication of corporate governance, investor seminar presentations, financial information, annual reports, sustainability reports, and related investors affairs in both English and Chinese on the corporate website. Invited to participate in investor conferences organized by securities brokers to communicate with investors. Participate in domestic and foreign initiatives and organizations related to corporate governance. 	<ul style="list-style-type: none"> • Business Performance • Corporate Governance • Tax Governance • Risk Management and Operational Continuity • Ethical Operations and Fair Treatment of Customers • Prevention of money laundering, financial fraud and terrorism financing • Information Security and Privacy Protections • Responsible Finance and Decarbonization Strategies for Investment & Financing • ESG Products and Services • Climate Strategy and Management • Human Rights and Gender Equality 	<ul style="list-style-type: none"> • Annually implement internal/triennially commission external professional independent institutions to evaluate the performance of the Board of Directors (individual director) and functional committees. The evaluation results are reported to the Board of Directors and disclosed on the company website before the end of the first quarter of the following year. • The Group's bank, security company and insurance subsidiaries all made the "list of companies with better institutional investor stewardship disclosure" • Chosen as a constituent stock of the "World Index" by the DJSI for 6 consecutive years; chosen as a constituent stock of the "Emerging Markets Index" for 8 consecutive years • Selected for the S&P Global Sustainability Yearbook 7 times, ranking in the top 5% of global banks • Included as constituent stock in the "FTSE4Good Emerging Index" for 7 consecutive years • Chosen as a constituent stock of the MSCI "Global Standard Indexes (MSCI ACWI Index)" for the second time; recognized as an AAA company, the highest level in the bank category of ESG Ratings • According to the credit rating of stable issued by credit rating agencies such as Taiwan Ratings, S&P and Moody's, our Group enjoys a strong competitive advantage in the financial industry and is a model of sound corporate governance. In the financial market, we have demonstrated 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 	<p>By upholding 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 to commit ourselves to improving customer satisfaction.</p>	<ul style="list-style-type: none"> • Permanent: All of our Group subsidiaries have customer complaint channels (business units/customer service hotlines/e-mail). The Group's website has contact windows for each company with the telephone number, address, and email of the contact persons. • Regularly: Announce the "Customer Data Confidentiality Measures" and "Customer Service Commitment" for account statements, latest financial information, and event announcements, and select service role models. • Irregular: Conduct customer satisfaction surveys via telephone questionnaires, email questionnaires, customer service hotlines, or outsourced services. Organize trust seminars for the elderly and disabled, financial investment seminars, industrial zone seminars, and ESG engagement meetings. 	<ul style="list-style-type: none"> • Ethical Operations and Fair Treatment of Customers • Information Security and Privacy Protections • Responsible Finance and Decarbonization Strategies for Investment & Financing • ESG Products and Services • Risk Management and Operational Continuity • Climate Strategy and Management • Digital Innovation and Inclusion • Business Performance 	<ul style="list-style-type: none"> • First Bank was ranked in the top 20% in the "First Sustainable Finance Evaluation" by the Financial Supervisory Commission. • First Bank was ranked in the "top 25% for fair customer treatment" for 2 consecutive years • First Bank was awarded the "Second Place of the Best Trust Award" and "Second Place of the Pension Trust Award" of the first phase of the Financial Supervisory Commission's trust promotion 2.0 plan, "Banks with Outstanding Results for Conducting Loans to SMEs", "Incentivizing Domestic Banks to Ramp Up Efforts to Conduct Credit Extension for Target Countries Identified in the Country's New Southbound Policy - Outstanding Banks", "Conducting Loan Cases for Six Core Strategic Industries - Grade-A Bank", "Citation Plan for Collaborating Financial Institutions with Stellar Results", "High Distinction Award (1st place) for Growth in the Amount of Financing for New Southbound Countries", "Excellence Award for the Total Amount of Applied Financing", "Excellence Award for the Submission of COVID-19 Cases for Collateral Audit", and "Excellence Award for the Submission of Financing Cases for Collateral Audit by a Branch Office". • First Life Insurance won the microinsurance competition organized by the Financial Supervisory Commission and received the "Compassion to the Disabled Award" as well as being selected for the 28th consecutive time as an excellent company that "Improves the Insurance Guarantee Plans for Citizens". • First Bank received the Joint Credit Information Center's "Golden Security Awards" and "Special Contribution Awards-Sustainable Financing". The Bank has won the "Golden Excellence Awards" for 5 consecutive years • First Bank has remained the number one bank in terms of SME lending market share for 14 years in a row. • Won the "Excellence Award for Financing Amount Growth in New Southbound Countries" and "Excellence Award for the Number of Credit Guarantee Applications and Financing Amount Growth" from the Overseas Credit Guarantee Fund • "Financial Consultants for Old-Aged People - Strong Presence Award" from the Trust Association of R.O.C. • Zhongshan Branch was named a "Financially-Friendly Benchmark Exemplary Bank" by the Financial Supervisory Commission. • Continued to promote the "Sustainable Performance Linked Loan Project", offering preferential interest rates to companies with improved environmental performance indicators. In 2023, the project approved 146 accounts with a total of NT\$346.3 billion
Media / financial institutions 	<p>FFHC periodically discloses ESG-related information through the media, which is one of our important communication channels with stakeholders.</p>	<ul style="list-style-type: none"> • Permanent: Establish a spokesperson and PR department for liaising purposes. • Irregular: Participate in various evaluations/symposiums/seminars, and organize press conferences and issue press releases. 	<ul style="list-style-type: none"> • Business Performance • Ethical Operations and Fair Treatment of Customers • Information Security and Privacy Protections • Corporate Governance • Digital Innovation and Inclusion • Talent Retention and Accessible Benefits • Social Impact 	<ul style="list-style-type: none"> • "Taiwan's Best Digital Commercial Bank of the Year Award" and "Taiwan's Best Bank for SMEs of the Year Award" from Asian Banking & Finance, an international financial magazine based in Singapore • The Commercial Times' "Digital Information Security Award - Excellent Quality Award" of the "Digital Finance Award", 3rd "Diverse Trust Innovation Award" - "Best Elderly Care Trust Innovation Awards-Golden Quality Award", "Best Real Estate Management Trust Innovation Awards - Golden Quality Award", "Best Trust Marketing Excellence Awards-Golden Quality Award", "Urban Renewal & Reconstruction of Dangerous and Old Buildings Trust Innovation Awards - Excellent Quality Award", "Best Employee Welfare Trust Innovation Awards - Excellent Quality Award", and "Best Sustainable Trust Innovation Awards - Excellent Quality Award". • Active interactions with the media to present ESG performance. • The expert team provides daily updates on market conditions and financial products to help the public keep track of the financial market.

Stakeholder	Materiality	Communication channel and frequency	Material topics	Communication highlights and accomplishments
Suppliers / contractors 	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.	<ul style="list-style-type: none"> Permanent: Whistleblowing 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 launch: <ol style="list-style-type: none"> Require companies that sell fund and insurance products through the First Bank to have compiled sustainability reports or issued a sustainable development commitment letter. 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 Irregular: Organize supplier meetings, publish procurement information on the company website, and make bidding transparent 	<ul style="list-style-type: none"> ESG Products and Services Green Operations and Net Zero Initiatives Sustainable Procurement and Supplier Management Social Impact Ethical Operations and Fair Treatment of Customers 	<ul style="list-style-type: none"> Introduced the 7 core topics of the ISO 20400 Sustainable Procurement Guidelines to procurement practices. Completed the performance evaluation for the certification of the ISO 20400 Sustainable Procurement Guidelines in November 2023, and obtained the certificate and a Level 4 rating. Completed investigations of 3,012 suppliers and included 326 suppliers into a database of qualified companies Included in the Benchmark Private Businesses and Groups in Green Purchasing by the Taipei City Government for the 9th consecutive year, while green purchasing amounted to NT\$115.17 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
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	<ul style="list-style-type: none"> Permanent: Continued to establish an effective corporate governance structure and complete internal control system. FFHC was selected by the Financial Supervisory Commission (FSC) as a member of the "Coalition of Movers and Shakers on Sustainable Finance" and appointed to the role of convener for the "Working Group for the Promotion of Net Zero Initiatives for Domestic/Foreign Financial Industries". Irregular: Participate in competent authority forums, seminars, public hearings, competitions, selection and evaluation mechanisms. Comply with relevant laws and policies of regulatory authorities, cooperate with their supervision and audits, and disclose operational information on the Market Observation Post System and the Company's website. 	<ul style="list-style-type: none"> Ethical Operations and Fair Treatment of Customers Corporate Governance Prevention of money laundering, financial fraud and terrorism financing Risk Management and Operational Continuity Green Operations and Net Zero Initiatives Information Security and Privacy Protections ESG Products and Services Responsible Finance and Decarbonization Strategies for Investment & Financing Climate Strategy and Management Sustainable Procurement and Supplier Management Occupational Safety and Health Social Impact 	<ul style="list-style-type: none"> Selected 9 times by the Taiwan Stock Exchange Corporate Governance Evaluation System into the "top 5% of publicly listed companies", selected for 9 consecutive years as a constituent stock of the "TWSE Corporate Governance 100 Index", and selected for 7 consecutive years as a constituent stock of the "Taiwan Sustainability Index" Organize seminars and exchange activities with international sustainable finance organizations or financial industry peers, make relevant suggestions, and propose recommendations to enhance corporate and public awareness of sustainable finance. The Payroll Account Section, Carbon Reduction Pioneer Green Credit Card, One-Stop Omni-Channel Customer Interaction Platform, First Gold Securities-Mobile Winner App, and Meile Chuanjia USD Variable Rate Whole Life Insurance all won the 20th National Brand Yushan Award for Best Product. The securities subsidiary also received the Outstanding Enterprise Award, and the "LEO Digital Bank" won the Best Popular Brand Award. Awarded the Excellence Award, the top accolade in the fifth "National Enterprise Environmental Protection Award" hosted by the Ministry of Environment. Joined the Partnership for Carbon Accounting Financials (PCAF) and Science Based Targets initiative (SBTi) FFHC's TCFD report obtained the highest graded certification of "LEVEL 5+" from The British Standards Institution (BSI) for 3 consecutive years. Awarded the "Carbon Reduction Label" from the Ministry of Environment, "Evaluation of Environmental Education Facility and Field - Outstanding Unit", and "Outstanding Unit for Promoting Green Procurement & Green Consumption" First Bank's Head Office Building received the "Energy Efficiency Label for Buildings" from the Ministry of the Interior Selected by the Industrial Development Bureau, Ministry of Economic Affairs to organize the A grade certification of Taiwan Intellectual Property Management System (TIPS) First Bank donated 1% of payments made with the World Card totaling NT\$1.37 million to the "School Education Savings Account" platform of the Ministry of Education, which in turn helped 1,065 economically disadvantaged schoolchildren First Bank donated 3% of payments made with the Yilan Card totaling NT\$3.15 million to the Yilan County Government for use in social welfare, tree planting, and tree protection activities Reported the business overview to the competent authorities every quarter to help the government keep track of the overall financial environment
Community / Non-profit organizations / Non-government organizations / Academics and experts 	Communities form the foundations for our development. 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.	<ul style="list-style-type: none"> Regular: Organize arts and culture exhibitions, concerts, and the training of table tennis teams. Irregular: Organize blood donation/donations/comfort visits/green organic activities/tree planting/beach cleanups and mountain cleanups as part of our charitable and green volunteer activities. Conduct financial primary schools/gender equality workshops/green finance and environmental education courses/health and financial management seminars/free clinics in rural areas. Sponsor sports activities such as tennis/table tennis/weightlifting/athletics, taekwondo/archery/road running/badminton. Participate in ESG-related organizations, host energy-saving seminars, and sustainable finance lectures. 	<ul style="list-style-type: none"> Social Impact ESG Products and Services Climate Strategy and Management Green Operations and Net Zero Initiatives 	<ul style="list-style-type: none"> Sponsor dental equipment in rural areas of Chiayi County, Tainan City, and Taichung City to provide better medical services to local residents Assisted a total of 4,479 disadvantaged schoolchildren in Ankeng, Zhongzheng, and Erchong Elementary Schools for 13 consecutive years and provided education assistance programs Sponsored the "Financial Service Industry Education Foundation" with NT\$2.5 million for 9 consecutive years and helped 1,549 students from poor and disadvantaged backgrounds complete their studies in 2023. First Bank donated 6% of payments made with the Leezen Card totaling NT\$10.67 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 Assisted 20 elementary schools in remote areas of Hsinchu County and Pingtung County in installing 4,686 sets of LED lighting equipment, which are estimated to reduce electricity use by nearly 400,000 kWh, cut electricity costs by approximately NT\$1,580,000, and reduce 201 metric tons of CO₂e emissions each year. We partnered with the Foundation of Helping Underprivileged Students of Taipei City to promote microinsurance, in addition to holding orientations at village chief's offices and organizations for indigenous people, in an effort to help underprivileged people build a safety net for insurance. A total of 406 disadvantaged people benefited in 2023. Launched 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, as well as two online interactive courses for environmental education Created the podcast channel "Chats with First Bank" and invited the public to subscribe and listen. The podcast channel now ranks fifth, attracting tens of thousands of people to listen. We held 33 environmental education sessions for enterprises, government agencies, and schools, with a total of 1,290 people participating. Sponsored the organization of the "Campus Environment Educational Lectures - The Beauty of National Parks in Taiwan" by the Taiwan Indigo Dye Association, benefiting about 3,486 schoolchildren. Held the "Planting Tree for Love" campaign for the 8th consecutive years, planting a total of 10,676 trees and reducing CO₂e by 106.76 metric tons per year. Held the "I Love Beautiful Sea" beach clean-up activity for 7 consecutive years, collecting a total of 14,590.5 kg of waste such as driftwood, fishery and general waste Promotion of gender equality concepts through financial education promotion activities. A total of 56 sessions were held, benefiting around 3,578 people 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\$2.69 million For the second straight year, we took part in the "Cultivate Fertile Rice Fields with Good Air in Taiwan" public welfare action plan to adopt 100 hectares of land in Hualien, which is expected to reduce CO₂ by 900 metric tons every year and help the air pollution problem. In 2023, 1,484 volunteers participated, benefiting 17,153 people through 5,494 hours of services.

Sustainable Development Goals and Enterprise Risk Management (ERM)

Material topics and GRI topics	Policy/Commitments	Description of Impact	Action	Responsible Unit	Frequency of risk occurrence	Degree of risk impact	Key Performance Indicator (KPI)	2023 Goals	Completion Rate	2024 Goals	Medium/Long-Term Goals (2025~2029)	Value Chain Stage and Relations			
												Procurement/Suppliers	Frontend Financial Services for Customers	Financial Transactions ^{*2}	Backend Financial Services for Customers ^{*4}
Business Performance GRI 2-6: Events, value chains and other commercial relations GRI 2-28: Membership of associations GRI 201-1: Direct economic value generated and distributed by the organization															
 <ul style="list-style-type: none"> Companies should pursue excellent business performance and profits to maintain their operations and development, drive domestic economic growth, and spur job creation. Pay close attention to shifts in global supply chains and trends in the transition to industrial net zero; and unearth new growth drivers. 	<ul style="list-style-type: none"> Actual negative impact <ul style="list-style-type: none"> Long-term inflation concerns have forced major countries into interest rate hike cycles, and fluctuations in the global financial market have exacerbated. Realistic positive impact <ul style="list-style-type: none"> Major countries are accelerating global supply chains triage while expediting implementation of sustainable development. Potential positive impact <ul style="list-style-type: none"> Enhance diverse international or regional cooperation and connection. Take advantage of the integration of digital economic development with new business models to tap into new business opportunities. Combine net zero goals for corporate sustainability and implement inclusive finance. 	<ul style="list-style-type: none"> Mitigating measures <ul style="list-style-type: none"> Continue to expand business presence and connections in overseas markets; and improve the quality of main business operations; internalize risk control, internal control, regulatory compliance, information security and the prevention of money laundering as corporate culture. Combine core business operations and ESG factors into a driving force to enable influence on customers, industrial carbon emissions reduction & transformation, and sustainable development through the Group's investment & financing capabilities. 	Corporate Governance Task Force	2 points 5 points		KPI 1: After-tax net profits budget achievement rate (NT\$ hundred million)	211.90	100%	236.92	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 (%)	10	76.4%	10	The ratio of non-banking profits continues to increase				
Responsible Banking and Decarbonization Strategies for Investment & Financing GRI industrial disclosure index for the financial services industry: Product portfolio FS1: Related policies applicable to specific environments and social elements for various business operations FS2: The process of assessing and screening environmental and social risks for various business operations FS3: The process of overseeing whether a client has executed and complied with the environmental and social policies required by agreements or transactions SASB: FN-CB-410a.2															
    <ul style="list-style-type: none"> Sustainable credit extension, sustainable investment and sustainable insurance policies are formulated to integrate ESG review factors with core business operations, including investment, financing, underwriting and insurance. It is hoped that the goal of co-existence and co-prosperity could be achieved by encouraging our clients to fulfill the ESG sustainable spirit. Continue to refine the verification mechanism of ESG factors with respect to product review; strive to provide ESG-compliant products and services in accordance with regulatory requirements in various countries; and faithfully fulfill an asset manager's heedful and fiduciary duties. 	<ul style="list-style-type: none"> Potential negative impact <ul style="list-style-type: none"> Competent authorities and financial evaluation agencies, both domestic and international, are increasingly prioritizing ESG issues. If financial institutions fail to establish comprehensive and consistent ESG review mechanisms, they risk losing recognition from competent authorities, the market, and investors, which could subsequently heighten overall operational risks. Currently, there is no consistent review standard for ESG factors in the market, making it difficult for financial institutions to quantify enterprise ESG implementation, which may not be conducive to objectively judging a company's potential ESG risks. Potential positive impact <ul style="list-style-type: none"> By implementing a rigorous and comprehensive ESG review mechanism, financial institutions can effectively monitor the ESG performance of borrowers, invested companies, and listed products. This can significantly reduce the negative environmental, economic, and social impacts of financing, investments, and listed products. Additionally, it helps maintain the quality of the group's assets and enhances the corporate image. 	<ul style="list-style-type: none"> Preventive measures <ul style="list-style-type: none"> Enhance the assessment of ESG risks in investment and financing, including the risks associated with climate change transition. Incorporate carbon-related indicators into the industry-specific limit adjustment factors, and gradually reduce the investment and financing limits for highly polluting (carbon-emitting) industries. Management measures <ul style="list-style-type: none"> Actively negotiate with investment and financing targets, provide funds to assist enterprises in sustainable transformations, and set SBT carbon reduction targets for investment and financing. By referencing international ESG standards and planning to incorporate the "Sustainable Economic Activity Reference Guidelines" announced by the Financial Supervisory Commission, enhance the ESG factor review mechanisms in the group's investment, financing, and product review processes, and integrate the mechanisms with corporate negotiation processes for standardization. Conduct a materiality analysis of the dependencies and impacts on nature and biodiversity of self-owned operating locations, suppliers, and investment and financing targets in accordance with the Taskforce on Nature-related Financial Disclosures (TNFD), in order to reduce nature-related risks and guide funds towards nature-friendly directions. 	Responsible Finance Task Force	3 points 4 points		KPI 1: Plan the negotiation method according to the carbon emission inventory results of investments and financing in highly polluting (carbon emitting) industries.		100%	Engage with more than half of the companies responsible for the top 60% of the group's financed and invested carbon emissions, encouraging them to set net-zero emission targets by 2050.	Engage with more than half of the companies responsible for the top 60% of the group's financed and invested carbon emissions by the end of 2025, encouraging them to set net-zero emission targets by 2050.					
							KPI 2: Abide by the Equator Principles, establish corresponding operating procedures, and support measures for prior communication with customers		100%	Participate in association- and government-sponsored meetings actively; adjust the credit extension process and guidelines; and enhance risk management of project financing	Continue to conduct				
							KPI 3: 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 (%)	100	100%	100	100				
							KPI 4: The ratio of attendance at shareholders' meetings of listed OTC companies (%)	≥90	100%	≥90	≥90				

Material topics and GRI topics	Policy/Commitments	Description of Impact	Action	Responsible Unit	Frequency of risk occurrence	Degree of risk impact	Key Performance Indicator (KPI)	2023 Goals	Completion Rate	2024 Goals	Medium/Long-Term Goals (2025~2029)	Value Chain Stage and Relations			
												Procurement/Suppliers	Front-end Financial Services for Customers *1	Financial Transactions *2	Back-end Financial Services for Customers *3

Corporate Governance

GRI 2-9: Governance structure & composition
 GRI 2-10: Nominating and selecting the highest governance body
 GRI 2-11: Chair of the highest governance body
 GRI 2-12: Highest governance body's role in supervising impact management
 GRI 2-13: Executive officer of impacted units

GRI 2-15: Conflicts of interest
 GRI 2-17: Collective knowledge of the highest governance body
 GRI 2-18: Performance evaluation of the highest governance body
 GRI 2-19: Remuneration Policy

GRI 2-20: Process for determining remuneration
 GRI 2-21: Ratio of total annual remuneration
 GRI 201-1: Direct economic value generated and distributed by the organization
 GRI 404-3: Percentage of employees receiving regular performance and career development reviews
 GRI 405-1: Diversity of governance bodies and employees

 Sound corporate governance could strengthen the stability and transparency of corporate operation, and boost long-term corporate value and competitiveness. It lays the foundation for corporate sustainable development.	Potential negative impact • Well-rounded corporate governance lays the groundwork for corporate sustainable development. Failure to continue to refine and advance corporate governance structures and systems would affect its competitiveness and innovation-driven growth. Potential positive impact • Continued refinement of corporate governance and ESG management could strengthen the operation and job functions of the Board of Directors, increase long-term corporate value, and win stakeholders' trust and support.	Preventive measures • Carry out the diversification of Board members & their independence. • Continue to evaluate the performance of the Board of Directors (including Functional Committees) and disclose related information; enhance the job functions of the Board of Directors and Functional Committees; and increase the objectiveness of Board performance evaluation and information transparency. • Published the Sustainability Report in Chinese and English in accordance with the Global Reporting Initiative Standards (GRI Standards), industry standards, material topics standards, and the Sustainability Accounting Standards Board (SASB) standards and obtain third-party confirmation or assurance to increase the quality of information disclosure on ESG. • Conduct subsidiaries' comprehensive ESG performance assessments to deepen implementation and execution of the Group's ESG policies while ensuring that annual ESG targets are met.	Corporate Governance Task Force	 	1 point 4 points	KPI 1: Evaluation of board performance Commission a professional and independent external organization to conduct performance evaluation on the Board of Directors and Functional Committee 100% Average score > 4 points Commission a professional and independent external organization to conduct performance evaluation on the Board of Directors and Functional Committee at least once every three years						
					KPI 2: Actual attendance rate of all/individual directors (%) All 85 Individual 80 100% All 85 Individual 80 All 85 Individual 80							
					KPI 3: Diversification of Board members & their independence The number of board seats for any gender 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: Quality of information in the sustainability report <table border="1"> <thead> <tr> <th>Preparation Standard</th> <th>Assurance Standard</th> </tr> </thead> <tbody> <tr> <td>New version of GRI standards (2021)</td> <td>AA1000TYPE2 Assurance Standard Application Type 2 High Assurance Level</td> </tr> <tr> <td>SASB guidelines for two industries</td> <td>ISAE 3000 assurance standards</td> </tr> </tbody> </table> 100% <table border="1"> <thead> <tr> <th>Preparation Standard</th> <th>Assurance Standard</th> </tr> </thead> <tbody> <tr> <td>New version of GRI standards (2021)</td> <td>AA1000TYPE2 Assurance Standard Application Type 2 High Assurance Level</td> </tr> <tr> <td>SASB guidelines for two industries</td> <td>ISAE 3000 assurance standards</td> </tr> </tbody> </table> In response to the implementation timeline of the IFRS SI (General Requirements) Sustainability Standards in 2026, disclosures and verifications will be conducted in accordance with its specified indicators.	Preparation Standard	Assurance Standard	New version of GRI standards (2021)	AA1000TYPE2 Assurance Standard Application Type 2 High Assurance Level	SASB guidelines for two industries	ISAE 3000 assurance standards	Preparation Standard
Preparation Standard	Assurance Standard											
New version of GRI standards (2021)	AA1000TYPE2 Assurance Standard Application Type 2 High Assurance Level											
SASB guidelines for two industries	ISAE 3000 assurance standards											
Preparation Standard	Assurance Standard											
New version of GRI standards (2021)	AA1000TYPE2 Assurance Standard Application Type 2 High Assurance Level											
SASB guidelines for two industries	ISAE 3000 assurance standards											

Risk Management and Operational Continuity

GRI 2-27: Compliance
 GRI 205-1: Operations assessed for risks related to corruption

FS1: Related policies applicable to specific environments and social elements for various business operations
 FS2: The process of assessing and screening environmental and social risks for various business operations

 The Company's Board of Directors is the Group's highest-ranking governance body when it comes to risk management. Aside from formulating a comprehensive internal control system and ensuring its continued and effective execution, it should also set up proper capital adequacy evaluation procedures and capital structure management. It should also establish procedures for identifying, assessing, monitoring and controlling major risks (credit risk, market risk, interest rate risk, liquidity risk, insurance risk, operation risk and emerging risks).	Potential negative impact • Risk management and regulatory requirements derived from digital transformation, including aspects such as personal data protection, information security and money-laundering prevention, all of which would put corporate responsiveness to the test. Realistic positive impact • To comply with the regulatory requirement that a bank's subsidiary must be a D-Sibs, the life insurance subsidiary has aligned with changes in the IFRS 17 international accounting framework and Global Insurance Capital Standard Version 2.0 (ICS 2.0) to advance the Group's introduction of IFRS 17, while continuing to strengthen the capital benefits of the financial holding company and its subsidiaries. In doing so, the Group could improve its business performance. Potential positive impact • Implementing risk management and abiding by regulations relating to internal control could effectively reduce or prevent operational risks while cutting down on property damage.	Management measures • Assess the execution of the compliance system at the Group's various companies; and connect assessment results with performance assessment to improve the effectiveness of executing 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. Preventive measures • Report the Group's risk evaluation results of climate change, offsetting measures and execution to the Board of Directors.	Corporate Governance Task Force and Responsible Finance Task Force		2 points 5 points	KPI 1: Double leverage ratio and (DLR) and Group capital adequacy ratio (CAR) (%) <table border="1"> <tr> <td>< 115</td> <td>100%</td> <td>< 115</td> <td>< 120</td> </tr> <tr> <td>≥ 120</td> <td>100%</td> <td>≥ 120</td> <td>≥ 110</td> </tr> </table>	< 115	100%	< 115	< 120	≥ 120	100%	≥ 120	≥ 110
					< 115	100%	< 115	< 120						
					≥ 120	100%	≥ 120	≥ 110						
					KPI 2: First Bank capital adequacy ratio (CAR) and Tier 1 capital ratio (%) <table border="1"> <tr> <td>CAR > 13.5 Tier1 > 11.5</td> <td>CAR : 107% Tier1 : 109%</td> <td>CAR > 14.1 Tier1 > 12.1</td> <td>From the end of 2025, the management targets of CAR, Tier 1, common equity ratio and leverage ratio of 14.75%, 12.75%, 11.25%, and 5% will be continuously achieved.</td> </tr> </table>	CAR > 13.5 Tier1 > 11.5	CAR : 107% Tier1 : 109%	CAR > 14.1 Tier1 > 12.1	From the end of 2025, the management targets of CAR, Tier 1, common equity ratio and leverage ratio of 14.75%, 12.75%, 11.25%, and 5% will be continuously achieved.					
CAR > 13.5 Tier1 > 11.5	CAR : 107% Tier1 : 109%	CAR > 14.1 Tier1 > 12.1	From the end of 2025, the management targets of CAR, Tier 1, common equity ratio and leverage ratio of 14.75%, 12.75%, 11.25%, and 5% will be continuously achieved.											
KPI 3: First Bank ordinary share equity ratio and leverage ratio (%) <table border="1"> <tr> <td>Ordinary share equity ratio > 10 Leverage ratio > 5</td> <td>Ordinary share equity ratio: 109% Leverage ratio: 121%</td> <td>Ordinary share equity ratio > 10.6 Leverage ratio > 5</td> <td></td> </tr> </table>	Ordinary share equity ratio > 10 Leverage ratio > 5	Ordinary share equity ratio: 109% Leverage ratio: 121%	Ordinary share equity ratio > 10.6 Leverage ratio > 5											
Ordinary share equity ratio > 10 Leverage ratio > 5	Ordinary share equity ratio: 109% Leverage ratio: 121%	Ordinary share equity ratio > 10.6 Leverage ratio > 5												
KPI 4: Enhance the synergy between compliance and internal control/audit. Hold the "Seminar on Review of the Discrepancies in the Group's Internal Control System and Legal Compliance Enhancement Measures" every six months. 100% Hold the "Seminar on Review of the Discrepancies in the Group's Internal Control System and Legal Compliance Enhancement Measures" every six months. Continue to enhance the synergy between compliance and internal control/audit														

Material topics and GRI topics	Policy/Commitments	Description of Impact	Action	Responsible Unit	Frequency of risk occurrence	Degree of risk impact	Key Performance Indicator (KPI)	2023 Goals	Completion Rate	2024 Goals	Medium/Long-Term Goals (2025~2029)	Value Chain Stage and Relations			
												Procurement/Suppliers	Front-end Financial Services for Customers *1	Financial Transactions *2	Back-end Financial Services for Customers *3

ESG Products and Services

GRI 201-1: Direct economic value generated and distributed by the organization
 GRI 203-1: Investment in infrastructure & development of and impact on support services
 GRI industrial disclosure index for the financial services industry: Product portfolio
 FS1: Related policies applicable to specific environments and social elements for various business operations
 FS2: The process of assessing and screening environmental and social risks for various business operations
 FS3: The process of overseeing whether a client has executed and complied with the environmental and social policies required by agreements or transactions
 FS7: The monetary value of products and services designed to create social benefits by various business operations is categorized in accordance with their purposes

FS8: The monetary value of products and services designed to create environmental benefits by various business operations is categorized in accordance with their purposes
 GRI industrial disclosure index for the financial services industry: Active ownership
 FS11: Share of positive and negative influences in asset that is related to environmental or social screening
 GRI industrial disclosure index for the financial services industry: Local communities
 FS14: Advocate the provision of better financial services and related measures for the underprivileged
 FS16: Advocate related measures to enhance financial knowledge on the part of various types of beneficiaries
 SASB: FN-CB-240a.1, FN-CF-000.A, FN-CF-000.B

Combine core operations with sustainable goals by referencing international initiatives and with "Moving Towards Sustainable Innovation Together" as the management principle; effectively play the role of financial intermediary fund supplier; guide the flow of funds towards projects relating to sustainable development as a fund supplier; and faithfully fulfill the financial industry's due responsibilities in the financial supply chain in order to achieve the sustainable development of environment, economy and society.

Potential negative impact

- Demand for sustainable financial products and services have doubled in recent years. However, as related review and regulatory mechanisms are not perfected, the Company may struggle to meet customers' needs as a result of obscure positioning, if it fails to specifically quantify the benefits of its products and services for environment and society. Furthermore, it may risk losing business opportunities while being criticized as trying to "green-bleach" its reputation with no actual actions to back it up.

Potential positive impact

- Work with the government to push forward the "Loans for Six Core Strategic Industries" project to promote economic development while seeking sustainable business opportunities and profitable opportunities from related industries.

Realistic positive impact

- In response to demands associated with population aging and government review mechanisms, the provision of diverse and inclusive financing products and services could enhance protection of senior and underprivileged customers, in addition to improving corporate image and expanding diverse business opportunities for sales.
- As the government is pushing for urban renewal and reconstruction of unsafe and old buildings, such products and services could not only expand the Group's financing operations, but also integrate construction management and trust services to create safe and environment-friendly residences for consumers. As a result, a win-win situation could be achieved among environment, residents and the Group.

Preventive measures

- Strengthen the main development theme of ESG operations; improve the overall ESG investment/financing and the share of its products; expand the concept of sustainable development to overseas operations; and strive to help industries with sustainable transformation using our financial and brokerage influence.

Management measures

- Focus on the six core strategic industries; promote project financing with credit extension interconnected with renewable energy, green enterprises and sustainable performance; issue green and sustainable development bonds; and continue to direct funds towards environment- and society-friendly projects.
- Continue to promote diverse and inclusive financing products catering to demographic groups such as seniors and persons with disabilities; value financially underprivileged people's rights to access equal financial services; and create a friendly financial environment.

Sustainable Financial Products and Services Task Force

KPI	2023 Goals	Completion Rate	2024 Goals	Medium/Long-Term Goals (2025~2029)
KPI 1: Number of new financing projects for urban renewal and the reconstruction of dangerous and old buildings (cases)	12	408%	12	Total 50
KPI 2: Green financing (including green industry, green enterprise and green building) loan balance (NT\$ hundred million)	1,150	100%	1,200	1,450
KPI 3: New volume of "Green Consumption Loans" (NT\$ hundred million)	55	262%	55	Total 150
KPI 4: Number of small amount whole life insurance policies (cases)	1,200	167%	1,200	Continuous processing
KPI 5: Number of new loan accounts of Comfort Loan (households)	160	146%	160	Total 800
KPI 6: ATMs with newly added or improved barrier-free access	Added 5 ATMs, and Vietnamese, Indonesian, Thai and Japanese interfaces were added to existing ATMs.	100%	Installed 65 ATMs (increase the accessibility of ATMs for the visually impaired in line with the policies of the competent authorities)	Added 5 ATMs during the year

3 points

3 points



Material topics and GRI topics	Policy/Commitments	Description of Impact	Action	Responsible Unit	Frequency of risk occurrence	Degree of risk impact	Key Performance Indicator (KPI)	2023 Goals	Completion Rate	2024 Goals	Medium/Long-Term Goals (2025~2029)	Value Chain Stage and Relations			
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Ethical Operations and Fair Treatment of Customers

GRI 2-25: Procedures for remedying negative impact
 GRI 2-26: Mechanism of soliciting suggestions & raising concerns
 GRI 205-2: Communication and training about anti-corruption policies and procedures
 GRI 205-3: Confirmed incidents of corruption and actions taken
 GRI 417-1: Requirements for product and service information and labeling

GRI 417-2: Incidents of non-compliance concerning product and service information and labeling
 GRI 417-3: Incidents of non-compliance concerning marketing communications

GRI industrial disclosure index for the financial services industry: Local communities
 FS14: Advocate the provision of better financial services and related measures for the underprivileged
 FS15: Related policies on fair design and sales of financial products and services
 FS16: Advocate related measures to enhance financial knowledge on the part of various types of beneficiaries
 SASB: FN-CB-510a.1, FN-CB-510a.2, FN-CF-220a.1, FN-CF-220a.2, FN-CF-230a.1, FN-CB-230a.1, FN-CF-270a.4, FN-CF-270a.5



- 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.
- Implement the culture of treating customers fairly; refine friendly financial services; treat seniors and underprivileged groups fairly; prevent financial exploitation; and improve service quality.

Potential negative impact

- 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.
- As FinTech thrives, awareness of fair customer treatment is on the rise and regulatory rules have become more stringent; failure to implement the fair customer treatment management mechanism may increase the likelihood of infringement upon customer rights, lead to penalties, and damage the Company's reputation.

Realistic positive impact

- 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.
- Optimize the customer complaint process and compile and categorize major customer complaint cases regularly in conjunction with satisfaction surveys to adjust business development directions; by doing so, sound customer relations could be established.
- Enhanced employee education training on fair customer treatment could improve employees' professionalism and reduce the Company's operating losses, while safeguarding customer rights and winning their trust.

Management measures

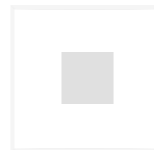
- We revised the "Strategy for Fair Customer Treatment", which added the aspect of enforcing friendly services and measures, as well as education training relating to friendly finance that should be conducted on Board Directors, business owners, senior executives, branch executives and bank tellers. The revised Strategy also lays down regulations such as the need to reward branch offices for outstanding performance.
- Formulated notes for banks in the event that commercial marketing practitioners exercise their right to refusal, and established a supervisory mechanism for handling major customer complaints and material financial consumption disputes.
- Track the implementation of fair treatment measures for elderly customers on a quarterly basis and report to the Fair Customer Treatment Principles Promotion Committee.

Preventive measures

- The Board of Directors instructs each subsidiary to strengthen KYC procedures and prevent financial exploitation, ensuring the implementation of control processes to prevent fraud cases.

Corporate Governance Task Force and Sustainable Financial Products and Services Task Force

2 points
4 points



KPI1: Signature rate of the Employee Code of Conduct in domestic and foreign company locations (%)	100	100%	100	100																														
KPI 2: Training completion rate for ethical management training (%)	100	100%	100	100																														
KPI 3 : Customer satisfaction surveys (%)	<table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>87</td> </tr> <tr> <td>Securities</td> <td>85.5</td> </tr> <tr> <td>Securities Investment Trust</td> <td>96.4</td> </tr> <tr> <td>Life Insurance</td> <td>78.5</td> </tr> </tbody> </table>	Company	Goals	Bank	87	Securities	85.5	Securities Investment Trust	96.4	Life Insurance	78.5	100%	<table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>87.2</td> </tr> <tr> <td>Securities</td> <td>85.6</td> </tr> <tr> <td>Securities Investment Trust</td> <td>96.5</td> </tr> <tr> <td>Life Insurance</td> <td>79</td> </tr> </tbody> </table>	Company	Goals	Bank	87.2	Securities	85.6	Securities Investment Trust	96.5	Life Insurance	79	<table border="1"> <thead> <tr> <th>Company</th> <th>2029 Goals</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>88.2</td> </tr> <tr> <td>Securities</td> <td>86.2</td> </tr> <tr> <td>Securities Investment Trust</td> <td>97</td> </tr> <tr> <td>Life Insurance</td> <td>82.5</td> </tr> </tbody> </table>	Company	2029 Goals	Bank	88.2	Securities	86.2	Securities Investment Trust	97	Life Insurance	82.5
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KPI 4 : Customer net promoter score surveys (points)	<table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>47</td> </tr> <tr> <td>Securities</td> <td>53.6</td> </tr> <tr> <td>Securities Investment Trust</td> <td>56.4</td> </tr> <tr> <td>Life Insurance</td> <td>10</td> </tr> </tbody> </table>	Company	Goals	Bank	47	Securities	53.6	Securities Investment Trust	56.4	Life Insurance	10	100%	<table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>47.2</td> </tr> <tr> <td>Securities</td> <td>53.65</td> </tr> <tr> <td>Securities Investment Trust</td> <td>56.5</td> </tr> <tr> <td>Life Insurance</td> <td>11</td> </tr> </tbody> </table>	Company	Goals	Bank	47.2	Securities	53.65	Securities Investment Trust	56.5	Life Insurance	11	<table border="1"> <thead> <tr> <th>Company</th> <th>2029 Goals</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>48.2</td> </tr> <tr> <td>Securities</td> <td>55.15</td> </tr> <tr> <td>Securities Investment Trust</td> <td>57</td> </tr> <tr> <td>Life Insurance</td> <td>15</td> </tr> </tbody> </table>	Company	2029 Goals	Bank	48.2	Securities	55.15	Securities Investment Trust	57	Life Insurance	15
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Prevention of money laundering, financial fraud and terrorism financing

GRI 2-23: Policy commitments

GRI 2-24: Adopted as policy commitments

GRI 2-25: Procedures for remedying negative impact



Formulate the Group's policy on anti-money laundering, countering terrorism financing and related plans; establish consistent guidelines for anti-money laundering and countering terrorism financing across the Group; set forth related guidelines to protect customers against fraud; and implement employee education training to enhance the effectiveness of preventive measures against fraud.

Potential negative impact

- Failure to comply with operating procedures for anti-money laundering, financial fraud and countering terrorism financing could lead to substantial penalties and impact corporate image as well as sales promotion.

Realistic positive impact

- Implementing the prevention of money laundering, financial fraud, and terrorism financing facilitates international business expansion and stabilizes the financial system.

Preventive measures

- The Company convenes workshops for the chief compliance officers of each company of the Group to report their AML/CFT operations.
- Conduct Institutional Risk Assessment (IRA) for money laundering and terrorist financing activities and follow up implementation status of improvement plans.

Management measures

- Implement the joint defense reporting mechanism against fraud; conduct activities to promote financial education; and provide financial knowledge about fraud prevention and relief.
- Strengthen the Group's mechanism against money laundering and financial terrorism; and improve employees' risk awareness and capabilities.

Corporate Governance Task Force

1 point
4 points

KPI 1: Evaluate AML system effectiveness verification	Banking, securities, investment, and insurance subsidiaries continue to evaluate the effectiveness of monitoring after the transaction monitoring system is launched	100%	Continue to conduct
KPI 2: Number of financial education and promotion held	65	112%	65 Total 250
KPI 3: Proportion of domestic department managers in charge of AML and related personnel receiving domestic or international certificates (%)	90	100%	90 90

Material topics and GRI topics	Policy/Commitments	Description of Impact	Action	Responsible Unit	Frequency of risk occurrence	Degree of risk impact	Key Performance Indicator (KPI)	2023 Goals	Completion Rate	2024 Goals	Medium/Long-Term Goals (2025~2029)	Value Chain Stage and Relations			
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Information Security and Privacy Protections

GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data
 FS1: Related policies applicable to specific environments and social elements for various business operations

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



In response to the ongoing digital transformation of global enterprises and the frequent occurrence of cyber-attacks, we aim to enhance information security monitoring effectiveness and leverage collective information security defense synergies through information security incident analysis and sharing, financial information security monitoring joint defense, promotion of financial information security configurations, and collaboration using new artificial intelligence technologies.

Formulate the "Policy on Personal Data Protection for First Financial Holding & Various Subsidiaries" and "Guidelines for Responding to, Reporting & Preventing Major Personal Data Incidents at First Financial Group", in order to protect the rights of the concerned party and strengthen the Group's responsiveness and preventive mechanism against major personal data breaches.

Potential negative impact

- Demand for digital finance has spiked in the wake of the pandemic. However, financial crimes and incidents of hacker attacks occur more frequently. If employees' information security awareness and software and hardware equipment's safeguard for information security are insufficient, the overall operational risks may rise significantly.
- The Financial Supervisory Commission has adopted financial institutions' information security practices as a factor for accruing deposit insurance and insurance guarantee fund rates, as well as for approving or rejecting their applications for related operations. The inability to safeguard information security would greatly affect our future operational capabilities and profitability.
- As the awareness of personal data protection is on the rise and regulatory rules have become more stringent, failure to implement related measures may lead to penalties and damage the Company's reputation, which would further undermine customers' and investors' trust in the Company.

Potential positive impact

- As FinTech thrives, enhancing the protection and management of personal data would protect the company's assets and reputation, safeguard customer rights, and increase customer satisfaction.
- Strengthening the resilience of information security and the stability of the core system while optimizing the backup mechanism would help boost competitiveness and increase customer trust and loyalty, ensuring continued and stable development.

Preventive measures

- Conduct e-mail social engineering drills and tests as well as education training on personal data protection regularly to raise information security awareness, prevent personal data leaks, and enhance employee's professionalism.
- Continuing core system transformation and moving system architecture towards small cores with large peripherals is conducive to interfacing with external systems and developing open banking.
- Establish a new backup center server room network environment using a dual-center network architecture. Additionally, introduce next-generation data center software-defined networking to create a dual-active operational data center, ensuring uninterrupted information services operations.
- Construct key information security defense capabilities through containerized security defense, automated deployment of firewall regulations, optimized integration of code checks, and the expansion of the support platform for privileged accounts.

Management measures

- Continue to advance various information security practices in accordance with the Financial Supervisory Commission's "Financial Cyber Security Action Plan 2.0", including deepening the core system's data security and operational drills; in addition, related systems and operations must conform to ISO 27001 certification.
- Strengthen cloud information security protection, introduce network and endpoint security mechanisms, and integrate cloud-native security platforms to protect cloud systems and data.

Sustainable Financial Products and Services Task Force

4 points
5 points

KPI 1: Conduct the review of ISO 27001 Information Security Management System	At least once a year	100%	Conversion of the ISO27001:2022 version and certification	Continuous processing																																											
KPI 2: Conduct E-mail social engineering drills		100%	<table border="1"> <thead> <tr> <th>Company</th> <th>Phishing successful</th> </tr> </thead> <tbody> <tr><td>Bank</td><td>≤0.1%</td></tr> <tr><td>Securities</td><td>≤1.6%</td></tr> <tr><td>Securities Investment Trust</td><td>≤1.6%</td></tr> <tr><td>Life Insurance</td><td>≤1.4%</td></tr> <tr><td>AMC</td><td>≤2.5%</td></tr> <tr><td>Management consulting</td><td>≤1.8%</td></tr> </tbody> </table>	Company	Phishing successful	Bank	≤0.1%	Securities	≤1.6%	Securities Investment Trust	≤1.6%	Life Insurance	≤1.4%	AMC	≤2.5%	Management consulting	≤1.8%	<table border="1"> <thead> <tr> <th>Company</th> <th>Phishing successful</th> </tr> </thead> <tbody> <tr><td>Bank</td><td>≤0.1%</td></tr> <tr><td>Securities</td><td>≤1.4%</td></tr> <tr><td>Securities Investment Trust</td><td>≤1.4%</td></tr> <tr><td>Life Insurance</td><td>≤1.2%</td></tr> <tr><td>AMC</td><td>≤2.5%</td></tr> <tr><td>Management consulting</td><td>≤1.8%</td></tr> </tbody> </table>	Company	Phishing successful	Bank	≤0.1%	Securities	≤1.4%	Securities Investment Trust	≤1.4%	Life Insurance	≤1.2%	AMC	≤2.5%	Management consulting	≤1.8%	<table border="1"> <thead> <tr> <th>Company</th> <th>2029 Phishing successful</th> </tr> </thead> <tbody> <tr><td>Bank</td><td>≤0.1%</td></tr> <tr><td>Securities</td><td>≤1%</td></tr> <tr><td>Securities Investment Trust</td><td>≤1%</td></tr> <tr><td>Life Insurance</td><td>≤1%</td></tr> <tr><td>AMC</td><td>≤2.5%</td></tr> <tr><td>Management consulting</td><td>≤1.8%</td></tr> </tbody> </table>	Company	2029 Phishing successful	Bank	≤0.1%	Securities	≤1%	Securities Investment Trust	≤1%	Life Insurance	≤1%	AMC	≤2.5%	Management consulting	≤1.8%
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KPI 3: The time needed for switching from the core information system to the backup center and for resuming operations (Hours)		100%	<table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> </tr> </thead> <tbody> <tr><td>Bank</td><td>≤1</td></tr> <tr><td>Securities</td><td>≤1</td></tr> <tr><td>Securities Investment Trust</td><td>≤2</td></tr> <tr><td>Life Insurance</td><td>≤2</td></tr> </tbody> </table>	Company	Goals	Bank	≤1	Securities	≤1	Securities Investment Trust	≤2	Life Insurance	≤2	<table border="1"> <thead> <tr> <th>Company</th> <th>2029 Goals</th> </tr> </thead> <tbody> <tr><td>Bank</td><td>≤0.5</td></tr> <tr><td>Securities</td><td>≤1</td></tr> <tr><td>Securities Investment Trust</td><td>≤2</td></tr> <tr><td>Life Insurance</td><td>≤2</td></tr> </tbody> </table>	Company	2029 Goals	Bank	≤0.5	Securities	≤1	Securities Investment Trust	≤2	Life Insurance	≤2																							
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KPI 4: Training completion rate of the "Personal Data Protection Act" training program (%)	100	100%	100	100																																											

Tax Governance

GRI 207-1: Taxation methods
 GRI 207-2: Tax governance, control and risk management

GRI 207-3: Items of concern for stakeholders participating in and managing related tax affairs
 GRI 207-4: Country/regional report

GRI disclosure index for the financial services industry: Product portfolio
 FS1: Related policies applicable to specific environments and social elements for various business operations



Companies must comply with local taxation regulations and responsible tax principles at their locations of operations, faithfully pay their taxes, and file their tax returns in a timely fashion. They should also formulate tax governance policy separately in response to international trends in tax governance, in an effort to improve the transparency of their tax information.

Potential negative impact

- Failure to implement tax governance could impact a company's profits and increase its financial burdens, or even wreak havoc on its image and reputation.

Potential positive impact

- Paying taxes as required by law is conducive to promoting economic growth as well as balanced regional development.
- A company could boost its competitiveness while creating corporate value through an effective tax governance mechanism.

Preventive measures

- Management bodies of tax affairs should abide by tax regulations to file tax returns and pay taxes. Self-assessment should be conducted twice a year to ensure that tax affairs personnel adhere to internal operating procedures and tax regulations. They should also report the tax management status to the Board of Directors on a regular basis.
 - Ensure that executive officers responsible for tax affairs familiarize themselves with tax regulations and participate in external taxation training courses, in an effort to improve tax affairs personnel's professionalism.
- #### Management measures
- Disclose the Group's tax information in accordance with financial reporting standards and regulations set forth in the annual report.

Corporate Governance Task Force

1 point
2 points

KPI 1: Strengthen the governance structure of tax affairs	Report the tax management status to the Board of Directors on a regular basis	100%	Report the tax management status to the Board of Directors on a regular basis	Report the tax management status to the Board of Directors on a regular basis
KPI 2: Improve the transparency of tax information	Continue to publish tax governance reports on the Company's official website	100%	Continue to publish tax governance reports on the company website	Continue to publish tax governance reports on the company website

Material topics and GRI topics	Policy/Commitments	Description of Impact	Action	Responsible Unit	Frequency of risk occurrence	Degree of risk impact	Key Performance Indicator (KPI)	2023 Goals	Completion Rate	2024 Goals	Medium/Long-Term Goals (2025~2029)	Value Chain Stage and Relations			
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Green Operations and Net Zero Initiatives

GRI 302-1: Energy consumption within the organization
 GRI 302-2: Energy consumption outside the organization
 GRI 302-3: Energy Intensity
 GRI 302-4: Reduction of energy consumption
 GRI 302-5: Reductions in energy requirements of products and services

GRI 305-1: Direct (Scope 1) GHG emissions
 GRI 305-2: Energy indirect (Scope 2) GHG emissions
 GRI 305-3: Other indirect (Scope 3) GHG emissions
 GRI 305-4: GHG emissions intensity
 GRI 305-5: Reduction of GHG emissions

GRI 305-7: Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
 GRI disclosure index for the financial services industry: Product portfolio
 FS4: The procedure of improving employees' capability to execute at various business operations, with an attempt to implement environmental and social policies and processes pertaining to such operations

To facilitate the sustainable stability of environment and ecology, the Company is on a mission to pursue environmentally sustainable operations, while adopting various low-emissions operational practices, with the aim of lowering GHG emissions, reducing wastes, and facilitating the Group's transition to low-emissions operations.	Actual negative impact <ul style="list-style-type: none"> In light of the fact that the Group has obtained a jump start in driving emissions reductions in Scope 1 and Scope 2, and related large power-hungry equipment has been replaced with energy-efficient equipment, its average annual emissions reduction compared with the previous year has hit a bottleneck since 2018. Furthermore, it needs to procure renewable energy to reach SBT emissions reduction targets, which is also quite costly. As the supply of renewable energy is still in the development stage in Taiwan, the renewable energy market may struggle to keep up with demand when corporations start to procure large amounts of renewable energy in order to align with the "Climate Change Response Act" Net Zero 2050 policy going forward. A new carbon fee mechanism has been added to the "Climate Change Response Act", and the Ministry of Environment has announced three drafts for carbon fee collection, including related details such as announcements of parties subject to fee collection, rates, proactive corporate carbon emissions reduction, and preferential rates for reduced carbon fee, which may increase the Group's operating costs. Realistic positive impact <ul style="list-style-type: none"> Actively participate in external environmental competitions to vie for accolades in an effort to cultivate an environment-friendly and energy-conserving culture. Implementing energy conservation, emissions reduction, water conservation and garbage reduction is conducive to reducing operating costs. Colleagues concur and strive to carry out tasks for the conservation of environment, and will work together to reach various energy conservation and emissions reduction targets set by the Company. 	Mitigating measures <ul style="list-style-type: none"> To align with the country's Net Zero 2050 goal, the Group has adopted the absolute reduction method to limit warming to 1.5°C per SBT goals. It has set the goal that the combined annual amount of carbon emissions from Scope 1 and Scope 2 shall be 4.2% less than that in the benchmark year (2022). Conduct the "Carbon Management & Energy Conservation Competition Among Domestic Business Units"; assign respective emissions reduction targets to domestic business units and announce their execution status on a quarterly basis; ranking will be determined in accordance with their goal achievement rates at the end of each year; business units with outstanding results will be cited and awarded; business units failing to reach their emissions reduction targets are required to submit their emissions reduction plans and follow through with them. Sign renewable energy transfer agreements with renewable energy suppliers to procure renewable energy with "bundled renewable energy certificates"; 4.7 million kWh of green electricity was purchased in 2023 and transferred to the Bank's 22 locations of operations, with plans to progressively expand the transfer to more locations going forward. 	Environmental Sustainability Task Force	5 points 2 points	KPI 1: Combined group-wide amount of carbon emissions reduction from Scope 1 & Scope 2 (Metric tons/CO2e)	919.49	328%	903.61	Annual reduction of 903.61
					KPI 2: The Group's recycling volume (metric tons)	≥182.72	118%	≥191.95	Total ≥ 993.16
					KPI 3: Number of self-owned buildings that have won the Green Building Label (buildings)	Cumulative total 36	100%	Cumulative total 38	Cumulative total 48
					KPI 4: Renewable energy is produced and used (kWh)	210,000	117%	220,000	Total 1,250,000
					KPI 5: The Group's total water consumption (million liters)	<242.15	100%	<242.75	Total < 1,206.6
					KPI 6: The Group's garbage removal volume (metric tons)	<337.21	100%	<337.02	Total < 1,682.39

Human Rights and Gender Equality

GRI 2-30: Collective bargaining
 GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage
 GRI 202-2: Proportion of senior management hired from the local community
 GRI 402-1: Minimum notice periods regarding operational changes

GRI 405-1: Diversity of governance bodies and employees
 GRI 405-2: Ratio of basic salary and remuneration of women to men

GRI 406-1 Incidents of discrimination and corrective actions taken by the organization
 GRI 407-1: Locations of operations or suppliers likely to encounter risks associated with freedom of association and collective bargaining
 GRI 410-1: Security personnel receiving training on human rights policies or procedures



Abide by regulations pertaining to labor and human rights; comply with the Universal Declaration of Human Rights, including gender equality rights, workers' rights and anti-discrimination rights; and formulate related management policies and procedures.	Potential negative impact <ul style="list-style-type: none"> 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. Failure to provide a working environment promoting fair competition, and failure to facilitate communications and coordination between employees and employers, may trigger labor disputes or confrontation, or even result in penalties for violation of regulations. Potential positive impact <ul style="list-style-type: none"> Organizing human rights education training pertaining to gender equality and prevention of sexual harassment, establishing an equal rights concept among employees, and guarding against discrimination or illegal encroachments could promote harmony between employees and employers and improve organizational performance. 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. 	Preventive measures <ul style="list-style-type: none"> Comply with internationally recognized human rights standards such as "Universal Declaration of Human Rights", "UN Global Compact", and "UN Guiding Principles on Business and Human Rights"; formulate commitments pertaining to human rights; ensure that employees are entitled to internationally recognized labor and human rights; and provide a complaints mechanism while making sure that the process is equal and transparent. Examine the Group's own operations, its value chains and other related events through human rights due diligence and risk evaluation, as well as preventive and mitigating mechanisms; formulate improvement plans and follow up on execution results. Management measures <ul style="list-style-type: none"> Participate in important evaluations on workplace safety or gender equality, and improve related actions to enhance employee cohesion. 	Employee Care Task Force	5 points 1 point	KPI 1: Reduced the occurrence of "illegal encroachments in the line of duty" (%)	≤0.25	100%	≤0.25	≤0.25
					KPI 2: Risk of incidence for sexual harassment complaint cases (%)	0.15	100%	0.15	0.15
					KPI 3: Proportion of personnel receiving training on sexual harassment prevention, gender equality and human rights protection (%)	100	100%	100	100

Material topics and GRI topics	Policy/ Commitments	Description of Impact	Action	Responsible Unit	Frequency of risk occurrence	Degree of risk impact	Key Performance Indicator (KPI)	2023 Goals	Completion Rate	2024 Goals	Medium/ Long-Term Goals (2025~2029)	Value Chain Stage and Relations			
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Climate Strategy and Management

GRI 201-2: Financial implications and other risks and opportunities due to climate change
 GRI 203-1: Investment in infrastructure & development of and impact on support services
 GRI 203-2: Notable indirect economic impact

GRI disclosure index for the financial services industry: Product portfolio
 FS1: Related policies applicable to specific environments and social elements for various business operations

  <p>Formulate climate governance structures, strategies, risk management processes, management indexes and goals in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) architecture, as well as financial disclosure guidelines on climate-related risks from regulators, in an effort to improve operational resilience in the face of climate change.</p>	<p>Potential negative impact</p> <ul style="list-style-type: none"> As domestic and overseas industrial supply chains have progressively established their action plans for carbon emissions reduction or collected carbon taxes (for example, the EU will enforce the "Carbon Border Adjustment Mechanism" in 2026), related industries may be confronted with operational impact or transition risk, which could indirectly impact the Group's credibility and increase operational risks. Direct or indirect impact caused by extreme climate, such as floods, wind disasters, extreme rainfall, droughts and water shortage could affect corporate operations and lead to financial losses, which would further affect the Group's asset quality. 	<p>Preventive measures</p> <ul style="list-style-type: none"> Produced reports in accordance with the TCFD framework and obtained Level 5+ Excellence certification from the British Standards Institution (BSI) for three consecutive years. Join the PCAF and SBTi initiatives and utilize the PCAF methodology to take inventory of the group's financial carbon emissions in financing and investment positions, then introduce SBTi methodology to submit short-term decarbonization targets to SBTi for review by the end of 2023. 	Responsible Finance Task Force	4 points	4 points	<p>KPI 1: Fill out the CDP questionnaires for climate change (%)</p> <p>100</p> <p>100%</p> <p>100</p> <p>100</p>	<p>After setting the SBT carbon reduction targets, promptly submit them for SBTi review and follow the subsequent procedures according to their guidelines.</p> <p>Conduct follow-up procedures according to SBTi specifications.</p> <p>Aligning with the carbon reduction pathways of front-line units, review the reasonableness of the established limits and set adjustment ranges accordingly.</p>																								
	<p>Potential positive impact</p> <ul style="list-style-type: none"> Quantifying financial impact caused by climate risks through complying with the TCFD framework is conducive to strengthening resilience and risk responsiveness for the Group's core operations. Implement credit due diligence in compliance with the Equator Principles (EPs); and establish a customer engagement mechanism, share circular economy practices or provide discounted loan interest rate to encourage customer transition, and offer environmentally friendly products and services. 	<p>Mitigating measures</p> <ul style="list-style-type: none"> Revised the Sustainable Credit Policy to include industries involving forests and water issues in environmentally sensitive sectors while expanding the "highly polluting (carbon emissions) industry" category to non-manufacturing sectors such as agriculture, livestock, and naval/aviation shipping industries to strengthen responses to climate change risks Progressively reduce the cap on the share of investment in or financing for high-pollution (energy consumption) industries. 				<p>KPI 2: Introduce science-based targets (SBT) for carbon reduction</p> <p>Banks, securities firms, life insurance companies, securities investment trust enterprises, AMCs and venture capital subsidiaries formulate SBT emissions reduction targets for their investment/financing operations.</p> <p>100%</p>																									
	<p>KPI 3: First Bank's credit caps for highly polluting (carbon emitting) industries (%)</p> <p>≤13.5</p> <p>100%</p> <p>< 13</p>	<table border="1"> <thead> <tr> <th>Company</th> <th>Upper Proportion Limit</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>≤12</td> </tr> <tr> <td>Securities</td> <td>≤27</td> </tr> <tr> <td>Life Insurance</td> <td>≤12</td> </tr> <tr> <td>Venture capital</td> <td>≤10</td> </tr> </tbody> </table> <p>100%</p> <table border="1"> <thead> <tr> <th>Company</th> <th>Upper Proportion Limit</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>≤11</td> </tr> <tr> <td>Securities</td> <td>≤24</td> </tr> <tr> <td>Life Insurance</td> <td>≤11.5</td> </tr> <tr> <td>Venture capital</td> <td>≤9.5</td> </tr> </tbody> </table>				Company		Upper Proportion Limit	Bank	≤12	Securities	≤27	Life Insurance	≤12	Venture capital	≤10	Company	Upper Proportion Limit	Bank	≤11	Securities	≤24	Life Insurance	≤11.5	Venture capital	≤9.5					
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Sustainable Procurement and Supplier Management

GRI 2-6: Events, value chains and other commercial relations
 GRI 204-1: Proportion of spending on local suppliers
 GRI 308-1: New suppliers that were screened using environmental criteria
 GRI 308-2: Supply chain's negative impact on environment and countermeasures

GRI 403-7: Prevent and mitigate occupational safety and health impact directly related to business operations
 GRI 407-1: Locations of operations or suppliers likely to encounter risks associated with freedom of association and collective bargaining

GRI 414-1: New suppliers that were screened using social criteria
 GRI 414-2: Negative social impact within the supply chain and countermeasures
 GRI disclosure index for the financial services industry: Product portfolio
 FS2: The process of assessing and screening environmental and social risks for various business operations

   <p>Formulate the "Supplier Management Guidelines" as the policy and guiding principles for the Group's companies to manage their suppliers; demand that suppliers abide by the Universal Declaration of Human Rights, rules and generally acknowledged basic labor and human rights principles, regulations relating to environmental protection, occupational health and safety, and international trends in ethical management and sustainable corporate development; share resources with suppliers and strive for value co-creation.</p>	<p>Potential negative impact</p> <ul style="list-style-type: none"> Some suppliers operate on a monopolistic or oligopolistic basis in Taiwan, while others are merely agents or importers. As a result, companies that procure from them are unable to ascertain if the product manufacturing process is consistent with environment-friendly or low carbon emissions requirements. It could also be challenging to engage with manufacturers. 	<p>Preventive measures</p> <ul style="list-style-type: none"> Obtained the "ISO 20400 Sustainable Procurement-Guidance Performance Review" certification, as all suppliers agreed to abide by the Company's "Supplier Management Guidelines" while signing the "Declaration on Human Rights and Environmental Sustainability Clauses"; conduct regular audits to determine if suppliers have come across issues concerning environmental protection, occupational hazards, or have violated labor regulations; urge suppliers that have been fined for breaching related regulations to come up with improvement plans, or terminate business partnership with them. 	Environmental Sustainability Task Force	2 points	1 point	<p>KPI 1: Signature rate of the "Declaration on Human Rights and Environmental Sustainability Clauses" of suppliers (%)</p> <p>100</p> <p>100%</p> <p>100</p> <p>100</p>	<p>Continue to obtain the "ISO20400 Sustainable Procurement-Guidance Performance Review" certification</p> <p>Continue to be chosen as an outstanding business entity for green purchasing</p>
	<p>Actual negative impact</p> <ul style="list-style-type: none"> As suppliers are unable to produce Green Labels for all of their products, it is therefore difficult to increase the proportion of green purchasing. 	<p>Realistic positive impact</p> <ul style="list-style-type: none"> Procurement of energy-saving and water-conserving products with Green Labels would effectively reduce operating costs. The Company engages with suppliers in areas of climate change and environmental sustainability while sharing the concept of circular economy, in hopes of helping them transform, staying on top of sustainable business opportunities, and bringing its financial influence into full play. 				<p>KPI 2: Amount of green purchasing (NT\$10,000)</p> <p>≥8,326.8</p> <p>138%</p> <p>≥8,441.02</p> <p>Total ≥ 43,918.4</p>	
	<p>KPI 3: "ISO 20400 Sustainable Procurement-Guidance Performance Review" certification</p> <p>Obtained the "ISO 20400 Sustainable Procurement-Guidance Performance Review" certification</p> <p>100%</p>	<p>KPI 4: Green accolades</p> <p>Chosen as an outstanding business entity for green purchasing</p> <p>100%</p>					
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Occupational Safety and Health

GRI 403-1: Occupational health & safety management system
 GRI 403-2: Hazard identification, risk evaluation and disaster event investigation
 GRI 403-3: Occupational health service

GRI 403-6: Promotion of workers' health
 GRI 403-4: Participation, consultation and communications on the part of workers concerning occupational health and safety
 GRI 403-5: Training for workers concerning occupational safety

GRI 403-8: Workers covered by the occupational health and safety management systems
 GRI 403-9: Occupational injuries
 GRI 403-10: Work-related diseases

 	<p>A healthy workforce is key to sustainable corporate development; create a safe working environment; maintain employees' physical and mental health; and elevate a healthy workforce.</p>	<p>Potential negative impact</p> <ul style="list-style-type: none"> In the event of increased incidence of hazardous events pertaining to safety and health at the workplace, the Company's image could be affected. Uncertainty over safety and health at the work place could erode employees' trust in the Company. Elevated employee absence rates affect employee production output while increasing HR costs and expenditures. Laws and regulations are becoming increasingly stringent. If the company fails to comply with laws and regulations, it will be at risk of being punished and having the company's image affected. 	<p>Preventive measures</p> <ul style="list-style-type: none"> Draft preventive plans and mitigating measures based on the health risks that need to be managed, as identified in the employee health risk heat map, with the aim of reducing occupational hazards and incidence of health hazards. 	Employee Care Task Force	3 points	2 points	<p>KPI 1: Absenteeism rate (%)</p> <table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Absenteeism rate</th> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Goals</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>≤ 0.8</td> <td>Bank</td> <td>0.78</td> <td>Bank</td> <td>≤0.8</td> <td>Bank</td> <td>2025≤0.8</td> </tr> <tr> <td>Securities</td> <td>≤1</td> <td>Securities</td> <td>1</td> <td>Securities</td> <td>≤1</td> <td>Securities</td> <td>2025≤1</td> </tr> <tr> <td>Securities Investment Trust</td> <td>≤1</td> <td>Securities Investment Trust</td> <td>0.49</td> <td>Securities Investment Trust</td> <td>≤1</td> <td>Securities Investment Trust</td> <td>2026≤1</td> </tr> <tr> <td>Life Insurance</td> <td>≤1.9</td> <td>Life Insurance</td> <td>1.59</td> <td>Life Insurance</td> <td>≤1.8</td> <td>Life Insurance</td> <td>2025≤1.8</td> </tr> <tr> <td>AMC</td> <td>≤0.98</td> <td>AMC</td> <td>1.5</td> <td>AMC</td> <td>≤0.96</td> <td>AMC</td> <td>≤ 0.86 by 2029</td> </tr> </tbody> </table>	Company	Goals	Company	Absenteeism rate	Company	Goals	Company	Goals	Bank	≤ 0.8	Bank	0.78	Bank	≤0.8	Bank	2025≤0.8	Securities	≤1	Securities	1	Securities	≤1	Securities	2025≤1	Securities Investment Trust	≤1	Securities Investment Trust	0.49	Securities Investment Trust	≤1	Securities Investment Trust	2026≤1	Life Insurance	≤1.9	Life Insurance	1.59	Life Insurance	≤1.8	Life Insurance	2025≤1.8	AMC	≤0.98	AMC	1.5	AMC	≤0.96	AMC	≤ 0.86 by 2029	<p>KPI 2: Obtained Healthy Workplace Certification-Location of Operations</p> <table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Absenteeism rate</th> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Goals</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>62 branches obtained certification (valid for 3 years)</td> <td>100%</td> <td>60 branches extended obtained certification (valid for 3 years)</td> <td>66 branches will extend certification in 2025 (valid for 3 years)</td> </tr> </tbody> </table>	Company	Goals	Company	Absenteeism rate	Company	Goals	Company	Goals	Bank	62 branches obtained certification (valid for 3 years)	100%	60 branches extended obtained certification (valid for 3 years)	66 branches will extend certification in 2025 (valid for 3 years)	<p>KPI 3: Protection rate under the "Abnormal Workload-Triggered Diseases Prevention Plan" (%)</p> <table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Absenteeism rate</th> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Goals</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>100</td> <td>100%</td> <td>100</td> <td>100</td> </tr> </tbody> </table>	Company	Goals	Company	Absenteeism rate	Company	Goals	Company	Goals	Bank	100	100%	100	100	<p>KPI 4: Protection rate under the "Maternal Employee Health Protection Plan" (%)</p> <table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Absenteeism rate</th> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Goals</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>≥82</td> <td>113%</td> <td>≥82</td> <td>2025 ≥82</td> </tr> </tbody> </table>	Company	Goals	Company	Absenteeism rate	Company	Goals	Company	Goals	Bank	≥82	113%	≥82	2025 ≥82
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<p>Potential positive impact</p> <ul style="list-style-type: none"> We could solve employees' work, family and health issues by paying close attention to different working styles and a diverse group's mental and physical needs, as well as by adopting various preventive measures. If we do so, employees could have peace of mind at work, and we could also improve organizational performance. 	<p>Mitigating measures</p> <ul style="list-style-type: none"> Continue to implement the "Maternal Employee Health Protection Plan," "Human-Factor Hazard Prevention Plan," and "Abnormal Workload-Triggered Diseases Prevention Plan." 	<p>Management measures</p> <ul style="list-style-type: none"> Continue to refine the "ISO 45001 Safety and Health Management System" and maintain the validity of the certificate; and create a safe and healthy working environment. 	<p>KPI 1: Accumulated number of bundled cards for mobile payment</p> <table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Absenteeism rate</th> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Goals</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>900,000</td> <td>118%</td> <td>1 million</td> <td>2025 1,100,000</td> </tr> </tbody> </table>	Company	Goals	Company	Absenteeism rate	Company	Goals	Company	Goals	Bank	900,000	118%	1 million	2025 1,100,000																																																																																	
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Digital Innovation and Inclusion

GRI industrial disclosure index for the financial services industry: Product portfolio

FS8: The monetary value of products and services designed to create environmental benefits by various business operations are categorized in accordance with their purposes

 	<p>Amid the wave of digital transformation and the rise of artificial intelligence applications, we are actively establishing digital services, creating Banking as a Service (BaaS) and Banking as a Platform (BaaP). This expands the financial ecosystem and consolidates emerging payment businesses while continually expanding diverse payment scenarios to remain competitive and meet the evolving needs of customers.</p>	<p>Potential negative impact</p> <ul style="list-style-type: none"> Brand loyalty among young generations of customers is relatively low in the digital age, which, along with stiff competition among pure online banks in Taiwan, presents a major challenge in terms of how to create an emotional connection and solidify interactions. Competitive edge could also be further affected. Financial innovation and changes have accelerated and emerging FinTech has thrived in the post-pandemic era, which has increased the risk of new technologies (such as eKYC and online identity validation, etc). All of these put the ability to connect, carry and monitor information to the test. If monitored improperly, disputes over financial consumption and usage rights may arise. 	<p>Preventive measures</p> <ul style="list-style-type: none"> Solidify emerging payment operations, and continue to expand to diverse application domains to create financial services with higher levels of differentiation. 	Sustainable Financial Products and Services Task Force	5 points	4 points	<p>KPI 1: Accumulated number of bundled cards for mobile payment</p> <table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Absenteeism rate</th> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Goals</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>900,000</td> <td>118%</td> <td>1 million</td> <td>2025 1,100,000</td> </tr> </tbody> </table>	Company	Goals	Company	Absenteeism rate	Company	Goals	Company	Goals	Bank	900,000	118%	1 million	2025 1,100,000	
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Talent Retention and Accessible Benefits

GRI 2-19: Remuneration Policy
 GRI 201-3: Obligation to define benefit packages & other retirement plans
 GRI 401-1: Newly hired employees & departed employees

GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees

GRI 401-3: Parental leave
 GRI 404-2: Programs for upgrading employee skills and transition assistance programs
 SASB: FN-CF-270a.1

4. Talent Retention	Strive to construct a competitive remuneration system and benefit packages with employees at the heart; build a diverse, inclusive and friendly working environment where colleagues respect one another; improve employee engagement; and make the Company more attractive for talented job-seekers and facilitate their retention.	Potential negative impact <ul style="list-style-type: none"> The retirement boom has led to high turnover rates, which could easily trigger organizational manpower gaps and manpower shortage. Due to digital technology development, automation has gradually replaced traditional manpower. Future manpower needs and changes in working styles have exacerbated turnover of financial/technology talents while increasing employment cost. If there is no fair, transparent, reasonable, and competitive compensation and benefit system, the Company may encounter talent loss. Realistic positive impact <ul style="list-style-type: none"> Establish comprehensive welfare measures and a competitive compensation system to retain key talent, reduce the impact of the gap in manpower caused by retirement waves, and build a solid foundation for sustainable development of the Company. Employees' willingness to stay with the Company could be increased if we understand their level of satisfaction about work and recognition of the Company through engagement surveys. We could further improve our operation and management system. 	Preventive measures <ul style="list-style-type: none"> Organize employee saving/employee stock ownership trust or group annuity insurance to increase their willingness to stay with the Company for the long haul. Provide subsidies for weddings, funerals, childbirth or allowances; continue to survey for benefit packages above and beyond regulatory requirements; and encourage childbirth. Promote a diverse and friendly working culture; provide a fair, reasonable and competitive working environment and remuneration policy. 	Employee Care Task Force	4 points	4 points	KPI 1: Employee retention rate (%)								
							Company	Goals	Company	Completion Rate	Company	Goals	Company	Goals	
5. Gender Equality							Bank		82	Bank	118%	Bank	82	Bank	85
							Securities		75.6	Securities	116%	Securities	75.8	Securities	76
8. Sustainable Working Conditions							Bank		81	Bank	115%	Bank	81	Bank	81
							Securities		65	Securities	131%	Securities	65	Securities	65
							Securities Investment Trust		80	Securities Investment Trust	101%	Securities Investment Trust	80	Securities Investment Trust	80
							Life Insurance		73	Life Insurance	110%	Life Insurance	73	Life Insurance	2027 77
							AMC		79	AMC	102%	AMC	80	AMC	80
							Management consulting		88.5	Management consulting	100%	Management consulting	88.5	Management consulting	2029 88.7
							KPI 3: Reinstatement rate after parental leave (%)		≥80	195%	≥80	≥80			
							KPI 4: Proportion of employees participating in benefit savings & trust programs (%)		≥94	103%	≥95	≥95			

Social Impact

GRI 201-1: Direct economic value generated and distributed by the organization
 GRI 203-1: Investment in infrastructure & development of and impact on support services
 GRI industrial disclosure index for the financial services industry: Product portfolio
 FS1: Related policies applicable to specific environments and social elements for various business operations

FS7: The monetary value of products and services designed to create social benefits by various business operations is categorized in accordance with their purposes

FS8: The monetary value of products and services designed to create environmental benefits by various business operations is categorized in accordance with their purposes
 GRI industrial disclosure index for the financial services industry: Local communities
 FS14: Advocate the provision of better financial services and related measures for the underprivileged community
 FS16: Advocate related measures to enhance financial knowledge on the part of various types of beneficiaries
 SASB: FN-CB-240a.4

1. No Poverty	Pay equal attention to corporate sustainable responsibilities for promoting community and cultural development as well as a friendly environment; continue to push forward the four major corporate citizenship and philanthropy strategies of "social care", "green care", "sport competitions", and "artistic cultural creation".	Potential negative impact <ul style="list-style-type: none"> The global COVID-19 pandemic has raged on for several years, resulting in anemic economic activities while making it more difficult for underprivileged individuals and families to access resources. It takes well thought-out deliberations and planning to maximize limited resources available to the financial industry, combine them with the industry's core competencies, and get the nod from shareholders. Potential positive impact <ul style="list-style-type: none"> 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. 	Preventive measures <ul style="list-style-type: none"> Green care: Continue organizing green volunteer activities and the Green Light Sustainability Program, as well as hosting environmental protection and environmental education promotion activities to protect natural ecosystems. These efforts aim to promote biodiversity and species restoration. Social care: Continue to organize the Loving Volunteers and equal rights activities. Sport competitions: Continue to organize large sporting events and carry on the plan to cultivate seeds for table tennis. Artistic Cultural Creation: Continue to organize large concerts, musical performances, diverse art & cultural exhibitions, campus anti-narcotic education campaigns, and art & cultural creation contests. 	Community Engagement Task Force	2 points	1 point	KPI 1: The Green Light Sustainability Program helps far-flung primary schools and underprivileged groups to upgrade to LED lamps (number of households)					
							15	133%	15	Total 50		
							KPI 2: Green care events (events)		51	118%	54	Total 225
							KPI 3: Social care events (events)		125	144%	123	Total 550
							KPI 4: Sport competitions (events)		6	183%	6	Total 10
							KPI 5: Art & cultural creation events (events)		28	111%	27	Total 35
							KPI 6: Biodiversity events (events)		2	100%	11	Total 55

Material topics and GRI topics	Policy/Commitments	Description of Impact	Action	Responsible Unit	Frequency of risk occurrence	Degree of risk impact	Key Performance Indicator (KPI)	2023 Goals	Completion Rate	2024 Goals	Medium/Long-Term Goals (2025~2029)	Value Chain Stage and Relations			
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Diverse Talent Recruitment and Skills Cultivation

GRI 2-7: Employees
 GRI 2-8: Non-employee workers
 GRI 202-2: Proportion of senior management hired from the local community
 GRI 401-1: Newly hired employees & departed employees

GRI 404-1: Average hours of training per employee per year
 GRI 404-2: Programs for upgrading employee skills and transition assistance programs
 GRI 404-3: Percentage of employees receiving regular performance and career development reviews
 GRI 405-1: Diversity of governance bodies and employees



Recruit diverse talents in line with the Company's operational strategy and goal of sustainable development; provide holistic education training on ESG and sustainable finance; improve employees' job skills and regularly subject them to performance and career development reviews; enhance the diversity and inclusiveness of the labor force; actively engage with school campuses to provide internship programs and scholarships; and cultivate outstanding talents with potential.

Potential negative impact

- In the post-pandemic era, financial digital technologies continue to innovate while rules and regulations are rapidly changing. The financial industry keenly needs interdisciplinary talents from domains such as AI, digital technologies and sustainable development to join them. In the event that cultivation of professional talents and transformation fall short, the Company's sustainable management and profitability could be affected.
- Professional talents at overseas branches have been poached by the competition, leading to high turnover rates. Loss of mid-level supervisors is detrimental to employee cultivation, business expansion and the relay of experiences.

Realistic positive impact

- The pandemic has created a boom in digital services. Enhancing employees' digital thinking and learning capability is conducive to innovation and development for digital business models, as well as the realization of sustainable development blueprints.
- Rapid expansion of overseas locations provides employees with a stage for international career development, while drawing diverse and outstanding talents to come on board.
- Enhance the digital learning platform; aside from improving employees' professional capabilities, this could also help employees develop a second specialty and obtain professional certificates.

Preventive measures

- Low birth rates, the retirement boom and digital technology developments have transformed financial service models. The Company's various subsidiaries have conducted strategic long-term manpower analysis and research, and discussed countermeasures for possible future manpower shortfalls and issues associated with recruiting talents required for sustainable development.

Management measures

- Actively participate in campus recruitment expos to recruit outstanding talents from more channels.
- Help employees cultivate diverse skills; provide digital and sustainable finance learning courses; and encourage autonomous and lifelong learning.
- Actively recruit outstanding talents proficient in foreign languages (English, Japanese and German) to complement the establishment of bi-lingual branches and overseas business expansion.

Employee Care Task Force

4 points

4 points

KPI 1: Cultivate overseas trainees	20 people	125%	20 people	Depending on overseas sales development requirements																																																
KPI 2: The percentage of taking English proficiency tests (%)	38	107%	38	2025 40																																																
KPI 3: Training per employee (Hours)	<table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Completion Rate</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>45</td> <td>Bank</td> <td>130%</td> </tr> <tr> <td>Securities</td> <td>51.5</td> <td>Securities</td> <td>196%</td> </tr> <tr> <td>Securities Investment Trust</td> <td>51</td> <td>Securities Investment Trust</td> <td>100%</td> </tr> <tr> <td>Life Insurance</td> <td>51</td> <td>Life Insurance</td> <td>111%</td> </tr> <tr> <td>AMC</td> <td>16</td> <td>AMC</td> <td>108%</td> </tr> </tbody> </table>		Company	Goals	Company	Completion Rate	Bank	45	Bank	130%	Securities	51.5	Securities	196%	Securities Investment Trust	51	Securities Investment Trust	100%	Life Insurance	51	Life Insurance	111%	AMC	16	AMC	108%	<table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Goals</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>45</td> <td>Bank</td> <td>45 per year</td> </tr> <tr> <td>Securities</td> <td>Annual increase of 0.5</td> <td>Securities</td> <td>Annual increase of 0.5</td> </tr> <tr> <td>Securities Investment Trust</td> <td>52</td> <td>Securities Investment Trust</td> <td>52 per year</td> </tr> <tr> <td>Life Insurance</td> <td>51</td> <td>Life Insurance</td> <td>2027 53</td> </tr> <tr> <td>AMC</td> <td>16.5</td> <td>AMC</td> <td>2029 18</td> </tr> </tbody> </table>		Company	Goals	Company	Goals	Bank	45	Bank	45 per year	Securities	Annual increase of 0.5	Securities	Annual increase of 0.5	Securities Investment Trust	52	Securities Investment Trust	52 per year	Life Insurance	51	Life Insurance	2027 53	AMC	16.5	AMC	2029 18
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KPI 4: Satisfaction rate of training course	<table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Completion Rate</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>83 points</td> <td>Bank</td> <td>112%</td> </tr> <tr> <td>Securities (5 point scale)</td> <td>3.3 points</td> <td>Securities</td> <td>127%</td> </tr> <tr> <td>Life Insurance (10 point scale)</td> <td>8.2 points</td> <td>Life Insurance</td> <td>110%</td> </tr> </tbody> </table>		Company	Goals	Company	Completion Rate	Bank	83 points	Bank	112%	Securities (5 point scale)	3.3 points	Securities	127%	Life Insurance (10 point scale)	8.2 points	Life Insurance	110%	<table border="1"> <thead> <tr> <th>Company</th> <th>Goals</th> <th>Company</th> <th>Goals</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>84 points</td> <td>Bank</td> <td>85 points</td> </tr> <tr> <td>Securities (change to percentage scale)</td> <td>68 points</td> <td>Securities</td> <td>70 points</td> </tr> <tr> <td>Life Insurance (change to percentage scale)</td> <td>80 points</td> <td>Life Insurance</td> <td>80 points</td> </tr> </tbody> </table>		Company	Goals	Company	Goals	Bank	84 points	Bank	85 points	Securities (change to percentage scale)	68 points	Securities	70 points	Life Insurance (change to percentage scale)	80 points	Life Insurance	80 points																
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● : Direct impact ○ : Leading to impact (indirect impact) ◎ : Impact on business relations

*1 : Product marketing and sales

*2 : Loans and investments

*3 : Digital financial services and backstage operations

*4 : Replaced old machinery and equipment, waste disposal, and resource recycling

*5 : Frequency of risk occurrence

*6 : Degree of risk impact

5 points	May occur within 1 year
4 points	May occur within 3 years
3 points	May occur within 5 years
2 points	May occur within 10 years
1 point	May occur within 30 years

5 points	Extremely high level of impact on company operations
4 points	High level of impact on company operations
3 points	Moderate to high level of impact on company operations
2 points	Mild level of impact on company operations
1 point	Extremely mild level of impact on company operations



Business performance

GRI : 2-6、2-28、201-1



1-1 Basic Information and Operating Overview

Background of First Financial Holding Co., Ltd.

Establishment Date	January 2, 2003
Head office address	Taiwan (No. 30, Section 1, Chongqing South Road, Zhongzheng District, Taipei City)
Paid-in capital	NT\$136.201 billion
Assets	NT\$4,429.410 billion
Subsidiaries	Financial sector businesses including banking, securities, securities investment, life insurance, financial asset management, venture capital, management consulting, investment consulting, and leasing
Number of employees	10,305
Business category	Financial services
Stock code	TWSE: 2892

Shareholder Structure

Government institutions	Government funds and public institutions	Financial institutions	Other institutional investors	Individuals	Foreign institutions and individuals
11.49%	2.74%	15.17%	10.08%	37.17%	23.35%

* : Information as of April 23, 2024. The number of common stock in circulation is 13,620,145,537 shares (special shares have not been issued).

In 2023, the Bank, our securities company and life insurance company were respectively ranked in the "top 25% and top 26%-50% in the Assessment of the Implementation of TCF Principles" organized by the Financial Supervisory Commission. The Bank actively reinforced the wealth management 2.0 initiative, and promoted trust 2.0 business operations in response to government policies. The amount of money involved in fraud cases successfully intercepted by the Bank in 2023 was up 60% from 2022; In terms of digital transformation, the Bank's e-First smart money management program enjoyed a market share of more than 20%. The scale of its asset management was the second largest in the industry. Stage one of the "smart order placement" function for securities went online, and the life insurance company also joined the Claim Consortium Blockchain 2.0; In terms of business innovation, the Bank rolled out the "Portable Retirement Trust Account", "Sustainable Time Deposit", and "Consumption Carbon Footprint Inquiry" services. Our securities investment trust company successfully raised and launched the first sustainable impact investment multi-asset fund in Taiwan to bring the financial industry's sustainability impact into play.

Features	Digital Transformation	New Products	Sustainable Practices
<ul style="list-style-type: none"> The Bank actively reinforced the wealth management 2.0 initiative, and promoted trust 2.0 business operations in response to government policies The Bank, our securities company and life insurance company were respectively ranked in the "top 25% and top 26%-50% in the Assessment of the Implementation of TCF Principles" organized by the Financial Supervisory Commission The amount of money involved in fraud cases successfully intercepted by the Bank was up 60% from 2022 	<ul style="list-style-type: none"> The total number of vendors in partnership with the Bank for electronic payment was number one among all Taiwanese banks The Bank's e-First smart money management program enjoyed a market share of more than 20%. The scale of its asset management was the second largest in the industry Stage one of the "smart order placement" function for securities went online Our life insurance company joined the Claim Consortium Blockchain 2.0 	<ul style="list-style-type: none"> The Bank rolled out the "Portable Retirement Trust Account" The Bank rolled out the "Consumption Carbon Footprint Inquiry" service, first among government-owned banks Our securities investment trust company raised and launched the "FSITC Global Sustainable Impact Investment Multi-Asset Fund" The Bank rolled out the "Sustainable Time Deposit" program 	<ul style="list-style-type: none"> Joined the "Coalition of Movers and Shakers on Sustainable Finance", and served as the convening party for the "Working Platform for the Financial Industry's Net-Zero Drive-Working Group for Domestic and Overseas Promotion" Won the "Taiwan Corporate Sustainability Reports Award - Platinum Award", and was chosen for the top honor of "Top 10 Sustainable Paradigm Company Award" for the first time Received the "OHS SDGs Award" from the Ministry of Labor

In terms of financial performance, the Group and its subsidiary bank set more profit records, with after-tax net profits reaching NT\$22.461 billion and NT\$21.526 billion, respectively. Other subsidiaries also turned in impressive operating results. Their combined after-tax net profits amounted to NT\$1.792 billion, up a whopping 133.33% from 2022.

In addition to stellar financial performance, the Group is also devoted to various aspects such as accountable governance, environmental management, happy workplace and social harmony, in keeping with the business management philosophy of "Building Ethical Governance for a Sustainable Future", as it continues to increase the value of the "first brand in sustainable finance". We won the "Top 10 Sustainable Paradigm Company Award", the highest accolade in the Taiwan Corporate Sustainability Awards, and were included as a constituent stock of the DJSI World Index for six straight years. Our overall performance in sustainability has been recognized both at home and abroad.

1-2 Total number of business sites worldwide

With the head office of operations in Taiwan, First Financial Group has 222 operating locations and 542 automated teller machines (ATM) across the island in both urban and rural regions (including remote areas such as Nantou, Pingtung, Hualien, Taitung, and Penghu). Overseas operating locations span North America, Asia, Europe, and Oceania; one subsidiary, First Bank, has established 19 operating locations in New Southbound Countries (including in least developed countries such as Myanmar, Cambodia, and Laos).

Group's overseas spots

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 13
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
Asia	Bank: Singapore Branch, Ho Chi Minh City Branch, Hanoi City Branch, Vientiane Branch (Laos), Manila Branch (Philippines), Phnom Penh Branch and its Chorn 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, Frankfurt, Germany branch office 2
Oceania	Bank: Guam Branch, Brisbane Branch 2

Total **46** Overseas Locations

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



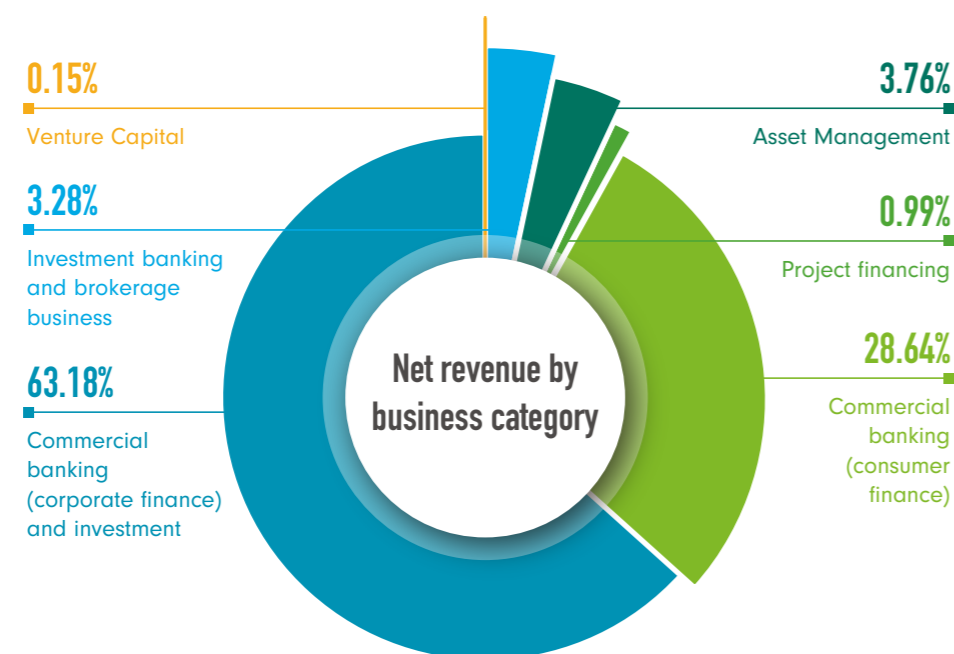
1-3 Financial performance

Unit: Thousands

Item	Year	2020	2021	2022	2023
Operating ability	Assets	3,550,503,691	3,739,593,907	4,157,195,982	4,429,410,318
	Total liabilities	3,329,296,822	3,515,047,049	3,933,073,412	4,180,965,920
	Shareholders' equity	221,206,869	224,546,858	224,122,570	248,444,398
	Net revenue	59,568,228	62,604,429	67,756,394	67,255,132
	Pre-tax profit	19,619,728	23,433,444	24,486,604	28,262,256
	Profit or loss after tax	16,807,541	19,739,045	20,595,663	22,461,001
Profitability	Return On Assets (%)	0.50	0.55	0.52	0.52
	Return on Ordinary Shareholders' Equity (%)	7.62	8.86	9.18	9.51
	Earnings per share (NTD)	1.31	1.52	1.56	1.65
	Profit ratio (%)	28.22	31.53	30.40	33.40
Economic value distributed	Employee welfare expenses (including salary expenses)	16,131,065	17,331,619	17,818,913	18,730,480
	Income tax expense	2,709,087	3,154,083	4,757,872	4,304,144
	Investment in social welfare	79,850	84,230	96,383	112,030
	Cash dividends per share (NTD)	0.9	1.0	0.8	0.85
	Dividends per share (NTD)	0.1	0.2	0.3	0.3

*1 : Earnings per share without retroactive adjustment.

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



1-4 Credit rating

According to the credit ratings issued by credit rating agencies such as Taiwan Ratings, S&P and Moody's for 2023, 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	Outlook
Taiwan Ratings	twA-1+	twAA-	Stable	2023.09.13
S & P	A-2	BBB	Stable	2023.09.13
Moody's	-	A2	Stable	2023.03.29

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

1-5 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\$280.57 million on industry connections and development as well as ESG-related organizations/ associations in 2023, and donated NT\$251.26 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 the executive director 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 R.O.C.; The Chairman of subsidiary First Securities also serves as the Director of Taiwan Securities Association. ; Chairman of FSITC served as deputy chairman of the Securities Investment Trust & Consulting Association of the R.O.C. President of First Life Insurance served as a supervisor of the Life Insurance Association of the Republic of China.

ESG-related institutions/associations

- Asian Corporate Governance Association: (ACGA)
- Accounting Research and Development Foundation
- Taiwan Institute for Sustainable Energy - Center for Corporate Sustainability
- Chinese National Association of Industry and Commerce, Taiwan
- The Third Wednesday Club
- Chinese International Economic Cooperation Association
- Taiwan Listed Companies Association
- 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.

Climate-related lobbying activities and management system for trade association participation

FFHC has established a management system with regard to climate-related lobbying activities and participation in trade associations, which is applicable to the Company's and various subsidiaries' participation in domestic and foreign climate-related trade associations. Through clearly-defined management, annual reviews and a monitoring system, we strive to make sure if their climate-related activities and potential positions are consistent with the "Paris Agreement".

Please refer to the Company's website for the management system with regard to First Financial Holding Co., Ltd.'s participation in climate-related trade associations



2023 Review Report on Climate-related Industry Associations

Direct lobbying

The Group did not take part in any direct lobbying in 2023.

Industry associations

The Group joined five climate-related industry associations in 2023. These five associations have been subject to management in this management system for assessment, and the assessment results are as follows:

Associations whose climate position aligns with that of the Group: Five

Names of climate-related industry associations	Assessment results
Center for Corporate Sustainability	The center acknowledges climate risks, supports the "Paris Agreement", and agrees to the net-zero emissions goal Its founding principles include refraining from overuse and reducing environmental impact in response to climate change, in order to ensure the space for environmental sustainability
Chinese National Association of Industry and Commerce, Taiwan	The center acknowledges climate risks, supports the "Paris Agreement", and agrees to the net-zero emissions goal A dedicated "Sustainable Net Zero" area has been set up on its website, disclosing its climate-related actions, including "climate action declaration for 1.5°C", "demonstration of members' carbon reduction results", "building sustainable DNA", "ecosphere for industrial cooperation", and "climate & rule of law".
The Third Wednesday Club	The association acknowledges climate risks and agrees to the net-zero emissions goal It discusses climate topics such as net zero, energy transition and zero carbon emissions in its routine meetings
Chinese International Economic Cooperation Association	The association acknowledges climate risks and agrees to the net-zero emissions goal It hosted "The 2nd Taiwan-Denmark Economic Cooperation Conference", in hopes of reaching the goal of ending oil and natural gas explorations by 2050 through cooperation.
Taiwan Listed Companies Association	The association acknowledges climate risks and agrees to the net-zero emissions goal It publishes the "Leaders of the East" magazine, which runs articles devoted to the net-zero transition.

Associations whose climate position does not align with that of the Group: Zero

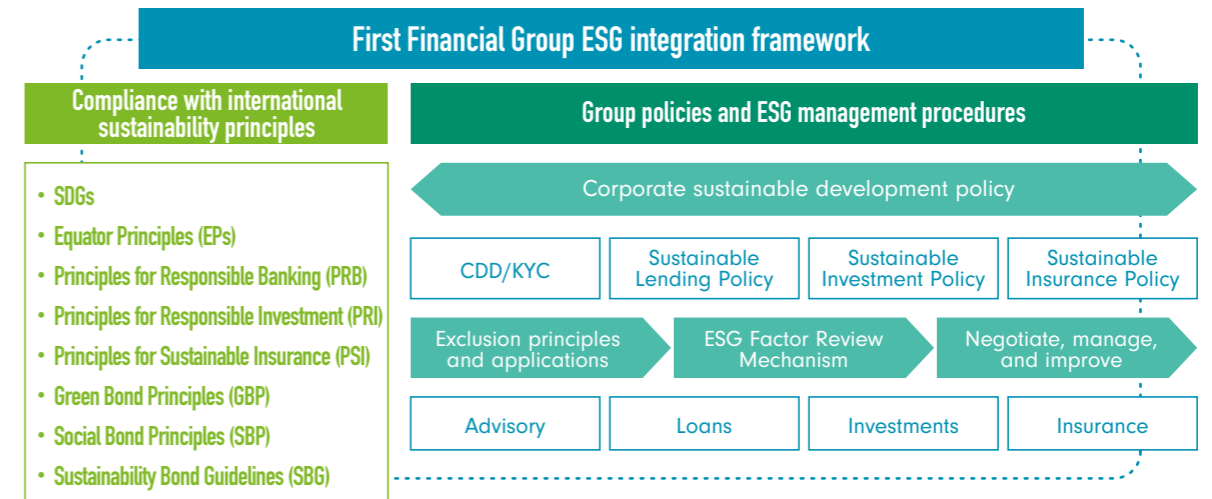
Names of climate-related industry associations	Procedure of negotiations & communications and anticipated countermeasures
N/A	N/A



Responsible Banking and Decarbonization Strategies for Investment & Financing

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

Responsible Finance



To realize the net-zero commitment of limiting the global temperature rise to within 1.5°C, financial institutions have implemented net-zero transition initiatives, strategies and governance systems, while demanding that their clients from both the investment and financing sides observe the same net-zero transition goals. The Group formulates sustainable credit, sustainable investments, and sustainable insurance policies in accordance with the "First Financial Holdings Sustainable Development Policy". The Group's ESG due diligence procedure encompasses all investment, financing, consulting and insurance operations, and it continues to advance its ESG Factor Review Mechanism. Apart from reviewing whether invested and financed enterprises have fallen short of the screening criteria for product sustainability, human rights, environmental protection, and major social controversies, it also has included industries dealing in coal and atypical oil and gas in the review. Additionally, the Coalition of Movers and Shakers on Sustainable Finance was formed with 5 major industry peers to reinforce the negotiation mechanism for enterprise investments and financing. If an enterprise seeking investments or financing is in major violation and fails to submit an improvement plan after negotiations, investment and financing positions will gradually decrease. We actively guide our customers to focus on issues of sustainability in hopes of achieving the 2050 net-zero emissions goal together.

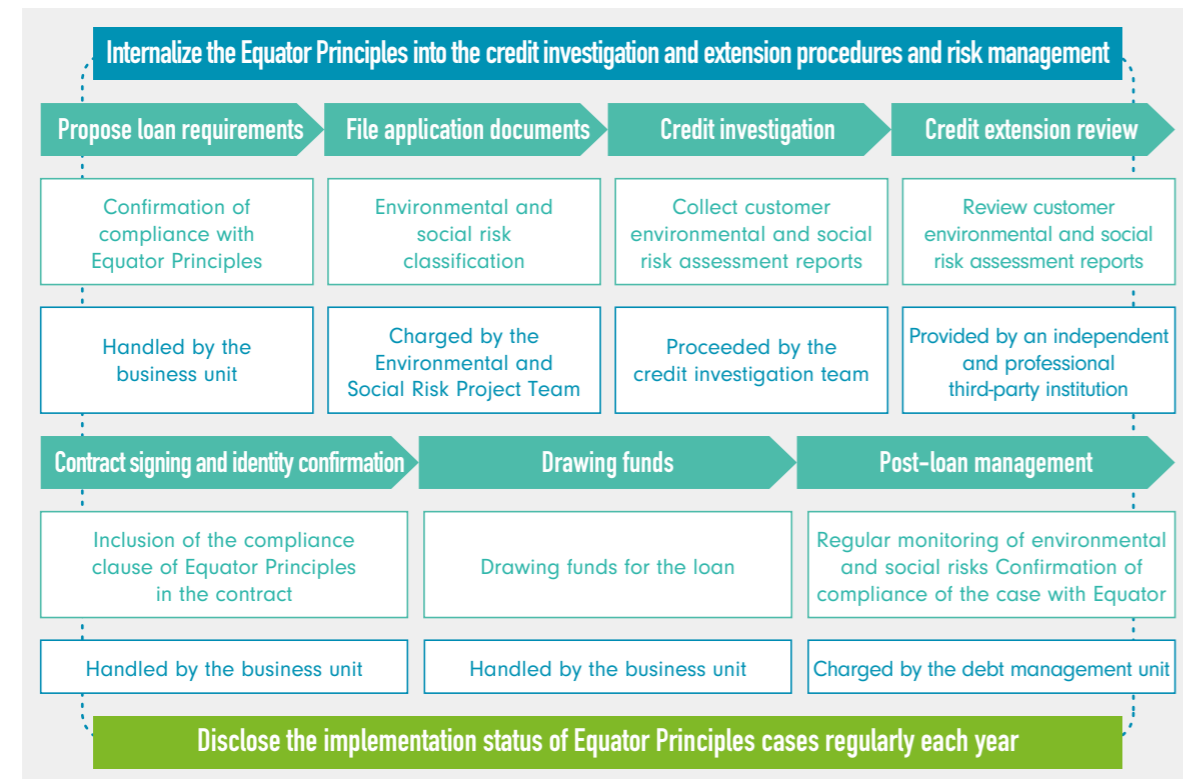
Uphold the sustainability commitment, the Group requires all domestic and offshore fund companies to sign the compliance statement for the "Stewardship Principles for Institutional Investors" and the "Principles for Responsible Investment (PRI)" before the launch of a new product. Insurance companies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



2-1 Corporate Banking/Investment Business

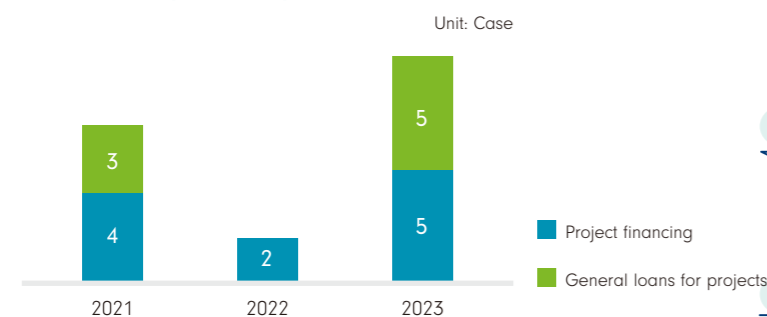
Equator Principles

The subsidiary First Commercial Bank has also signed up to official join the Equator Principles Association on December 21, 2020, becoming its 114th member bank globally. It also promulgated and enforced the "Operation Directions on Credit Cases Applicable to the Equator Principles" on January 6, 2021. In compliance with the Equator Principles, the Bank must determine the applicability of the Equator Principles based on the amount and purpose of each case before accepting financing applications from all corporates. For applicable cases, a dedicated "Environmental and Social Risk Project Team" would be formed by the business, review, post-loan management and other units, which are put in charge of risk classification. 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 Commercial Bank will conduct environmental and social risk reviews and post-loan monitoring to confirm that undertaken cases align with the guidelines of the Equator Principles. In doing so, we could adequately reduce potential credit risks and leverage the financial industry's influence to support sustainable development for environment and society.

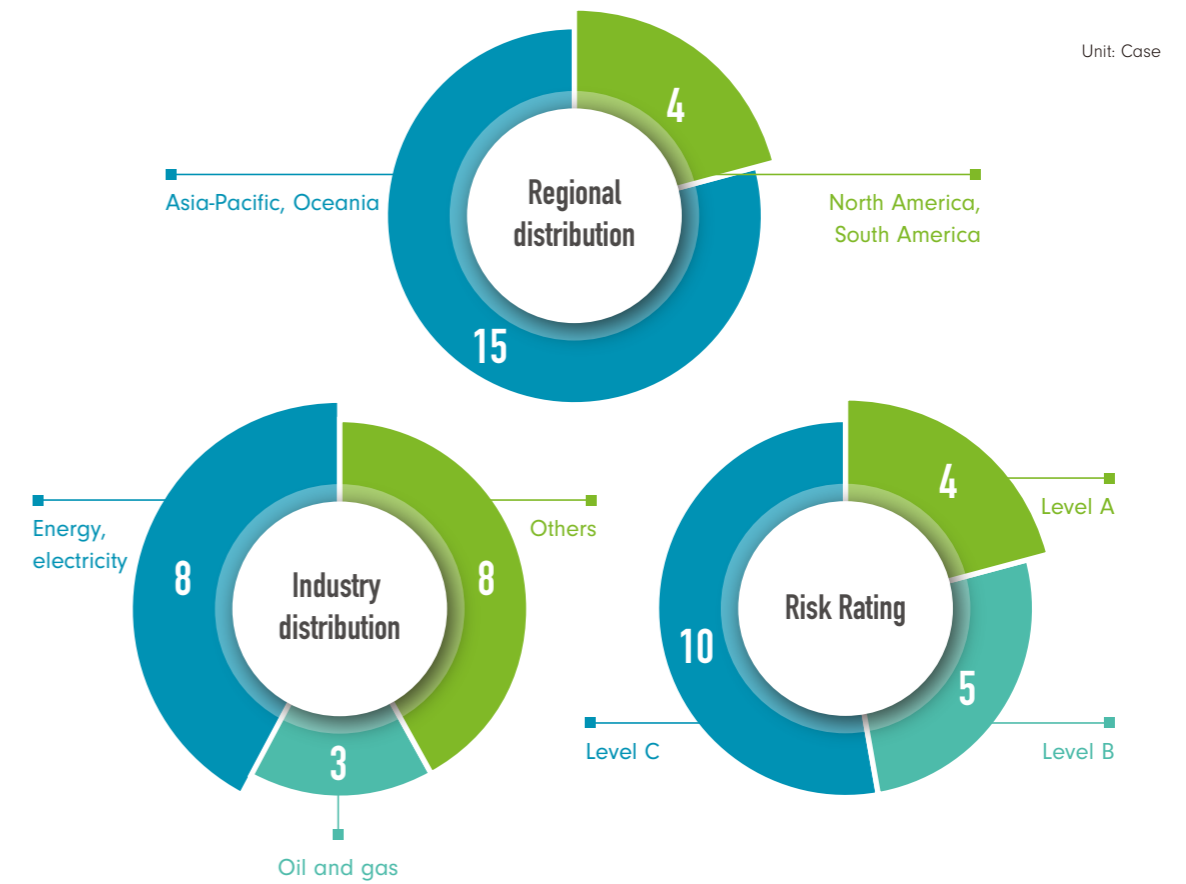


First Commercial Bank approved a total of 19 credit cases applicable to the Equator Principles between 2021 and 2023. Locations of these cases were mostly the Asia-Pacific region (Taiwan), with energy, electricity and oil and gas being the predominant industries. Two cases were disapproved. Of which, one pertained to waste treatment plant, where the applicant withdrew the case to re-evaluate the credit limit. The other case pertained to a solar plant, for which the reviewers regarded the capital contribution of shareholders and the operational performance of the plant unclear. As such, the case was put on hold.

Number of Equator Principles cases from 2021 to 2023



2021-2023 Equator Principle Cases



Case

Power supply industry/joint loan for rooftop type (indoor farming) fishery and electricity symbiosis solar energy project 3rd party institute: AECOM

In 2023, First Commercial Bank co-sponsored a joint loan case for rooftop type (indoor farming) fishery and electricity symbiosis solar energy project located in Yizhu Township and Budai Township within the Chiayi County. The project featured a device capacity of approximately 238MW, and the current site consisted mainly of fisheries or abandoned fisheries; it was not classified as an ecologically sensitive area, protected cultural asset/heritage, or aboriginal reservation. An environmental impact assessment waiver has been granted by the Ministry of Environment. An "Environment and Social Due Diligence Report" has also been obtained from an independent third-party institute. In view of its limited environmental impact, the project falls into the Level B category. With regard to potential environmental pollution and impact, the borrower has formulated the "Environment Safety & Sanitation Management Plan (Construction Period)" and "Module Cleaning SOP for Farm & Fishery Sheds in Solar Photovoltaic Power Plants", including regular watering and using dust screens to contain dust emissions caused by construction, refraining from construction during the oviposition period in nearby fisheries, using drilling machines in combination with pile drivers for pile planting to reduce noise and vibration, and using only clean water to wash the modules while banning detergents, etc. Furthermore, a space has been planned and reserved for building a natural ecological pond with respect to some of the sites in this project that are located in the hot zone of aquatic birds. Fishes will be farmed in the pond to allow for perching and feeding for wild birds. One or two ecosystem observers will be hired and an eco-friendly mechanism will be created going forward. Moreover, local orientations and coordination meetings will continue to be held to protect the rights of all stakeholders, and a grievance redress mechanism will be set up to ensure smooth communication channels.

The joint loan contract of this project required the borrower and the construction or operation of the solar energy plant to comply with all applicable environmental and social regulations as well as maintain all relevant permits; additionally, the project was required to comply with the various rules and requirements of the Equator Principles at all times, including but not limited to providing an annual monitoring report issued by an independent third-party institute to the managing bank of the loan quota. The managing bank must audit the borrower and determine if they have completed the necessary improvement or action plans for the development of this project within the credit period. Additionally, the borrower must submit a detailed report to the managing bank within 3 days of gaining knowledge relating the environmental or social requests related to the solar power plant, environmental pollution, major occupational safety incidents, or significant social complaints and protests. Subsequent investigative results shall be submitted in a report or improvement plan (if applicable) to the managing bank.

Case

Water and electricity, and fuel (liquefied natural gas) Third party consultant: ERM

The borrower plans to construct production, storage and export facilities of liquefied natural gas (LNG) in Vancouver, Canada. The storage capacity, according to the plan, will amount to 250,000 cubic meters. Each year, approximately 2,100,000 tons of LNG will be produced.

The project has obtained an Environment and Social Due Diligence Report issued by a third party consultant, ERM. The report ranks the project grade A. The borrower has also verified with the lead arranger of the syndicated loan. Moreover, the loan contract has stipulated environmental impact regulations, and the borrower has obtained the environmental management permit, LNG export permit and construction permit for LNG facilities. Considering that the project has obtained the support of the Canadian government, its financial consultant agency has signed on the Equator Principles, which are incorporated as part of the credit terms, and the borrower is obligated to comply with agreements related to the Equator Principles, the concern in which this project will violate the Equator Principles is low.

Case

Water and electricity, and fuel (liquefied natural gas) Third party consultant: ERM

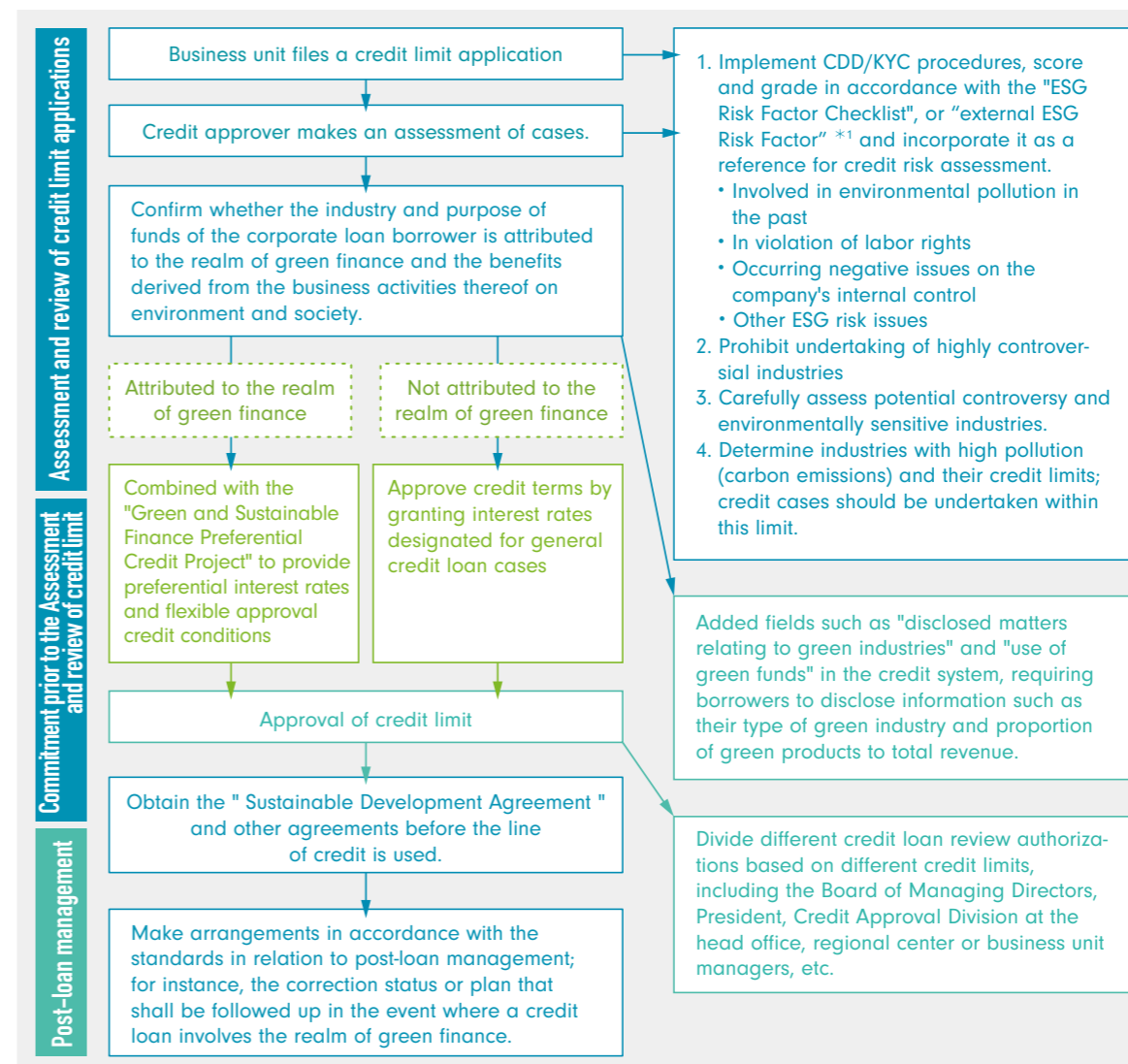
The borrower plans to establish three LNG trains with transportation capacity of 6.03 tons, and construct two LNG storage tanks with storage capacity of 180,000 cubic meters, two offshore LNG terminals, and related operational facilities.

The project has obtained an Environment and Social Due Diligence Report issued by a third party consultant, ERM. The report ranks the project grade B (most syndicated loans are ranked grade A). Considering that the project pertains to a major development industry that is proactively supported by the Texas state government, and the environmental pollution LNG causes is lower than that of coal, it is more in line with the Equator Principles.



Lending / Due diligence

First Commercial Bank practices responsible finance to evaluate whether enterprise borrowers fulfill their responsibilities in environmental protection, social responsibility, and ethical management as key criteria of financing. We continue to advocate ESG review mechanisms to credit examiners through meetings related to risk management; the three stages of reviewing applications for line of credit, commitments prior to credit allocation, and post-loan management are as follows:



*1 : Applicable to new loans, additional borrowing and loan extensions subject to approval by the Board of Managing Directors or higher levels.

Undertaking prohibited	Prudent assessment required		Caps to be imposed on undertaking*2	
	Potentially controversial industries	Environmentally sensitive industries	High-polluting (carbon emissions) industries	
<ul style="list-style-type: none"> Tobacco manufacturing industry Pornography Illegal firearms 	<ul style="list-style-type: none"> Alcohol Gambling 	<ul style="list-style-type: none"> Mining industries Agriculture and forestry Gasoline Natural gas Industries embroiled in biodiversity, climate change, energy use, forests and water issues 	<ul style="list-style-type: none"> Power supply Steel and aluminum/copper metallurgy Petrochemical (including artificial fibers) Cement Papermaking Agriculture and animal husbandry 	<ul style="list-style-type: none"> Waterborne & air transport Printing, dyeing and related processing Leather Metal processing Printed circuit boards Battery manufacturing

*2 : Credit extended to these industries shall not exceed 13.5% of the Bank's total credit extension in 2023.

Practice procedures such as Client Due Diligence (CDD) and Know Your Customer (KYC) in business dealings and utilize the "ESG Factor Checklist" to separately review borrowers for their ESG related risks, conduct scoring and grading, and incorporate them into credit risk assessment. If customers have previously engaged in environmental pollution, infringement of human rights/labor rights, suffered negative allegations within the company, and other ESG controversies, negotiations shall be conducted with the customer immediately to clearly state their current handling or improvement plan during credit limit application. The credit examining unit shall modify restrictive conditions based on the severity assessment of hazards; if involvement in ESG risk factors cannot be eliminated or improved, the loan should be refused to fulfill the finance industry's social responsibility.

As of 2023, ESG has been included in the loan decision review process for 100% of enterprise credit loans with a total of 10 cases that received "conditional approval" (e.g.: loan amount decrease or increased interest rates) or "rejected" due to ESG risk factors as described in the following:

Unit: case/million NTD

	ESG risk factors	Conditional pass (including reduced approval and restrictive terms)		Refusal of credit loans (including tabled or withdrawn applications)	
		Case	Amount	Case	Amount
Environmental factors	<ul style="list-style-type: none"> Pollutant source list as an object of regulation and related punishment records High carbon emission industries Controversial industries such as coal and energy Whether the objects and carbon emissions of "emission sources of registered greenhouse gas emissions should be checked" regulated by the Environmental Protection Administration of the Executive Yuan has increased for 2 consecutive years 	5	1,304	2	2,114
Social factors	<ul style="list-style-type: none"> Status of compliance with the labor rights and the Labor Standards Act Status of salary payment and retirement reserve fund appropriation Occupational health and safety Gender equality Food Safety Controversial industries 	1	30	0	0
Governance factors	<ul style="list-style-type: none"> Issuance of sustainability report International ESG related evaluations and participation in initiatives Shareholding ratio of directors and supervisors Change of the management Accountant's financial statement review opinion Negative news events 	1	200	1	626
Total		7	1,534	3	2,740



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

Unit: Million NTD

Name of borrower	Details of ESG risks	Amount
XXX Ltd.	The borrower deals in coal and natural gas trading, which is an environmentally sensitive industry. The guarantor is engaged in thermal power generation, which falls into the high-polluting (carbon emissions) industry category. Furthermore, its major shareholders have recently been embroiled in a controversy surrounding wastewater discharge. To fulfill the "Sustainable Lending Policy" and to gradually reduce financing for coal-related industries, the Bank has decided to put this case on hold.	1,614
Bank of XXX	The borrower has been implicated in corrupt transactions and sanctioned by local regulatory authorities. As a result, its external ESG risk score is relatively high. The borrower has therefore reached the level of grave risk and evidently lags far behind its peers. Furthermore, its asset quality may weaken due to the characteristics of its clientèle. After taking into account these credit risks, the Bank has decided to put this case on hold.	626
XXX Limited	The borrower is engaged in oil exploration, extraction and production, which falls into the environmentally sensitive industry category. Its external ESG risk rating has reached the level of grave risk. Moreover, the Bank's subsidiary has a relatively high risk exposure to the borrower. After comprehensively taking into account credit risks, the Bank therefore has decided to reduce its approved loan amount.	623
Total		2,863

To guide our borrowers to implement sustainable development, we actively urge our domestic customers to value sustainable development, and ask our borrowers to present their letters of commitment for sustainable development. We also urge our overseas customers to abide by local environmental laws and human rights regulations. In 2023, First Commercial Bank, FCB Leasing and First Financial AMC successfully collected letters of commitment for sustainable development from 99.9% of their borrowers.

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

Unit: no. of borrowers

Item	Year	2020	2021	2022	2023
Domestic Sustainable Development commitment		41,705	51,713	53,682	49,639*
Sustainable Development Evaluation Form for Overseas Branches		4,520	5,389	6,317	7,250

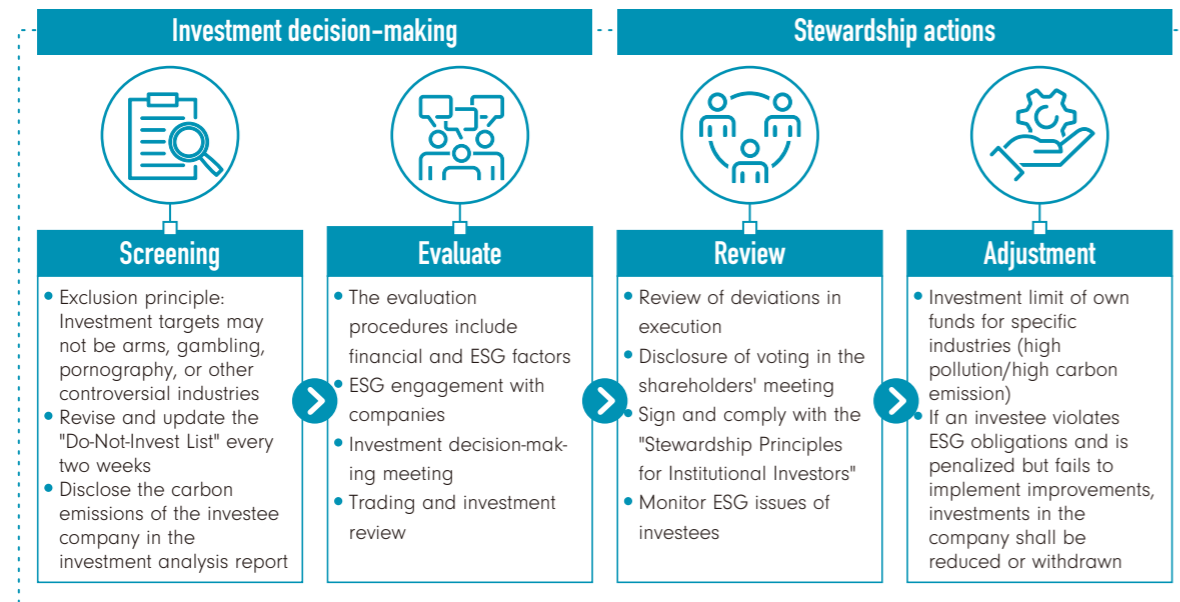
* : Includes the Declaration of Sustainable Development obtained by First Bank, FCB Leasing, and First AMC.

In 2023, to realize the investment/financing negotiation commitments of the Coalition of Movers and Shakers on Sustainable Finance, the Group even compiled a list of the top 60% financial carbon emitters from all of its domestic investment/financing positions by the end of 2022. For the financing part, First Commercial Bank prioritized negotiations with potential borrowers willing to sign letters of commitment for sustainable development (negotiation version). As of the end of 2023, 71.2% of potential borrowers had completed their negotiations.

For the purpose of strengthening the post-loan management and fulfilling the responsibility of being a financial institution for environmental protection and social sustainability, First Commercial Bank finds out whether the operations of early warning cases of borrowers who have been punished by government environmental protection agencies for violating environmental protection laws violate ESG principles and proposes improvement measures to these borrowers. In 2023 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 the customer has been continuously tracked to determine if they have complied with the environmental protection authority's request to obtain a permit for waste disposal. 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. If it is discovered that circumstances of environmental pollution are in violation of ESG principles, it shall be stated in the review opinion as a reference for future credit limit review. After review conducted by reviewers in 2023, no such matters have occurred.

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 2021 to 2023 were 15, 13, 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. In 2023, the invested stock pool of the 6 domestic funds (small, innovative trends, electronics, core strategic, storefront, and balanced China) of FSITC did not include stocks from the "non-investment list of companies that violate sustainable development". Additionally, 81.9% of companies in the stock pool of domestic funds compiled their own sustainability reports.

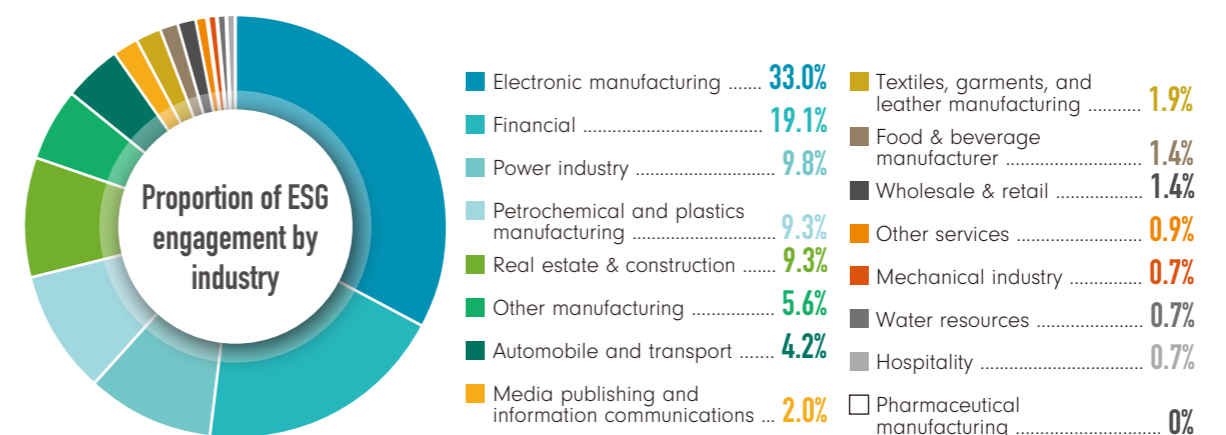
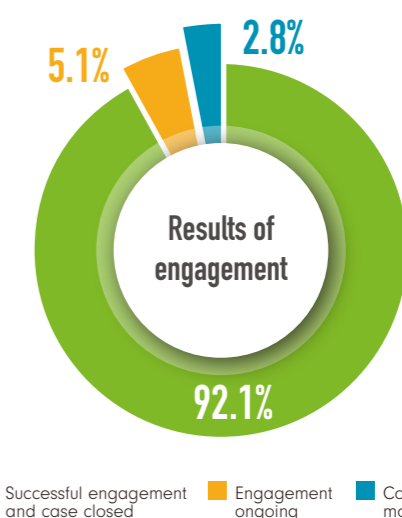
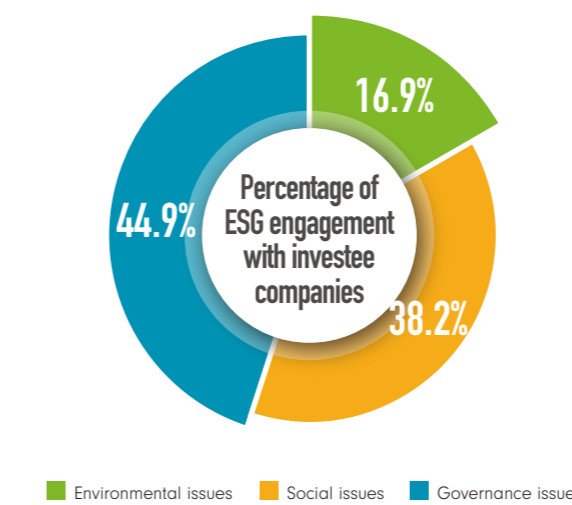
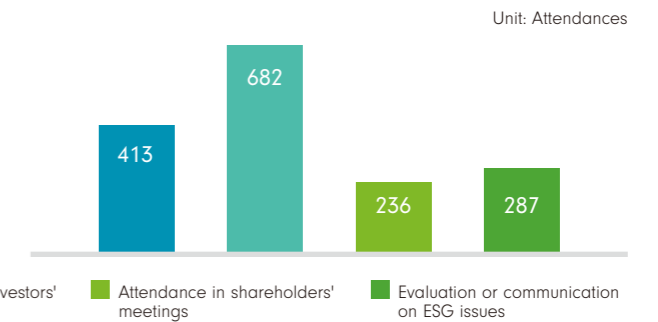
Screening Standards	Main Basis	No. of individual stocks excluded from the investment pool in the past three years		
		2021	2022	2023
Product sustainability	Excluding enterprises involving animal welfare(Biodiversity), climate change, ozone layer destruction, betting games, genetic engineering, nuclear 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.	0	0	1
Social	<ul style="list-style-type: none"> 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." 	8	6	7
Environmental	<ul style="list-style-type: none"> List of Sanctioned Entities announced by the Ministry of Environment, Executive Yuan (Ministry of Environment, 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. 	0	0	0
Total		15	13	15

To dutifully fulfill the responsibilities of asset owners or managers and to increase the long-term value of the Group and its fund providers, the Group's banks, securities, securities investment trust and life insurance subsidiaries have all signed the "Stewardship Principles for Institutional Investors". They have also disclosed stewardship updates on their official company websites. In 2023, First Commercial Bank, First Securities and First Life Insurance all made the list of "institutional investors with better disclosure of stewardship information", which was published by the TWSE. For investment targets that fell into the top 60% financial carbon emitters in the Group's domestic investment/financing positions by the end of 2022, First Commercial Bank inquired them about their actions plans on climate change risks, net-zero emissions and specific carbon reduction goals through requesting the signing of letters of commitment for sustainable development, or through issuing questionnaires. Commitment has been obtained as a result. It also actively joined the negotiation plan of the Carbon Disclosure Project (CDP), in hopes of boosting negotiation results through issuing questionnaires about risks associated with climate and natural environmental changes together with an international advocate organization. As of the end of 2023, 78.9% of them had completed their negotiations, which fulfills the investment/financing negotiation commitments of the Coalition of Movers and Shakers on Sustainable Finance.

Attendance rate in shareholders' meetings of listed investee companies in 2023 [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	97.6%

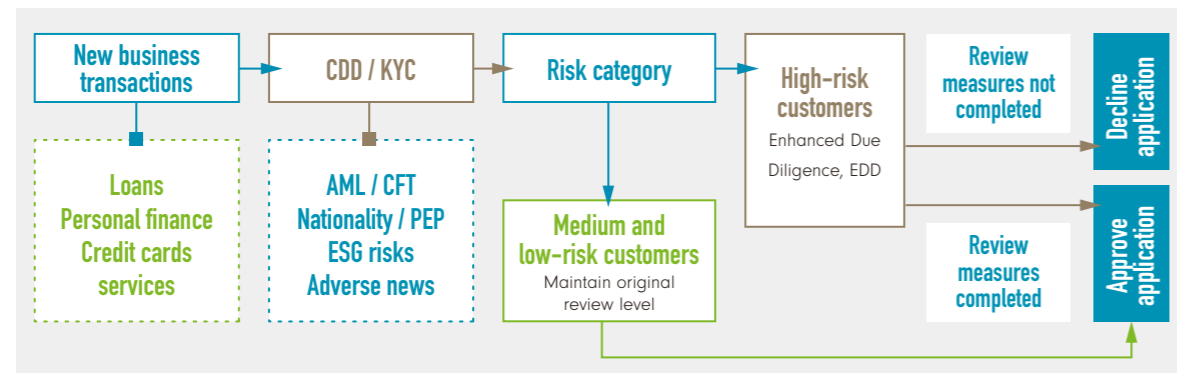
Responsible investment/stewardship implementation status



2-2 Retail Banking / Individual Finance

CDD/KYC Review Procedures

In order to improve the quality and resilience of credit assets, we incorporate ESG risk factors into the review process of our retail bank business for small and medium enterprises (including sole proprietorship and partnerships) and personal finance. Customers must pass 100% of the financial assessment and ESG risk review procedure to ensure their financial sustainability and resilience against unforeseen risk events.



When new accounts are opened, or if existing customers add projects to their businesses Customer Due Diligence (CDD) and Know Your Customer (KYC) are diligently conducted. This includes checklists for anti-money laundering (AML) and countering the financing of terrorism (CFT) for individuals and persons in charge of small and medium enterprises (SMEs); high risk customers must undergo Enhanced Due Diligence (EDD). Additionally, investigations are conducted into whether customers have been involved in ESG risks and transactions are refused and customers declined if their ESG risks are deemed excessive. This reduces the negative social and environmental impact caused by their products and services; The financing business for SMEs incorporates similar credit limitations comparable to those imposed on high pollution (carbon emissions) industries as well as restrictions on undertaking controversial and environmentally sensitive industries based on an assessment of their impact on environmental and social sustainability.

In order to take the risks of value loss of collateral into appraisal considerations, information for "geologically sensitive areas" and "potential areas of soil liquefaction" are obtained from the Central Geological Survey on a case by case basis and disclosed in the appraisal report. This allows auditors to comprehensively consider climate change risks of collateral; if the real estate collateral is building on a type C construction site note and is a new or loan increase case, it must be appraised by the management department of First Commercial Bank headquarters, regional center, or independently appraised on its own.

* : This refers to land lots zoned for type C construction use (for users of buildings in forest zones, slope land conservation zones, scenic zones, and slope agricultural zones) in the land registration transcript.

2023 ESG Review Results of Retail Banking and Credit Business

Type	Category	ESG risk factors	Review results
Small and medium enterprises	Environmental factors	According to the review factors of general corporate finance	1 Unapproved case Conditionally approved 2 cases
	Social factors		Conditionally approved 1 case
	Governance factors		Conditionally approved 1 case
Individuals and persons in charge of SMEs	Environmental factors	The area where the real estate collateral is located (geologically sensitive area and soil liquefaction potential area)	12% located in geologically sensitive areas 17% located in high potential areas for soil liquefaction
	Social factors	Money laundering Combating financing of terrorism Involvement in illegal affairs or negative media reports	86 Individuals were sanctioned and refused in business dealings 14 Individual mortgages were denied due to excessive AML risks

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 Industry/Enterprise ,Loan 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 2023

Item	Number of households	Proportion
Green consumer loans	1,584	37%
Urban renewal and reconstruction of urban unsafe and old buildings	28	
Public Welfare/Green Credit Card	41,165	
ESG fund*1	4,217	
Individual financial customers*2	125,862	

*1 : 27 ESG funds consistent with domestic regulatory regulations were cherry-picked in 2023.

*2 : Number of housing loan, credit loan, and credit card loan customers in 2023.

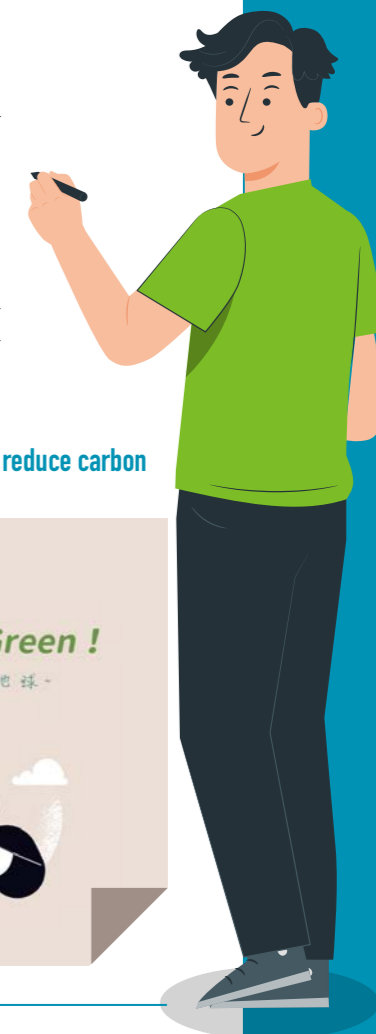
In 2023, First Commercial Bank's green credit cards featured the function of consumption carbon footprint calculation. Cardholders are able to inquire about the carbon footprint and emissions of their consumption via the iLEO app. Additionally, we organized the "Your First in Sustainability and Carbon Reduction" marketing campaign, inviting customers to respond to the 9 major commitments for carbon reduction. We continue to encourage our customers to take designated public transportation and take environmentally friendly action to protect our Earth. The number of green consumers and their spending amount were 430,000 customers and NT\$920 million, respectively.

In 2023, nearly **7,800** customers responded to the 9 major commitments to reduce carbon

- Select local and seasonal ingredients to reduce the energy consumption of food transport or storage
- Prioritize walking and public transportation
- Use eco-friendly utensils
- Refrain from using air conditioning/heaters whenever possible
- Apply for electronic bills, re-use paper or envelopes
- Reduce waste when shopping by determining your wants and needs
- Turn off power when not in use
- Properly sort and separate garbage
- Encourage friends and family to join the green movement

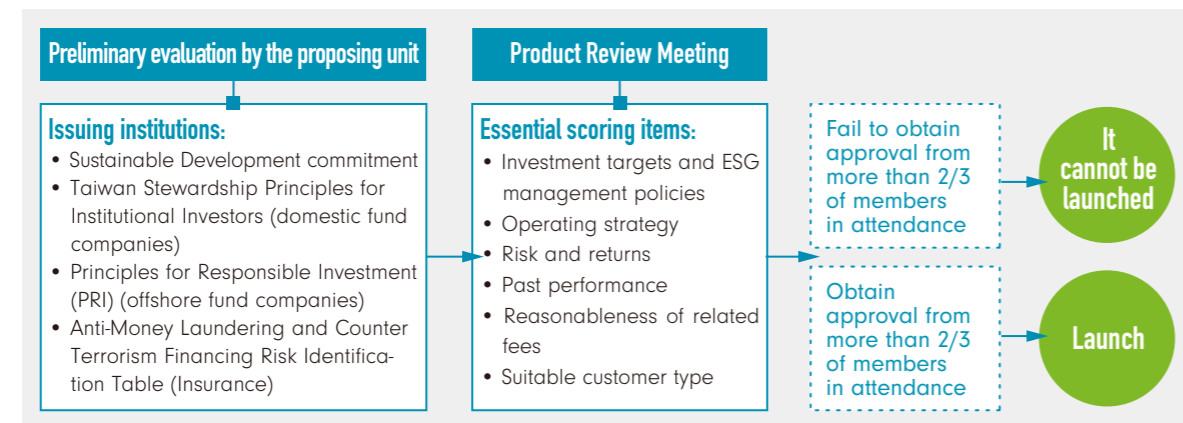
一騎減碳 Living Green !

掌握碳足跡 一起愛地球



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

In order to prevent our provided financial products and services from causing negative environmental and social impact, subsidiaries in banking, securities, credit, and life insurance have incorporated ESG factors in the selection criteria for the release of financial products. Rigorous product review that caters to risk controls and sustainable social and environmental development provides customers and investors the ability to pursue sustainable and long-term rewards. To fully understand product suitability, the financial products released by First Commercial Bank must utilize an evaluation chart to review whether ESG criteria are involved in significant negative ESG issues (such as air pollution, water pollution, violation of human rights and labor rights, poor internal control and unethical employee behavior, etc.) in combination with the competent authority's standards for ESG funds. The listing of ESG funds must pass review by the Financial Supervisory Commission and be listed in the dedicated ESG fund area on FundClear to prevent the act of greenwashing for listed products; After passing review by the proposing unit, relevant information is submitted to the "Financial Product Review Committee" for further 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 2023 a total of 233 products were reviewed before launching, a total of 6 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.



2-3 Decarbonization Strategy for Investment / Financing

To echo the government's goal of 2050 net-zero emissions, First Financial Holding has established a decarbonization mechanism for its investment/financing operations since 2023, and all of its banks, securities, life insurance, securities investment trust and venture capital subsidiaries have included related regulations in their sustainable credit/investment policies, as carbon reduction strategies are implemented from top to bottom. We encourage companies to embark on the transition to energy conservation, and direct their funds to projects with lower environmental impact.

Financing Decarbonization

First Commercial Bank has established a decarbonization mechanism for its financing operations since 2023, targeting corporate financing relating to coal mining, project financing relating to building coal-fired power plants (excluding those qualified for transition to decarbonization), as well as corporate financing cases where the share of revenues from atypical oil and gas exceeds a certain threshold. The Bank pledged not to undertake any such new cases or approve more funds for existing loans with effect from March 2023. And such positions are expected to return to zero by 2030.

Type	Operating Item	Applicable Scope of Exclusionary Policy	Condition to Non-undertaken	Applicable Year	Year in Which Financing Positions Will Be Eliminated
Coal	Coal mining	No more new general corporate financing cases will be undertaken	Coal mining accounts for 100% of revenue	Since 2023	2030
	Coal-fired power generation	No more new project financing cases will be undertaken	Coal-fired power generation accounts for 100% of revenue		
Energy	Tar sands	No more new financing cases for mining, trading, equipment, transportation companies, etc.	Relevant business revenue accounts for more than 50%		
	Polar circle oil and gas Ultradeep water oil and gas				

Investment Decarbonization

We have formulated a financial exclusionary policy for sensitive industries such as coal and energy, and the applicable scope mainly includes active investment and investment business managed by third parties. We also actively negotiate with clients to encourage the transition to energy conservation. If the client fails to cooperate, we will gradually reduce investment positions in order to promote sustainable development of the Company. To put institutional investors' influence into play, First Commercial Bank publicly pledged in 2023 not to invest in high carbon-producing corporations with no transition plans to decarbonization. Furthermore, we commit not to make any new investments in 2024 in companies whose "coal operations account for more than 25% of their revenue" and companies whose "atypical oil and gas operations account for more than 10% of their revenue," unless it has been clearly determined that the funds will be used for decarbonization or allocated to a state-owned enterprise with a net-zero commitment or a reduction target set by the local government. The existing positions of such companies are expected to be completely eliminated by 2025. In addition, the Bank plans to reduce its investment amount in high-polluting and high carbon-producing industries year by year, in order to enhance the climate change risk management mechanism for its investment operations. The Bank also stipulates that, if invested companies fall into the category of high-polluting and high carbon-emitting industries, they must regularly examine the effectiveness of their mitigating measures for transition risks based on the frequency of inspection, in addition to conducting regular assessment in accordance with the investment risk rating derived from their ESG implementations. The Bank would use those data to follow and negotiate their implementation of decarbonization strategies.

Item	Operating Item	Applicable Scope of Exclusionary Policy	Exclusion Condition	Applicable Year	Year in Which Investment Positions Will Be Completely Eliminated*1
Coal	Including coal mining, coal-fired power generation, coal infrastructure, and other coal-related operations	No more investments in the respective company*2	Coal operations account for more than 25% of revenue	Since 2024	2025
Energy	Including oil sands, Arctic oil and gas, ultra-deepwater oil and gas, liquefied petroleum gas, shale oil, and other atypical oil and gas operations	No more investments in companies active in mining, trade, equipment, or transportation*2	Atypical oil and gas operations account for more than 10% of revenue		

*1 : Complete elimination refers to the investment positions defined in the "Exclusion Condition" column in the table above.
 *2 : Excluding funds used for decarbonization or allocated to a state-owned enterprise with a net-zero commitment or a reduction target set by the local government.

2-4 Investment/financing strategies catering to biodiversity

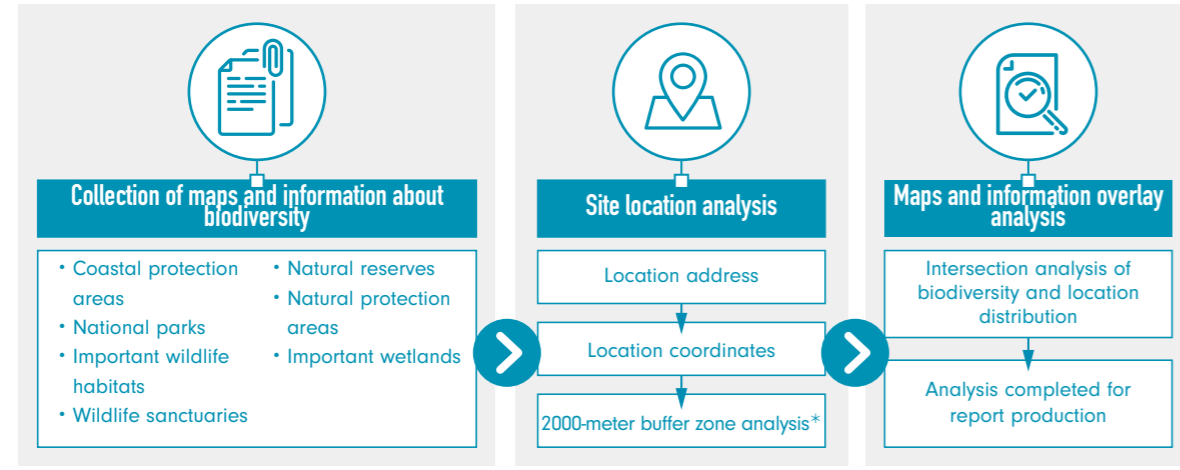
To slow down the rapid loss of biodiversity, First Financial Holding conducted financial disclosures relating to nature by referencing suggestions in the V1.0 version published by the Taskforce on Nature-related Financial Disclosures (TNFD) in September 2023. By doing so, we hope to reduce nature-related risks while directing funds towards programs that benefit nature. In accordance with the TNFD's approach of Locate, Evaluate, Assess, Prepare (LEAP; version V1.0), the Company conducted significance analyses on the nature and biodiversity reliance and impact of our own operating locations, suppliers and investment/financing targets and disclosed our findings, in hopes of achieving the objective of communicating with stakeholders. The execution structure of the LEAP approach is as follows:



1. Locate the sites of value chain activities

• **Use the map overlay analysis approach:** To identify the impact of the activities of the Company, our investment/financing targets and suppliers in the value chain on nature and biodiversity, we use location map overlay to analyze overlaps with biodiversity areas within a 2,000-meter buffer zone radius of various locations.

Three stages of location map overlay analysis



* : Maps and information about nature and biodiversity were collected and sourced from the National Park Service, Ministry of the Interior and Ministry of Agriculture.

• **Exposure-biodiversity hotspot analysis:** First Financial Holding conducted nature and biodiversity impact assessments with respect to the locations of 53,663 sites on its value chain in Taiwan (including 206 of our operating locations, 137 suppliers' locations, and 53,320 locations of investment/financing targets). The analysis results indicated that there were 28,283 locations on the First Financial Holding value chain that had nature and biodiversity impact potential, including our own operating locations, suppliers' locations, and investment/financing targets' locations.

Biodiversity assessment & analysis report

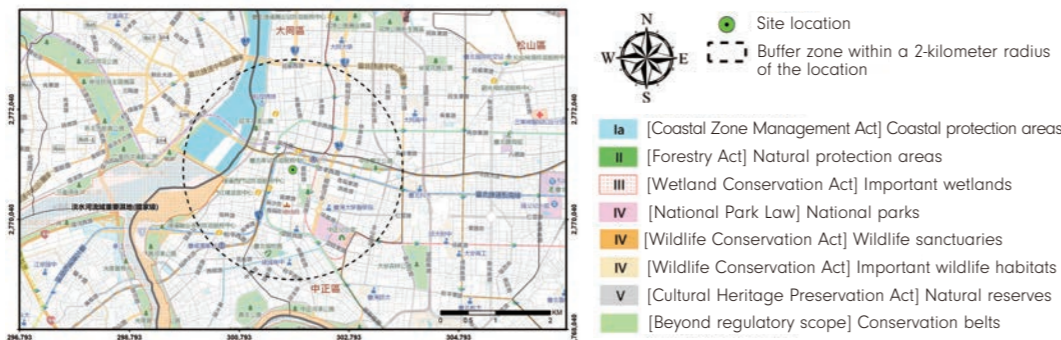
Name of analysis object: Operating location - Head office building

Location of analysis object: No. 30, Section 1, Chongqing South Road, Zhongzheng District, Taipei City (Latitude:25.045751 , Longitude:121.513087)

• **Is it located in an area with impact on biodiversity?**

IUCN categorization	Name	Biodiversity maps and information within the regulatory scope	Yes or no
Ia	Strict nature reserve	Natural reserves	No
Ib	Wilderness area	-	No
II	National park	National park	No
III	Natural monument or feature	Natural protection areas	No
IV	Habitat or species management area.	Important wetlands, Wildlife sanctuaries, Important habitats of wildlife and wild plants	Yes
V	Protected landscape or seascape	Coastal protection areas	No
VI	Protected area with sustainable use of natural resources	-	No
-	Others	(Beyond regulatory scope) Conservation belts	No

• **Location**

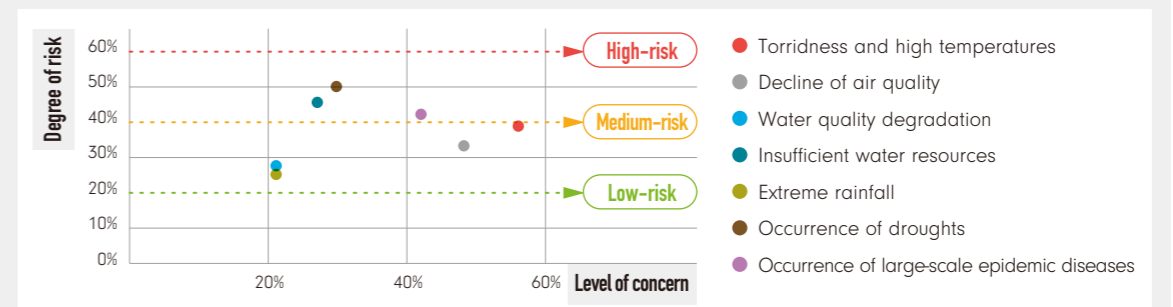


2. Significance analysis on value chain reliance & impact

With respect to the significance analysis of our value chain's reliance & impact on nature and biodiversity, First Financial Holding conducted a survey on the level of concern and risks via internal assessment, or by distributing the "Identifying the significance of investment/financing targets' biodiversity and natural environments" questionnaires. By aggregating the numbers of stakeholders' responses to a particular environmental issue, we were able to decide the level of concern for that issue. When more companies reply that they are confronted with a particular issue, the level of concern would be higher in terms of percentage points, which means that the level of exposure to this issue is likely to be higher among the stakeholders. With respect to environmental issues that the stakeholders were concerned about and the level of these issues' impact on their companies, we prepared different topics out of consideration for differences in reliance and impact. There were four major categories, including the level of concern, the degree of risks, risk calculation based on the types of reliance, and the level of mitigation achieved by management measures.

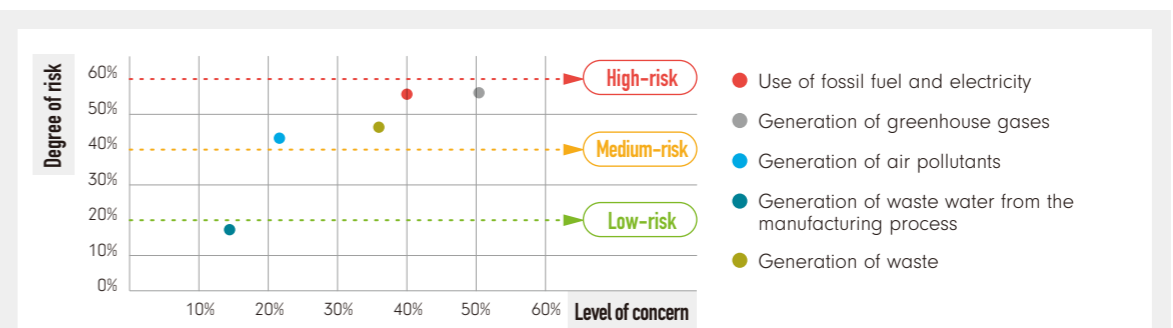
Identification & assessment of suppliers' nature-related reliance and impact

Based on the analysis of the Company's survey results about our suppliers nature-related risks, we have concluded that they rely on the ecosystem to provide water resources and disease control; they also have relatively higher impact on natural environments with the greenhouse gases generated from the fossil fuel and electricity that they use. Therefore, the Company will focus on our suppliers' management of water resources, air pollution and disease control and prevention. We plan to incorporate their performance in the aforementioned prevention and management into our pre-procurement "vendor data checklist" and the "supplier grading assessment" in 2024. With the "pre-audit" mechanism, we seek to strengthen suppliers' natural risk management as well as the "post-management" mechanism, in addition to encouraging them to take more active actions in terms of natural risk management.



Identification of suppliers' nature-related reliance:

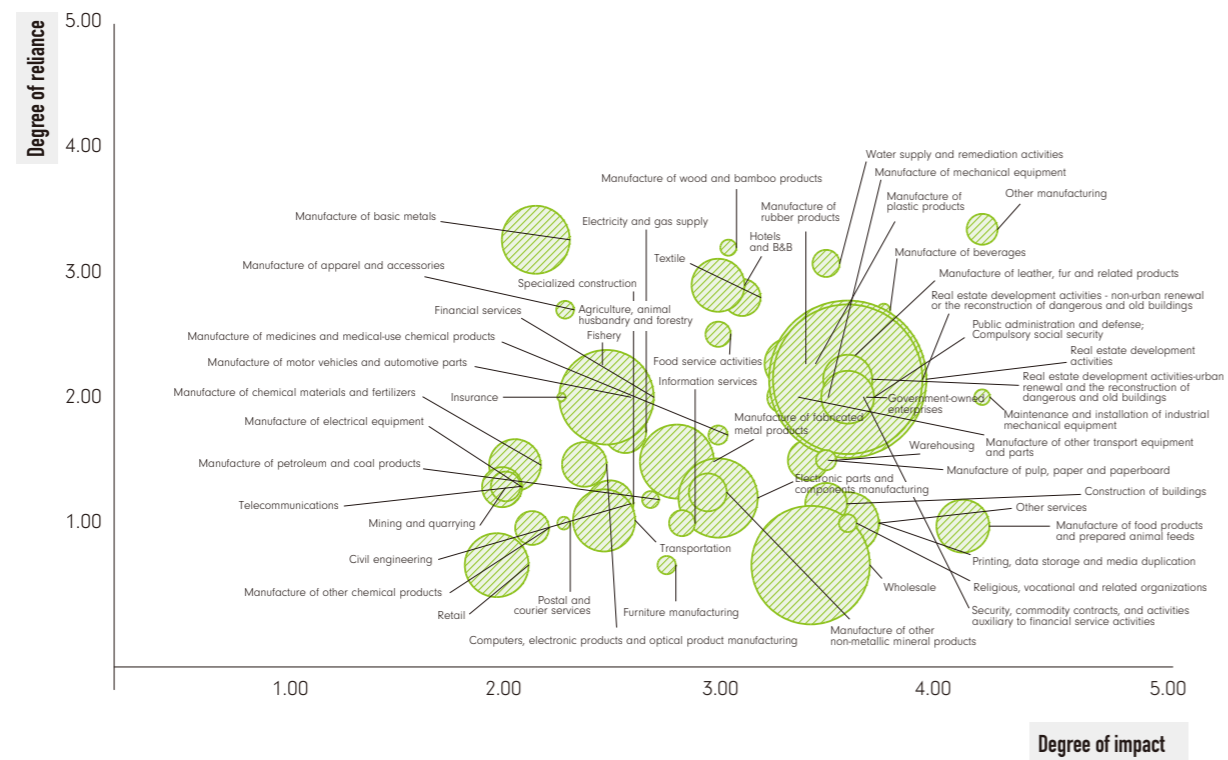
- To understand our suppliers' degree of reliance on nature and biodiversity, First Financial Holding conducted industry-specific reliance and impact analyses through the distribution of questionnaires.
- Risks are classified into various degrees. When the degree of risk is higher than 60%, it is considered high-risk. When it is 20% to 60%, it is considered medium-risk. When it is below 20%, it is deemed low-risk.
- For this survey, we only chose high-risk issues and those with a level of concern 20% or higher, and considered them to be high degree of reliance. In particular, the risk of droughts was the highest, with a level of concern of around 25%; Torridness and high temperatures drew the highest level of concern at 57%, and the degree of risk was medium.



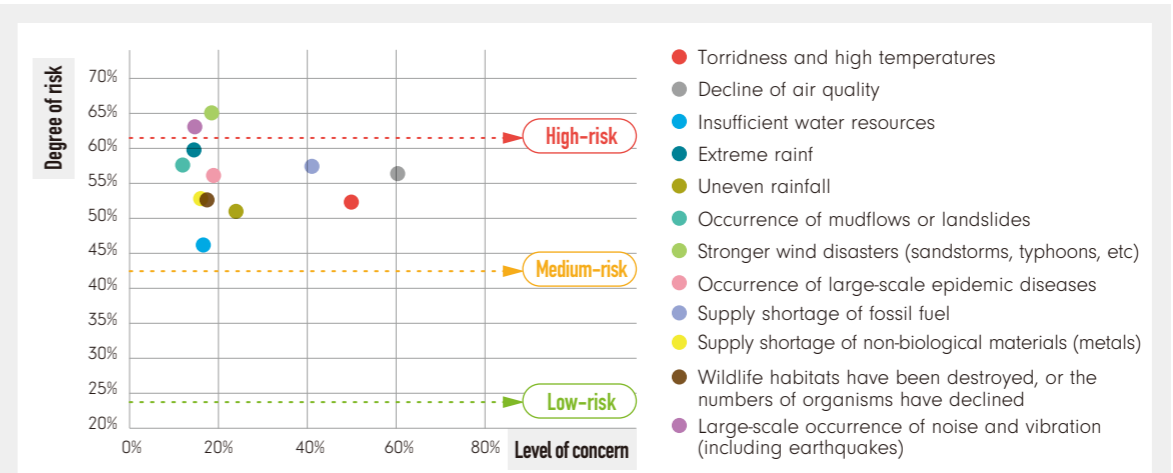
Identification of suppliers' nature-related impact:

- We only chose medium-risk reliance issues with a level of concern 10% or higher.
- Supplier activities generating obvious pollution include: There are four types, including the use of fossil fuel and electricity, the emission of greenhouse gases, air pollution, and waste discharge.
- The higher the degree of risk for an item, the more evident it became that the supplier's management measures and goal setting remained inadequate even after its own assessment of that item. With regard to the identification results of the impact of supply chain management, First Financial Holding has established corresponding investigation indicators and measurement units for subsequent risk management.

■ Identification & assessment of domestic investment/financing targets' nature-related reliance and impact

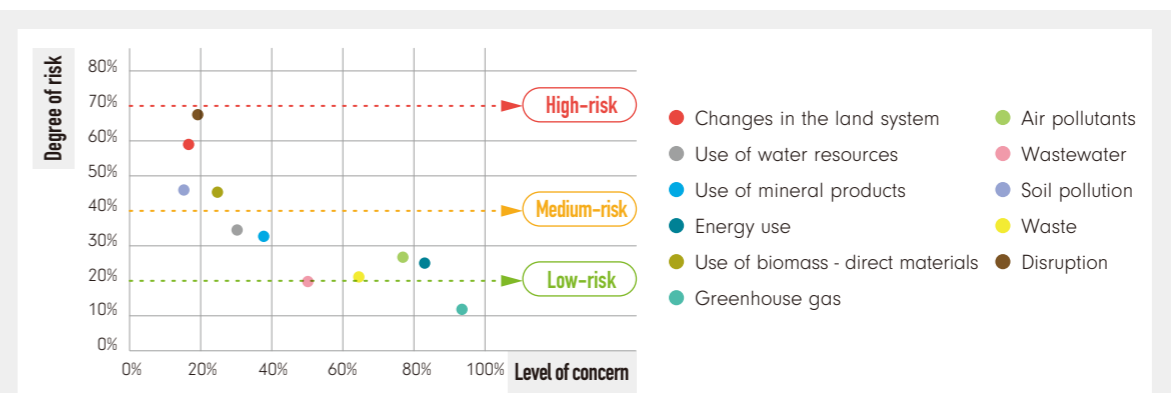


Investment and financing targets are key to assessing the financial industry's related impact on nature and biodiversity. First Financial Holding has conducted assessments of 54 industries via survey by distributing questionnaires to its internal business units.



Identification of investment/financing targets' nature-related reliance:

During the course of identifying our investment/financing targets' nature-related reliance and biodiversity, we only chose items with a level of concern 10% or higher, or industries with a high degree of risk for assessment. Nature-related reliance items that drew a level of concern higher than 40% included: Air quality, torridness and high temperature, as well as fossil fuel. Items with a relatively high degree of risk – and thereby falling into the high-risk category – included wind disasters, noise and vibration, and extreme rainfall. However, the level of concern was lower.



Identification of investment/financing targets' nature-related impact:

The top 3 nature-related impact items with a high level of concern included: Greenhouse gases, energy use and air pollutants. High-risk items with a degree of risk 60% or higher included surrounding disruptions to operations and changes in the land system. The main reason that some items were determined to be high-risk items is due to the questionnaire respondents' self-assessment results of these disasters. The higher the level of concern, the more management measures are put in place. Therefore, issues with a degree of risk lower than their concern level is relatively low-risk.



Risk and opportunity management that investment/financing targets rely upon

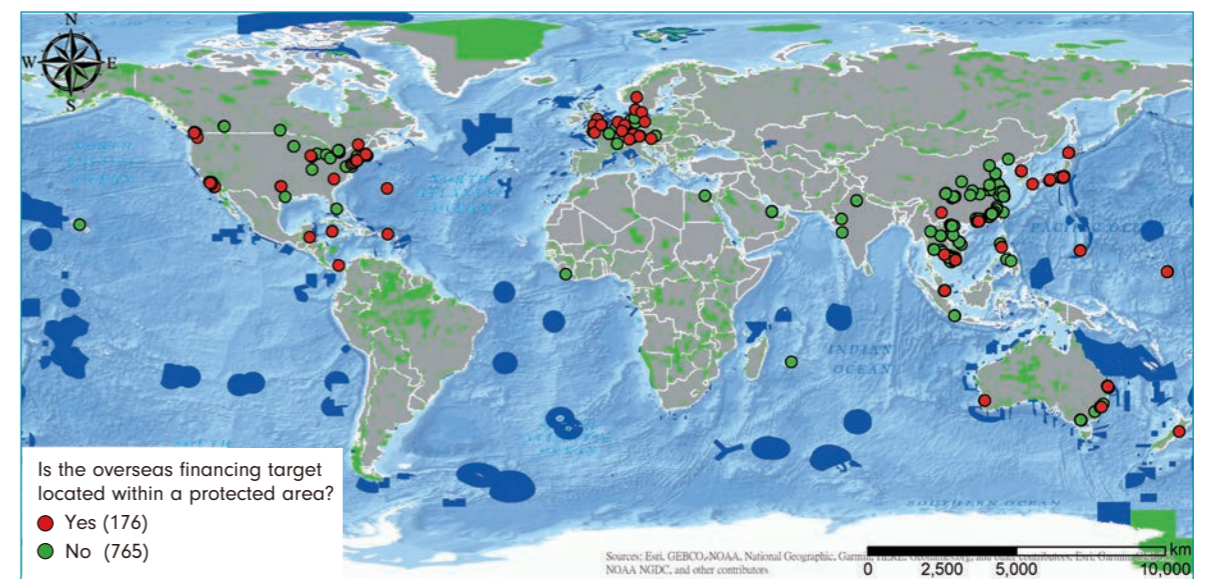
Risk items	Exposed industries	Risk explanation	Types of impact	Strategy
Torridness and high temperatures	Agriculture, forestry, fishery and animal husbandry	High temperatures may lead to low yields for some crops, or health risks to farmers.	Revenues Operating costs	Investment/financing targets are requested to manage their production environment control systems and precautionary mechanisms.
	Electricity and gas supply	High temperatures would result in reduction in electricity efficiency and the supply capacity, which would impact expected revenues.	Revenues	We would manage our investment/financing targets' precautionary mechanisms against high temperatures to ensure that they are equipped with fine precautionary mechanisms against high temperatures.
Decline of air quality	Mining industries	The decline of air quality creates high-risk impact on the health of on-site employees.	Business reputation Operating costs	Investment/financing targets are requested to install measures to monitor air quality.
Supply shortage of fossil fuel	Thermal power plants	Power plants' revenues/costs are affected due to spikes in fossil fuel prices caused by geopolitical reasons or climate disasters.	Revenues Procurement cost	We would conduct analyses on our investment targets' procurement diversity and low-carbon transition, while paying attention to international trends.
Extreme rainfall	Hotels, B&B, food service and tourism industries	Extreme rainfall leads to disasters, which could damage some hotels and destroy roads/scenic spots. As a result, the number of travelers would decline sharply.	Revenues Capital expenditures	We would conduct disaster potential analyses on the surrounding environments of hotel locations, and stringently review our investment/financing targets' precautionary mechanisms.
Wind disasters	Fishery	Wind disasters cause damage to fishing boats or fish farms, which leads to capital losses or even additional compensations.	Revenues Capital expenditures	We would examine our financing targets' response mechanisms to wind disasters, and demand that borrowers have a certain wind disaster prevention mechanism or insurance policies in place.
Noise and vibration	Construction projects	Earthquakes could lead to occupational safety issues and accidents during the course of a construction project, which could result in project suspensions and insufficient cash flow on the part of the investment target. Neighboring houses could even be damaged as a result.	Revenues Capital expenditures Business reputation	We demand that construction companies put sound vibration-resistant engineering measures in place to prevent any mudslides, landslides, collapses, or accidents.
GHG emissions	Electronic parts industry	Customers of companies in the electronics industry may demand that they reduce the carbon footprint of products with high carbon emissions, which may drive up their operating costs. As a result, our investment/financing targets' profits may fall short of expectations.	Operating costs Revenues	We would examine our investment/financing targets' information relating to climate change, transition programs and climate-related financial plans, in addition to conducting financial stress tests on companies that have received a large amount of investment from us.
Fossil fuel and energy use	Electronics industry	Mega electricity-consuming companies are requested to install renewable energy or use a certain ratio of renewable energy, which would drive up their operating and procurement costs. If they fail to fulfill their regulatory requirements, they would face regulatory risks.	Operating costs Capital expenditures	We would ensure that our investment/financing targets meet regulatory requirements

Risk items	Exposed industries	Risk explanation	Types of impact	Strategy
Air pollutants	Thermal power plants	Due to requirements associated with air pollution and carbon emissions, thermal power plants are required to limit their use of coal, or face a large amount of emissions cost. Therefore, they need to replace their generator sets, which would impact their capital investment, revenues or costs.	Capital Revenues Total cost	We would ensure that our investment/financing targets have backup generator sets, and that their air pollution control equipment has met requirements of the best feasible technology.
Changes in the types of land use	Cement	Cement mining may lead to protests from residents as well as risks of destruction to the local ecological system and landscape, which could further affect the timetable for capacity deployment.	Revenues Capital expenditures	We would ensure that our investment/financing targets have a comprehensive communication mechanism with stakeholders, and that they have enforced environmental remedy measures with respect to damaged land.
Disruptions to operations	Investment/financing targets that are in the vicinity of protected areas	Investment/financing targets that are in the vicinity of protected areas may disrupt specific species, or cause species' migration/deaths/extinction.	Business reputation	We would demand that our investment/financing targets conduct comprehensive ecological monitoring, and build the best possible facilities such as ecological corridors or habitats, in order to prevent factory operations from disrupting the lives and growth of animals and plants.

3. Assessment of biodiversity impact regarding the locations of overseas investment/financing targets

The Company has conducted assessments of biodiversity impact regarding the locations of its 941 overseas investment/financing targets. Referencing the DJSI index, the analysis designates a buffer zone within a radius of 2 kilometers from the operating location as the potential impact area. Maps and information about protected areas from around the world as recorded by the International Union for Conservation of Nature (IUCN) are also used for overlay analysis. The IUCN divides the world's protected areas into 8 categories (strict nature reserve, wilderness area, national park, natural monument or feature, habitat or species management area, protected landscape or seascape, protected area with sustainable use of natural resources, and the unclassified category). The analysis result indicates that (as shown in the illustration below) a total of 176 locations have touched on the IUCN's scopes of protected areas, including 61 locations in Asia (34.66%); 27 locations in Europe (15.34%); 44 locations in America (25.0%); 19 locations in Australia (10.80%) and 25 Oceanic locations (14.20%).

Locations of overseas financing targets & distribution of the IUCN's scopes of protected areas



* : Maps and information are sourced from the World Database on Protected Areas established by the IUCN.

Corporate governance

GRI : 2-9、2-10、2-11、2-12、2-13、2-15、2-17、2-18、2-19、2-20、2-21、201-1、404-3、405-1

3-1 Board Structure and Operation

The board members of First Financial Holding are re-elected every 3 years through a "candidate nomination system". The qualifications of all candidates for directors and independent directors is reviewed by the board before they are elected from a list of candidates at the shareholders' meeting, thereby ensuring that the nomination and selection procedures of directors is open and transparent.

Additionally, the Company has established targets for the board meeting attendance of all directors to exceed an average of over 85%; the actual attendance of independent directors must exceed 80%. In 2023, 13 board of directors meetings were convened with an average attendance rate of 97.81% for all directors (99.45% when including attendance by proxy) and more than 80% for all independent directors, thereby fulfilling their supervisory duties.

1. Diverse board members

After analysis of the Company's development of operations in the future, a diversity policy must be implemented to address the Group's emerging risks. The Company's directors possess industry and professional knowledge in banking, insurance, securities and laws, accounting, finance, tax affairs, technology, or risk management. Generally speaking, directors are capable in operations, management, leadership, accounting, financial analysis, crisis management, and decision-making as well as possessing plenty of knowledge in global market perspectives, industries, and risk management.

The Company's 7th-term board of directors is composed of 10 directors and 5 independent directors. Currently, including the Chairman and President, there are a total of 8 female directors who make up 53% of all directors.

2. Independence of directors and conflicts of interest prevention

"First Financial Holding Corporate Governance Best Practice Principles" clearly states that independent directors may not serve more than 3 consecutive terms in order to facilitate their objective use of authority and to prevent a reduction of their independence due to prolonged tenure; currently, all 5 independent directors have not served for more than 3 consecutive terms. Separate individuals, who are neither spouses or first-degree relatives, have been appointed as Chairman and President; furthermore, there are no instances of spouses or second-degree relatives between the directors.

"First Financial Holding Rules and Responsibilities of Independent Directors" provides clear terms stating "if independent directors have objections or reservations, they must be clearly documented in the board of directors meeting minutes", and "the Company may not obstruct, refuse, or avoid the execution of the independent director's duties. If an independent director finds it necessary when conducting duties, they may request the board of directors to assign personnel or independently hire a specialist for assistance, or request an internal audit to conduct special investigations or follow-up after the fact" to establish sound governance and system of independent directors, thereby allowing directors to express their function for the board and company operations.

Additionally, the Company's board of directors rules of procedure, the organizational rules of various functional (audit, remuneration, and integrity) committees, and managerial code of conduct include stipulations for directors or committee members to recuse from the discussion and voting of agenda matters in which individuals have personal interests or that which may harm the Company's interests.

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

Title and Name	Core Items of Diversity	Basic Composition			External Independence (*1)	Industry Experience (*2)	Professional Background and Ability								
		Nationality	Gender	Age*3			Law	Accounting	Finance	Tax	Technology	Risk management	Economic	Society	
				<50											50-60
Chairman	Ye-Chin Chiou		Female		●	●								●	
Director and President	Fen-Len Chen		Female		●							●	●		
	Chuan-Sheng Hsu		Male	●		●									●
Director	Ming-Chi Lee		Male	●		●			●						●
	Shing-Rong Lo		Female	●		●		●							
	Chih-Chuan Chen		Male	●		●			●						
	Hsin-Lu Chang		Female	●		●					●				
	Shih-Yuan Tai		Male		●	●					●				
	Li-Ling Yao	Republic of China,	Female		●	●				●					
	An-Fu Chen		Male	●		●									●
	Rachel J. Huang		Female	●		●				●			●		
	Chun-Hung Lin		Male	●		●					●			●	
Independent director	Yen-Liang Chen		Male	●		●		●							
	Wen-Ling Hung		Female		●	●		●							
	Hung-Yu Lin		Female	●		●								●	

*1 : The following criteria and standards have been adopted for the external independence compliance of directors. Directors cannot be executive directors and must meet at minimum 4 of the 9 following indicators; they must meet at least 2 of the first 3 criteria

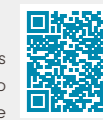
- The director must not have been employed by the company in an executive capacity within the last year.
- The director or his/her family member did not accept any compensation from the Company or any of its subsidiaries exceeding US\$60,000 in the last year, unless otherwise permitted by the US SEC 4200 clause.
- The Director's family members have not been employed by the Company or any of its subsidiaries as a senior executive.
- 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 must not have been a partner or employee of the company's outside auditor during the past year.
- The Director has no conflict of interest with the independent operations of the Board of Directors.

*2 : Categorized by level 1 of the Global Industry Classification Standard (GICS Level 1).

*3 : The number of directors less than the age of 50 is 7%, those 50-60 years of age is 60%, and those over the age of 60 is 33%; the average tenure is 4.47 years.

*4 : Please refer to page 20-39 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

Refer to the Company's website for compliance to external independence



For 2023 attendance of board of directors meetings, please refer to pages 59-61 of the Company's annual report



For director's recusal in motions relating to their interests in 2023, please refer to pages 61 of the Company's annual report

3-2 Board Functionality

1. Evaluation of board performance

In 2016, the Company established the "Performance Evaluation Method for the Board of Directors" to conduct annual internal performance evaluations for the board of directors. At minimum, a performance evaluation should be conducted by an external professional and independent institution or team of expert scholars once every 3 years.

Internal performance appraisal

The average score of board/directors evaluation was 4.75 (Full score is 5) in 2023 with an "Excellent" grade. Functional Committees achieved an average score of 4.98 (Audit, Remuneration and Ethical Management Committees each scored 4.98, 5, 4.95) with an "Excellent" grade as well. The above result was submitted to the 32nd meeting of the 7th Board of Directors on January 24, 2024.

External performance appraisal

FFHC appointed EY Business Advisory Services Inc. (hereinafter referred to as the external consultant) in 2023 to conduct external performance appraisal on the Board of Directors and each functional committee. Based on response to the Board & Directors Performance Evaluation Questionnaire, document reviews and on-site interviews, the external consultant, utilizing their methodology, concluded that the overall achievement percentile of three major aspects of the Company (including the board composition, board members, and process/information) is "top performance". The result indicates that the operations of FFHC's board and functional committees are beyond current regulatory standards and can be regarded as the industry benchmark.

External consultant recommendations	Plans of FFHC
<p>The Company continues to assist its Board of Directors in addressing company development goals, external regulatory trends and various emerging risks through functional committees. The objective is to ensure overall long- and medium-term risk management, as well as the appropriateness and effectiveness of resource allocation.</p>	<ul style="list-style-type: none"> The Company regularly keeps track of the latest regulatory explanations and press releases published by the competent authority every week, and provides them to related business management units to discuss and come up with response measures. They would report the status of their execution to the functional committees. Related departments are required to report their implementation status of the Group's anti-money laundering and countering terrorism financing to the Audit Committee and Board of Directors respectively once every six months, in addition to reporting their implementation status of the Group's anti-money laundering and countering terrorism financing as well as updates on related reviews and improvements to the Risk Management Committee once every two months. They are also required to report the latest changes in regulations, their countermeasures as well as emerging risks associated with money laundering/illicit activities to the Board of Directors and Risk Management Committee. The report on emerging risks, including climate risk, has been submitted to, reviewed and approved by the 2023 Risk Management Committee and the Board of Directors.

Board Directors are advised to receive educational training in subjects relating to the sustainability disclosure standards published by the International Sustainability Standards Board (ISSB) regularly, so that the Company could maintain its governance capability with respect to financial statements.

According to Article 4 of the Company's "Enforcement Regulations Governing Directors' Further Education", each Director is required to take at least three hours of corporate sustainability courses relating to environment (E), social (S) and governance (G) every year with effect from his/her second year in office. In order to comply with that requirement, the Company plans to reference external consultants' suggestions and include issues relating to sustainability disclosure standards as course subjects, in an effort to continue to improve our sustainable governance capability.

In January 2024, our external consultants produced the 2023 "Assessment Report on the Board of Directors' Performance", which was submitted to the 32nd meeting of the Company's seventh Board of Directors for reference on January 24, 2024.



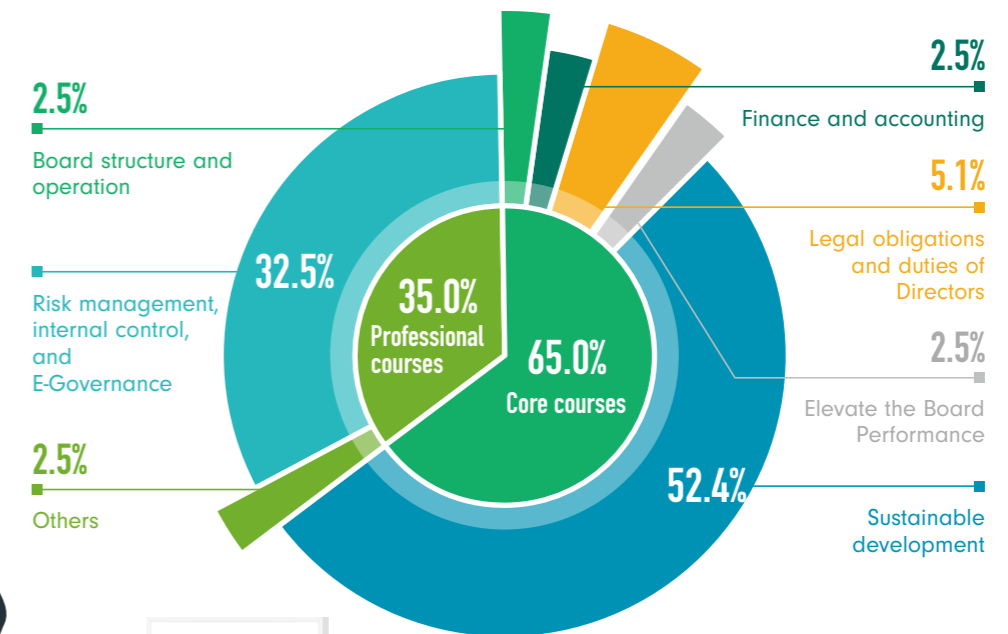
The results of performance evaluations for the board of directors from 2016 to 2023 are disclosed in this Company's website

2. Training for directors

In order to improve the professional knowledge, capabilities, and decision making ability of directors, the Company's 2023 training roadmap for directors scheduled a total of 118.5 hours(note) in core courses and professional programs.

* : With the exception of Director Xu Chuan-sheng, who took office on December 13, 2023 and was therefore exempt from the Article 4 requirement of "new appointees are advised to take at least 12 hours of further education courses in the year that they take office" in the "Key Points for Implementing Further Education for Directors of TWSE/TPEX Listed Companies", the rest of the Directors all exceeded the required minimum of further education hours in 2023.

PricewaterhouseCoopers (PwC), a professional consultancy company, indicated in its "Global Economic Crime and Fraud Survey 2022" that cybercrime (42%) was the most frequent economic crime encountered by companies. In addition, FinTech is changing the financial service industry, and has become an emerging tool for fast money laundering, as the patterns of money laundering have become more diverse and harder to detect. To help Directors understand the history and trends of cyber fraud and money laundering developments as well as the dangers confronting banks and their response measures, we conducted the "Money Laundering Risks Associated with Emerging Technologies" educational training course in 2023, with eight Directors in attendance.



Please refer to the Company's website for information on the continuing education of all Directors in 2023





3-3 Functional Committees

In order to establish sound supervisory functions and reinforce management, the Company's board of directors began in 2011 by establishing the specialized functional committees composed of independent directors such as the "Remuneration Committee", "Audit Committee", and "Ethical Management Committee". Each committee is authorized under their organizational rules to reinforce the board of director's supervision of finances, remuneration systems, and ethical management.

Committee	Year of Establishment	State of Operations in 2023
Remuneration Committee	2011	<ul style="list-style-type: none"> All of the Company's independent directors (3) are committee members and Independent Director Chun-Hung Lin served as the convener. A total of 7 meeting was convened in 2023 and average attendance was 100%.
Audit Committee	2012	<ul style="list-style-type: none"> All of the Company's independent directors are committee members and Independent Director Rachel J. Huang served as the convener. A total of 7 meeting was convened in 2023 and average attendance was 100%.
Ethical Management Committee	2015	<ul style="list-style-type: none"> All of the Company's independent directors (3) are committee members, Independent Director Yen-Liang Chen served as the convener. A total of 3 meeting was convened in 2023 and average attendance was 100%.



Please refer to Pages 64-67 & 77-79 of the Company's Annual Report for information on the primary responsibilities, members and attendance of each functional committee in 2023

3-4 Remuneration Policy

1. Remuneration policy of directors (including independent directors) at First Financial Holding

Directors	<ul style="list-style-type: none"> Remuneration of directors: Director's compensation, monthly remuneration, health examination fees, and transportation fees (reimbursable). Director's compensation: The Remuneration Committee refers to the results of performance evaluations, operating performance, promotion and execution of sustainable development, and major incidents of risk for the board of directors (including independent directors) in the current year. A recommendation is proposed based on the stipulated distribution ratio determined by the Articles of Incorporation for review and approval by the board of directors before it is reported at the shareholders' meeting. Director's monthly remuneration: 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.
Independent director	<ul style="list-style-type: none"> Remuneration of independent directors: Monthly remuneration, health examination fees, and transportation fees (reimbursable). Independent director's monthly remuneration: The board of directors reached a resolution to compensate each independent director with NT\$60,000 per month.

2. President remuneration standards and approval procedures at First Financial Holding

In accordance with "Articles of Incorporation" "Employee Salary Rules" "Employee Bonus Rules" "Employee Compensation Rules"

- Fixed salary** : Standards, which are regularly reviewed by the Remuneration Committee, are proposed by the Remuneration Committee for approval by the board of directors
- Floating wages** : Elements such as measured operating (including financial and non-financial) performance, individual performance evaluations, and the Company's future risks are considered by the Remuneration Committee before a recommendation is proposed to the board of directors for approval

1. Performance bonus

Indicator	Contents of indicators	2023 Achievement status
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Strategic indicator	Performance of corporate governance execution	First Financial Holding continues to advance in the field of sustainable development through world class standards, obtaining excellent performance in the 3 major global sustainability indicators of DJSI, MSCI, and FTSE. Through innovation and sustainable actions, First Financial Holding leads the group to improve our corporate influence and competitiveness. <ul style="list-style-type: none"> Chosen as a constituent stock of the MSCI Global Standard Indexes for the second time; and earned the highest AAA rating in the bank category of MSCI ESG Ratings Chosen as a constituent stock of the DJSI World Index for six straight years; and selected as a constituent stock of its "Emerging Markets Index" for eight consecutive years. Our scores were higher than the industrial average in 21 rating categories. In particular, we earned perfect scores in both the human rights and financial inclusion categories. We also came out on top among industrial peers in four categories, including sustainable finance, labor practice indicators, human rights, and financial inclusion. Chosen and included as a constituent stock of the "FTSE4Good Emerging Index" of London for seven straight years Selected as a member of the S&P Global Sustainable Yearbook for the seventh time, and ranked in the top 5% of the global banking industry Our Task Force on Climate-Related Financial Disclosures (TCFD) report received the highest "Level-5+" certification from the British Standards Institution (BSI) for three straight years Ranked in the "top 5% among publicly-listed companies" in the TWSE Corporate Governance Evaluation on nine occasions Awarded the "OHS SDGs" by the Occupational Safety and Health Administration, Ministry of Labor"; and received the "Happy Enterprise Gold Award" from the 1111 Job Bank Won the "Top 10 Sustainable Paradigm Company Award", top accolade at the 16th "Taiwan Corporate Sustainability Awards (TCSA)" Served as the convening party of the "Working Platform for Financial Industry's Net-Zero Drive-Working Group for Domestic and Overseas Promotion"; was put in charge of conducting seminars and exchanges relating to sustainability; and organized four events in 2023, including an interactive course called "Climate Change and Risk Management" for the financial industry Formulated SBT carbon reduction targets for Scope 1, 2 and 3, which were submitted to the SBTi for review, after they were approved by the Company's ESG Committee and Board of Directors
	Results of sustainable development	
	Results of corporate image and credit rating	

Standard

Risk indicator	<ul style="list-style-type: none"> Asset quality Customer complaints Compliance and major incidents of internal control 	<ul style="list-style-type: none"> Both the capital adequacy ratio and double leverage ratio comply with standards set by the competent authority No case of internal control or violation penalized by the Financial Supervisory Commission
Profitability indicator	<ul style="list-style-type: none"> Achievement rate of pre-tax surplus budget target Pre-tax surplus growth rate 	The achievement rate of this indicator score allocation is 107.19%
Joint marketing indicator	<ul style="list-style-type: none"> Achievement rate of joint marketing revenue budget target Joint marketing revenue growth rate 	The achievement rate of this indicator score allocation is 113.93%
Cost saving indicator	<ul style="list-style-type: none"> Reduction rate of operating expense ratio 	The achievement rate of this indicator score allocation is 99.07%
Other indicators	<ul style="list-style-type: none"> Management and leadership skills, judgment, ethics, and other competency indicators Compliance to government policies to achieve various targets in inclusive finance, green financing, responsible investment, cybersecurity management, and climate governance. 	

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.

Indicator	Benchmark	Proportion (%)	2023 achievement rate (%)
Pre-tax surplus	Target value of the Company's budget surplus	60	105.98
Earnings per share (EPS)		15	96.49
Pre-tax return on equity (ROE)	Simple average value of industry peers	15	94.67
Pre-tax return on assets (ROA)		10	98.96

Remuneration Structure

The ratio of fixed to variable salary of the President's remuneration (note 2) was approximately 3:1 in 2023

Title	Fixed salary (A)	Proportion (%)		Total remuneration (A+B+C)
		Bonuses (B)	Bonuses (B)	
President	4,416	1,510	0	5,926
Proportion of remuneration	75%	25%	0%	100%

- *1 : All formulations and revisions of salary, bonus, and compensation standards of senior executives (including the President) must be recommended by the Remuneration Committee and reviewed and approved by the Board of Directors.
- *2 : The President's salary (highest annual salary for an individual at the Company) in 2023 was 3.18 times the average salary of employees (excluding the President, the same applies in the following), 3.79 times of the median employee salary, and 0.04 times the percentage increase compared to the percentage increase of median employee salary.
- *3 : The Remuneration Committee is formed by all independent directors, please refer to the Company's website for information on the independence of directors.



Risk management and continuous operation

GRI : 2-27 、 205-1 、 FS1 、 FS2

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 model in internal controls and clarified the roles and scope of duties of the three lines model to ensure the organization structure meets the principles of the three lines model and their effective operations.

4-1 First line roles – 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. According to the Company's 2022 "Legal Compliance Risk Assessment Report" submitted, reviewed, and ratified by the Board of Directors in June 2023, corruption risk assessments have been conducted for all of the Group's domestic and overseas operations. Of these, conflicts of interest and the personal activities of employees have been assessed as medium to high risk; internal regulations to manage banking, securities, credit investment, and insurance subsidiaries have been established across all levels to reduce the occurrence of corruption risks.

4-2 Second line roles – Sound compliance and risk management system

The second line roles include 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 2023 are as follow:

Implementation plan	Implementation Results
Supervision and management of the Board of Directors and the Audit Committee	<ul style="list-style-type: none"> The Company's annual compliance plans for 2023 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. In addition, a legal compliance area has been established on the company's internal website to continuously collect new information on foreign laws and regulations and penalty cases, summarize them and provide them for reference by various departments and subsidiaries of the company. Overseas branches of bank subsidiaries cooperate with local laws and regulations to revise relevant internal regulations and analyze differences in disciplinary cases and submit them to their legal compliance department for review.
Compliance training and self-assessment operations	<ul style="list-style-type: none"> The Company's 2023 educational training curriculum for regulatory compliance included important changes to regulations, penalty cases imposed on other financial service companies, and awareness campaigns for personal information protection, gender equality in the workplace/preventing sexual harassment in the workplace, employee education on confidentiality, anti-bribery, and anti-corruption, etc. Furthermore, to enhance our employees' awareness of personal information protection and to follow through with related implementations, the Company also held "Lectures for Raising the Awareness of Personal Information Protection", inviting professional lawyers to lecture about related regulations and penalty cases. The Compliance Department also provided "Ethical Management & Conflict of Interest Prevention", "Notice for Using Social Media", risks relating to ChatGPT, and a recap of the "Enforcement Guidance on Harassment in the Workplace" published by the U.S. Equal Employment Opportunity Commission (EEOC) for subsidiaries to conduct educational training. The Group's subsidiaries are required to conduct compliance educational training and self-evaluation at least once every six months. The Group's subsidiaries conducted a total of 221.9 hours of compliance educational training in 2023, with 26,656 participants in attendance.
Compliance performance evaluation	<ul style="list-style-type: none"> The legal compliance operations of the Company's departments in 2023 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 2023 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	<ul style="list-style-type: none"> Four "Group Chief Compliance Officers Meetings" were convened in 2023, where the subsidiaries reported the status of implementing their compliance systems in the previous quarter. They were also asked to cooperate in terms of disseminating, discussing and offering suggestions on important recent issues, in addition to reporting back their status of execution. On-site visits to subsidiary securities company, securities investment trust company and life insurance company were made. During these visits, each subsidiary would first present a report on important issues of the year, examine if the compliance system has been fully implemented, and offer improvement suggestions. In doing so, the Group hopes to increase its communications and liaison with each subsidiary, thereby consummating the compliance system. In 2023, the Group conducted spot checks on various subsidiaries' operations in regulatory compliance and money laundering prevention. Five items awaiting improvement and four suggestions were brought up. Necessary improvements have all been made by each subsidiary.

Penalties Imposed on the Company and its subsidiaries by the competent authority and improvement measures taken in 2023

There were no major penalties imposed by the competent authority to the Company and its subsidiaries in 2023*.

* : The disclosure of penalties relating to cases of major violations must comply with Article 36, Paragraph 3, Item 2 of the Securities Exchange Act if there is a possible of material impact to the rights and interests of shareholders or the price of securities or if it complies with Article 2 of the "The Financial Supervisory Commission's Measures for the Public Announcement in Major Penalty Violations of Financial Laws".

2. Risk management

Risk Management Structure

FFHC's Board of Directors is the top policy-making unit when it comes to Group risk management. A "Risk Management Committee" has been established under it. The Chairman serves as the committee chairperson, while the President, VPs and the chairmen and presidents of subsidiaries serve as committee members. A meeting would be convened once every two months to supervise and examine the effectiveness and implementation status of the Group's and each subsidiary's risk management, which is reported to the Board of Directors on a regular basis. The Risk Management Department is responsible for carrying out various risk management policies.



Risk management Policies & Process

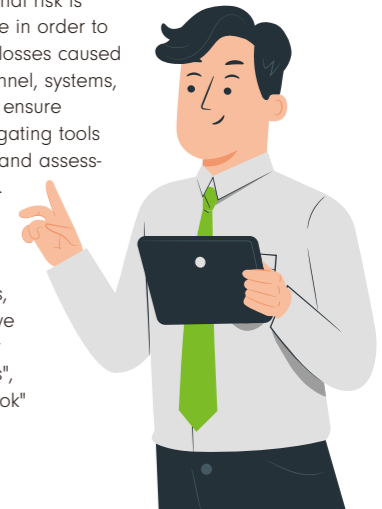
A. The Group identifies, weighs, monitors and controls each risk based on the "Risk Management Policy" approved by the Board of Directors, and formulates qualitative and quantitative measures commensurate with risk appetite.

- Identification of Risks: The influence path of major hazards, risk types and risk descriptions are identified through the compilation of various data, such as historical events as well as domestic and international issues and trends.
- Risk Measurement Assessment: Risk assessment models are introduced for scenario analysis to complete the quantitative assessment of the impact that risks have on business as well as potential opportunities.
- Risk Strategy: Based on the quantitative assessment results and the organization's current situation, adopt strategies for mitigation, transfer, acceptance, or control of climate risks and establish action plans for mitigation and adaptation.
- Objective Setting: Concrete organizational goals and indexes are established based on the outcome of risk strategy formulation. These goals are in turn allocated to business management units.
- Objective Monitoring: Organizational risks and opportunities are monitored regularly to ensure that milestones are met in time. An independent Risk Management Committee has been set up to effectively integrate the reviewing, monitoring, reporting and coordinated operation of the risk management matters of the entire Group.

The Company has imposed caps on the maximum risk undertaking for the Group's and its subsidiaries' credit extensions and investment operations in order to control the Group's large risk exposures; The subsidiaries have set their respective capital adequacy ratio (CAR) alarm levels for various industries in order to maintain the Group's CAR; The Group regularly reviews its subsidiaries' main risk monitoring indexes, including credit risk, market risk, interest risk, liquidity risk, insurance risk, operational risk and emerging risk, in order to faithfully implement the early-warning and stop loss mechanisms; Effective internal control systems are implemented to reduce possible losses caused by risks.



Risk Types	Description	Scope of Management	Mitigation measures
Credit Risk	Credit risk refers to the risk of financial losses arising from a transaction counterparty's failure to perform his/her contractual obligations.	We have developed a credit rating model for assessing borrower risk as well as assessment tools for measuring credit limit characteristics risks for operations such as corporate financing, credit financing, mortgages and credit cards. We have also introduced them to our system, in hopes of quantizing the risks and controlling them to a tolerable range with the help of objective and consistent tools for measuring credit risk.	<ul style="list-style-type: none"> • To align with regulations of the New Basel Capital Accord and to establish an objective audit standard, we have gradually developed credit risk rating tools, introduced an audit process for credit checks and extensions in order to assess risks, and linked them to post-loan management in the early-warning mechanism for reviews. The goal is to build a sound and comprehensive credit extension management process. • To control risks associated with concentration of credit extensions, we have established a credit limit management mechanism for conglomerates, industries, nations, various types of stocks and collaterals of publicly listed and OTC companies, and real estate loans. • To enable the risk management process to run effectively, we have established related systems for internal audit & internal control. • We regularly monitor and report concentration risks associated with conglomerates, industries, nations, various types of stocks and collaterals of publicly listed and OTC companies, and real estate loans. We also revise our risk undertaking caps in accordance with changes in market environments, levels of business complexity and risk control strategy assessments, in order to grasp the effectiveness of risk control. • We would demand proper collaterals or guarantee in line with a borrower's credit status or credit limit characteristics to mitigate our credit risk.
Market Risk	Market risk refers to possible losses of investment portfolios or financial assets resulting from changes and fluctuations of risk factors in market transactions.	Changes in market prices on or off a balance sheet could lead to expected or unexpected losses for the Company. In particular, interest rates, equity, exchange rates and product risk could cause changes in market prices.	<ul style="list-style-type: none"> • Aside from taking necessary hedge covering with regard to financial products in our transactions with customers, we would also take into account market changes, financial goals and risk measurement factors to establish an appropriate risk-weighted asset position within the reasonable range of risk limit control, and take advantage of the benefit of capital allocation, in hopes of creating maximum profits. Our main financial products for hedging include interest rate swaps, cross-currency swaps, swaptions, and interest rate collars, etc. For our overseas business units' loan assets with fixed interest rates, we would - out of consideration for hedging - circumvent risks caused by fair market price fluctuations through interest rate swaps. • Risk management departments would regularly submit their hedging monitoring results in accordance with the frequency required by various management regulations, which would be presented to business units and senior management.
Operational Risk	Operational risk refers to the risk of all losses resulting from inadequacies and errors of internal operations, personnel or systems, or of other external operations and related incidents. In particular, "legal risk" is also included, but strategic risk and reputation risk are excluded.	The division of respective powers and responsibilities as well as the report line system are specified in accordance with the functionality of the three lines of defense in risk management: <ul style="list-style-type: none"> • Each unit should control and manage its daily business activities within the range of its responsible business operations, and implement operational risk management. • Risk management departments are responsible for establishing the operational risk management system, planning operational risk management tools and processes, and conducting exposure monitoring and reporting. • Audit departments are responsible for independently reviewing and assessing if the operational risk management architecture operates effectively. 	<ul style="list-style-type: none"> • Hedging or mitigation of operational risk is mainly achieved through insurance in order to transfer/mitigate operational risk losses caused by operational negligence, personnel, systems, or external incidents. We strive to ensure continuous utilization of these mitigating tools through regular risk identification and assessment as well as control measures. • To reduce potential losses from disruptions to operations resulting from fires, explosions, typhoons, earthquakes, robberies, bank runs, strikes, or other major incidents, we have formulated the "Contingency Measures for Management Crises", and "Crisis Management Handbook" for all units to follow.



As the types of global emerging risk items and related incidence gradually rise, the Company has also separately formulated the "Emerging Risk Management Guidelines" so that the Group can enhance corporate governance and administer assessments of emerging risks (such as trade war, global epidemic diseases, climate emergencies, information security risk, etc). By doing so, we have established a Group-level management mechanism for emerging risk items. The Company also adds or amends various risk management regulations and monitoring indexes in accordance with regulatory requirements or changes in the economic environment. In 2023, we formulated the "Management Guidelines Governing FFHC Asset Assessment and Categorization", and amended related regulations such as the "FFHC Incident Reporting Guidelines" and "Table of Maximum Risk Undertaking for a Subsidiary's Credit Extension to/Investment in Same Individual, Same Related Party, or Corporate Credit Extension to the Same Conglomerate".

B. Risk Appetite

After taking business plans and risk profiles into account, we would set our risk appetite in accordance with the amount and level of risks we are willing and able to accept or assume. Aside from referencing reliable risk quantitative data, we would also incorporate past experiences and decision makers' macro vision. The Group's risk appetite is presented in two ways. The first is its CAR target, and the other one is risk limits (including credit risk, market risk and operational risk).

C. Analysis of Sensitive Scenarios & Stress Test

- The Group's sensitivity analysis includes interest rate risk, foreign exchange risk, and equity securities risk.
- The Group's subsidiary bank is one of the competent authority's domestic systematically important banks (D-SIBs), which should be subject to a two-year stress test. It should also calculate various kinds of capital adequacy ratios and various profit and loss situations under severe recession scenarios in accordance with the Financial Supervisory Commission's "Operating Plan for Conducting Stress Tests on Domestic Banks" methodology.

D. Independent External Audits

First Financial Holding is subject to a full-scope examination by the Financial Examination Bureau, FSC once every two years, in addition to unscheduled targeted examinations. In particular, as the subsidiary bank has been designated as a domestic systematically important bank (D-SIBs), it is required to file its CAR assessment results to the competent authority regularly. The competent authority also has more stringent demands with respect to the Bank's risk management process.

3. Risk management enhancement measures

A. System upgrade

In response to the fact that the subsidiary bank has completed revision of its "Default Probabilities of Various Risk Grades in Corporate Finance", we have revised and added "Overdue Grades (W1 and W2), measurement methods and risk characteristics. The "Operation Directions for Credit Rating in Corporate Banking" and "Operation Directions for Grading in Specialty Financing" have also been amended accordingly.

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

- The risk coefficient table has been corrected in order to stay in touch with the latest market changes and to increase effectiveness for measuring potential future exposure of derivative product transactions.
- To make it easier for business units to stay on top of credit asset risks in a timely fashion, a new "days overdue" field has been added to the "New System for Credit Asset Risk Assessment Operations-Table of Manual Adjustment Details for Business Units", in order to help business units stay on top of the latest overdue status on such credit cases in a timely fashion. In case a borrower's credit rating or collateral deteriorates or improves, business units should immediately conduct re-evaluation and make necessary adjustments and classification.
- To make it easier to file LCR and NSFR correctly, business units should ensure the correctness of information, including those in the fields for industry type, enterprise type and headquarters' business administration number, when they file or change a customer's basic information.
- When business units implement various business promotional plans in accordance with the SOPs and marketing measures stipulated in related regulations, they shall never sell any products not rolled out by the Group, or those that have yet to receive regulatory approval. They shall not guide customers to engage in any brokerage deals or transactions with any external cooperative agencies or any other organizations such as fund companies without permission.

Subsidiary First Bank capital adequacy ratio

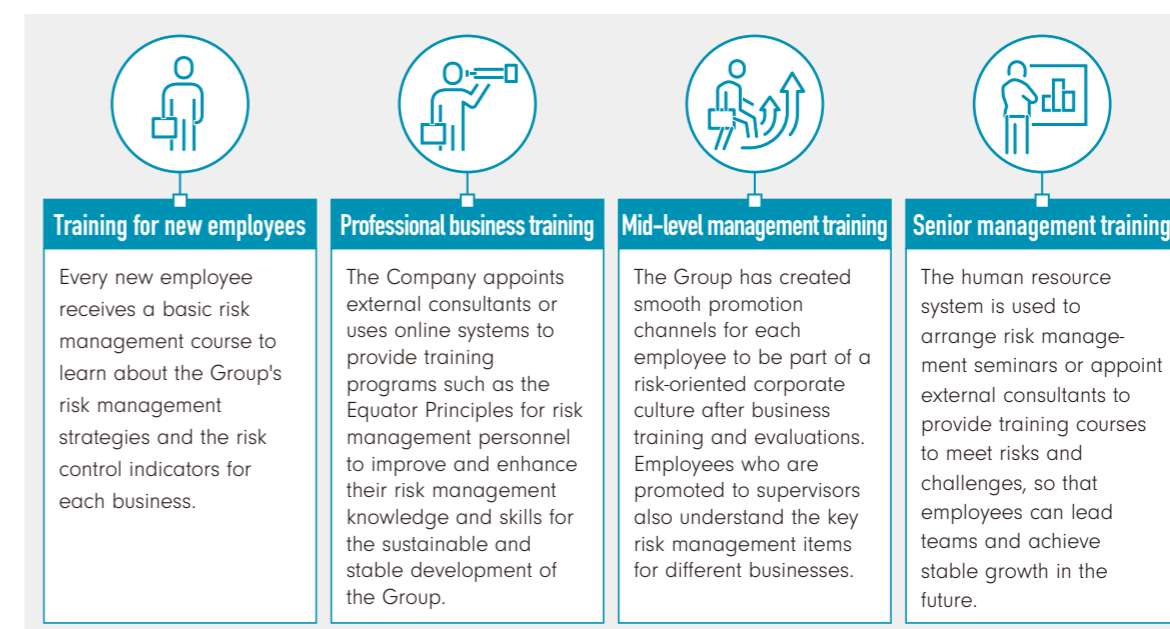
Unit: NT\$1,000

	2021	2022	2023	
Own capital	Type 1 capital	233,555,056	254,727,880	274,376,185
	Type 2 capital	32,314,734	42,242,420	42,518,933
	Total own capital	265,869,790	296,970,300	316,895,118
Risk-weighted assets	Credit risk	1,749,220,362	2,021,903,672	2,032,188,724
	Operating risk	85,560,707	91,211,640	101,720,175
	Market risk	36,178,430	45,377,633	42,520,900
	Total risk-weighted assets	1,870,959,499	2,158,492,945	2,176,429,799
Capital adequacy ratio	14.21%	13.76%	14.56%	
Ordinary share equity ratio	10.88%	10.09%	10.91%	
Type 1 capital ratio	12.48%	11.80%	12.61%	
Total exposure	3,816,840,554	4,254,256,403	4,537,458,881	
Leverage	6.12%	5.99%	6.05%	

4. Establishment of the Corporate Risk Culture

To enhance and ensure smooth operation of the Group's risk management mechanism and to establish a risk-oriented corporate culture, we would invite and round up various companies within the Group to discuss current financial events and related changes, evaluate and adjust various risk control indexes and frequencies, and host risk management seminars from time to time. In the meantime, we also leverage the complementary online e-Academy to help build a systemic risk awareness. We hope that each and every Group employee understands FFHC's risk culture and core ideas, and we also conduct related educational training in risk management for promoted employees on various levels. In 2023, a total of 749 employees completed 47 hours of in-person or online educational training in courses or tests relating to risk management. For those who had failed to pass the tests, we also conducted retraining and retesting until the pass rate reached 100%.

Additionally, as the formats of financial products and services have become increasingly diverse and complicated, transaction disputes and financial crimes are more likely to occur as a result. To help our employees fully understand related domestic and international regulations and avoid regulatory gaps, we conducted three hours of training titled "Corporate Governance Forum-Money Laundering Risks Associated with Emerging Technologies" in 2023. A total of 54 Group Directors and Supervisors attended the training. Furthermore, as climate change has become a global consensus and an issue of concern, we conducted three hours of training named "Risks and Opportunities Presented by Climate Change and Net-Zero Emissions for Corporate Management". A total of 51 related Group employees attended the training.



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.
- Performance Assessment:
 - With regard to the internal control and management checklist item of "points deduction standard for administrative efficiency" under "management performance" in the performance assessment, if an employee violates regulations relating to credit rating adjustments for corporate banking, and has been notified of three or more incidents of inadequacy by the Risk Management Department or fails to improve within the required timeframe after being notified during the assessment period, he or she shall be subject to points deduction in commensurate with the severity of negligence.
 - With regard to the "monitoring and management measures for controlling real estate credit concentration", an important management index relating to "profitability" and "management performance" in the "financial performance" of the performance assessment, we have also formulated related incentive measures.
 - "Capital utilization effectiveness" and the achievement rate of "economic profits" after taking capital cost into account have been incorporated in the performance assessment. We also conduct assessment contests for return on capital, including return on capital for net profit before withdrawals or deposits, the amount of increase in return on capital for gross operating profit before withdrawals or deposits, and the amount of increase in capital deduction, which serve as items worthy of extra points in the performance assessment of business units; Additionally, we would also conduct incentive activities to grade each unit's return on risk-weighted assets and average risk weights. Commendations/bonuses are awarded to outstanding units based on their scores.
- 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

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

Enhancement of the Risk Culture

- The Company organizes risk management seminars from time to time and invites subsidiaries to discuss recent changes in the finance industry to evaluate and adjust the risk monitoring indicators and frequency.
- We established the employee proposal system to encourage employees to actively identify and report potential risks.
- We publish the risk management newsletter each month and use the "Risk Management Report", "Special Report", and "Risk Management Terminology" to enhance the risk awareness of all employees and increase their professional knowledge and skills.
- 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.
- Based on the "Standard Operating Procedures for New Types of Products", various business management units would discuss the profiles, operating procedures and internal control mechanisms of new types of products. Their proposals are submitted to the Business Decisions Committee or (Managing) Board of Directors for review; Before a new type of product is officially launched/ goes online, it is necessary to conduct risk identification and assessment in accordance with related RCSA procedures and methods in the "Guidelines for Operational Risk Management Tools".

5. Emerging risks

Identification procedures for the Group's emerging risks



The identification outcome of the Group's emerging risk includes "cyber insecurity", "interstate armed conflicts", and "wrong and false information". The mitigating measures we have adopted to deal with the potential impact from such risks are indicated in the following table:

Risk Description	Potential Impact
Cyber Insecurity With the rapid development of cyber information, people are growing more reliant on the Internet. As a result, new applications of cyber technologies continue to emerge, from which many cybercrimes are also derived. Criminals continue to come up with new modi operandi, which not only results in personal information leaks and fraud, or theft of corporate secrets, but also causes disruptions to business operations. These cyber security threats continue to occur all over the world, posing an enormous challenge to the financial industry as well.	<ul style="list-style-type: none"> Large-scale cybercrimes and threats may cause anomalies for central networks, systems and equipment, impacting information security; As the M.O. of unauthorized credit card use evolves incessantly, personal information leaks and insufficient safeguard for system information security could damage our customers' rights as well as the Group's business reputation. Major security loopholes in the information system are constantly exposed, which may risk intelligence being threatened by cyber insecurity or vulnerabilities being unable to be grasped in a timely fashion. Insufficient awareness of information security among employees may result in them clicking on social engineering emails, or they may run the risk of having their account passwords stolen after browsing unsafe websites. Scam rings would leverage social media websites and LINE groups, or pretend to recruit talent through SMS. They would use high compensation as a hook to deceive consumers into taking the bait. They would then seize their victims' bank passbooks or IDs during interviews, demanding that they apply for online bank accounts over the counter as dummy accounts for their scams; They would lure people into joining their investments, using high yields or guaranteed returns as an incentive. They would then ask their victims to wire funds to their designated accounts. When the victims wish to redeem and realize their profits, they would find that they are unable to retrieve their funds. As a result, people's property safety has come under great threat. In response to the relentless flow of threats to cybersecurity, the compliance departments of various subsidiaries need to frequently add to or revise related internal regulations in response to regulatory amendments, so that they can align with regulatory requirements. This may call for more manpower training, additional procurement of information systems or equipment updates, which could lead to increases in operating costs for the Group. When a credential stuffing incident occurs, the online order placement service slows down, and unauthorized orders may be placed with the online system. As a result, customer complaints are likely to arise due to investment losses from passive transactions.

Mitigation Measures

Short-term:

- Comply with regulations and SOPs relating to digital security; stay on top of the latest intelligence on information security; and conduct patching and enhancements with respect to important information system vulnerabilities.
- Establish a reporting process for anomalies via phone/Internet, as well as effective response measures.
- Make sure that anti-virus, anti-malware and anti-spyware software has been faithfully installed and updated, and that Internet firewall isolation has been implemented.
- Conduct remote back-up drills regularly to ensure uninterrupted company operation in case of a risk event.
- Publish statistical data about red-flagged accounts on a monthly basis; re-affirm that business units are required to faithfully conduct their audit operations for account opening; remind customers that provision of personal accounts for illicit use may result in criminal liabilities when they open an account or renew a passbook over the counter; print reminders on the inside of passbooks stating that customers should never feel free to offer their passbooks or ATM cards to others, and that they should always look into unusual transactions. By doing so, we hope to effectively reduce the recurrence of incidents associated with red-flagged accounts.
- Conduct educational training in information security for all employees every year; and increase the awareness of not clicking on suspicious emails, external websites, or downloading files of dubious origins. Unless it is required for business, the Company's employees should refrain from leaving their company-issued email accounts with others.
- In response to domestic or overseas regulatory amendments, all business management units and overseas branches should revise their related internal business regulations within the required timeframe to facilitate compliance.
- To counter ransomware, the latest and most effective anti-virus software must be used, in addition to conducting system patches and management from time to time so that vulnerabilities that have come under attack could be repaired in a timely fashion; identify and verify user clearances, and test data backup as well as the effectiveness of completing data restoration in due time; and carry out drills to simulate various ransomware attack scenarios.
- Two-factor authentication has been adopted for downloading certificates from and logging in the online order placement system. It can enhance safeguard for identity validation, increase capacity against credential stuffing, and reduce risks associated with the theft or unauthorized use of related account passwords.

Additionally, the following medium- and long-term risk mitigation measures have also been adopted:

- Continue to be mindful of risk assessments required for information security; improve information and information security equipment; and enhance information security and personal information protection training for personnel.
- Update anti-virus software regularly to guard against malware attacks.
- Introduce new-generation Internet firewall equipment to reinforce the defense against emerging technologies.
- Conduct educational training, drills and tests relating to information security and the defense against social engineering regularly, in order to build risk awareness and increase the level of alertness.
- Provide the frequently seen scenario symptoms of people falling for scams as compiled by the National Police Agency, MOI; and invite business units to promote the related awareness and enhance educational training, in order to implement over-the-counter goodwill outreach.
- Continue to keep track of the latest domestic and international trends in FinTech applications; study and reference other banks' practices as well as penalty cases and cases under review by the competent authority; refine and implement daily educational training; and increase employees' awareness and literacy with respect to regulatory compliance.

Risk Description	Potential Impact
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Interstate Armed Conflict

The world has come under the influence of international conflicts recently. The ongoing war between Ukraine and Russia and the Israeli-Palestinian conflict have added more uncertainties to the global economy. Geopolitical risks are rising dramatically, and the financial industry needs keen eyes for insights into the impact from global economic and geopolitical factors.

- Companies under the influence of armed conflicts may face an elevated risk of default, which may increase the Group's exposure to credit risk. In the event that a business unit of the Group is located in a war zone or an affected area nearby, our operational risk may also increase. Furthermore, spikes in raw material prices and supply chain disruptions may also increase the Group's exposure to market risk.
- Interstate conflicts have led to exacerbated financial market fluctuations across the globe, which may further trigger a systemic risk that may result in a crisis for the global financial system. As a result, investors' hedging sentiment is on the rise as they dump the financial products in their possession, triggering a price collapse. The Group may face an eroding clientèle, a shrinking scale of wealth management assets, as well as difficulties in promoting our overall business operations.
- No matter if it is an economic/trade conflict or armed warfare between different countries or regions, it could trigger related sanctions. In particular, trade sanctions and financial sanctions could lead to suspended operations or asset freezing for customers, which could further impact financial institutions' ability to promote business operations in trade financing and international foreign exchange.
- An uneasy global atmosphere may cause economic setbacks and stock/bond market plunges, making it more difficult to hedge specific targets, and losses would be incurred.

Mitigation Measures

Short-term:

- Pay attention to international political/economic developments and information about social security and rating outlook, as well as changes in national power and global situations; increase geographic risk awareness, and decentralize and tightly control related exposed positions. Formulate emergency response measures and continue to cooperate with government and regulatory agencies to reduce related impact.
- Monitor the quality of the Group's credit assets regularly and the level of concentration of various credit risks; and issue timely red flags and propose countermeasures.
- Conduct stress tests regularly to measure the financial impact to the Group. The frequency of such tests may be increased in line with the presence of major issues and future changes in the environment, and timely countermeasures are taken in accordance with the test results.
- When a major unfavorable event occurs, we would immediately disclose our operational exposure, the level of impact, and our proposed response measures. We would notify business units of changes to trust products brought about by geoeconomic conflicts, as well as notice items that need to be relayed to investors with their assistance, including the transfer of fund products and liquid assets, and the division of funds.
- Reduce country risks; conduct educational training regularly to raise employees' risk awareness of interstate armed conflicts; continue to stay on top of international financial situations; and evaluate and adjust control and response measures for foreign exchange operations at appropriate times.
- Continue to develop new customers, expand the business customer base and decentralize the focus on major customers to prevent impact to the Group's operations due to a rapid decline in the operating volume of single customers or similar industries.
- Boost the efficiency in adjusting stock/bond positions in response to changes when war breaks out; and increase the level of cash reserves or move investment portfolios towards large legacy industries or public utilities stocks with low volatility. Additionally, control credit risks associated with convertible bond asset swap (CBAS) tightly; and suspend undertaking as soon as the target's operations fall short of expectations.

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

- Reinforce the capital structure of financial institutions so that they could withstand a variety of risks encountered in times of crisis; and retain sufficient liquidity and create diverse income sources to reduce the reliance on a single market and related impact.
- Continue to monitor borrowers' changes in credit line; pay attention to the operating status of their mother companies and the current industrial situation; and stay on top of the utilization of the overall credit amount.
- Continue to pay attention to global geopolitical and economic confrontations as well as related current affairs and trends; observe changes to the political and economic situation of the world's major economies; and regularly monitor a product's risk balance for a country or the Group.
- When undertaking various foreign exchange cases, we would prudently go about our business based on our past exchanges with the customers and the level of debt guarantee. We would also continue to pay attention to the international financial situation, and take corresponding protective measures at the right moment.



Risk Description	Potential Impact
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Wrong and False Information

The continued presence of misinformation such as false, impersonated, manipulated and concocted content, and its extensive circulation via media outlets and the Internet, have led to distrust on the part of the general public and public opinions about the truth and authority. This further intensifies social and political divisions, or even triggers armed conflicts, causing the global economy even higher risks.

- Entities pretending to be financial institutions or individuals impersonating as employees of the Group would lure people to join their LINE groups, and egg them on to invest in specific products, resulting in customers' losses. Or, they would use misinformation to concoct content and maliciously undermine the Group's image.
- The dissemination of wrong, false and untrue information is prone to causing the public to form prejudice towards specific matters, which would lead to a spike in the number of customer complaint cases and increase our operational and processing costs. Furthermore, the negative public image thus formed is detrimental to the Group's efforts in building and managing a favorable corporate image.
- Misinformation could also cause the management team to make wrong judgment calls in management policymaking, which would lead to failure, unnecessary cost burdens, and operating losses.
- False information could cause people to question the legitimacy of information, and undermine social stability. New types of crimes would surge and threaten social cohesion.

Mitigation Measures

Short-term:

- Disseminate the correct message to investors and customers via various channels, including bank statements and transaction app push; provide anti-fraud information to customers regularly; set up a dedicated counter-fraud zone on the official website; make a list of frequently seen investment fraud patterns and related information from government agencies and continue to update it; and raise the anti-fraud awareness on the official social media platforms
- Clearly remind customers to call the "165" anti-fraud hotline for verification and reporting when they suspect an impostor of posing as a Company employee, or find a counterfeit and phony official website, marketing advertisement, or an impostor using apps to misguide or scam people.
- Install an instantaneous and smooth channel for the distribution of material messages and communications about customer complaints; make timely clarifications to block and eliminate misinformation; and prevent negative public sentiments from spreading, so that society's impressions on the Company are not impacted.
- Increase employees' information security awareness of fraud patterns derived from emerging technologies through regular educational training and bulletin reminders.

Additionally, the following medium- and long-term risk mitigation measures have also been adopted:

- Leverage systems and AI to search for related information online; make a detailed compilation of tricks and rhetoric routinely used by scam rings and distinguish if they contain wrong and false information after analyzing them; update the list of frequently seen investment fraud patterns from time to time; and remind investors to be prudently mindful of fraud in order to reduce financial losses.
- Evaluate the feasibility of setting up an emergency response team to counter cases involving impostors and cope with various patterns of impostor incidents.
- Install an internal re-evaluation mechanism for investment business operations; and reduce the probability of policy mistakes through secondary group reviews, debugging and proofreading.
- Set up a dedicated zone for financial security on the official website; and compile and provide various anti-fraud information to raise customers' awareness in terms of identifying fraud.



4-3 Third line roles – Independent internal audit unit

The Company and its subsidiary bank, securities company, securities investment trust company and insurance company have all set up internal audit units that report to the Board of Directors. A general audit system has also been established, which audits and assesses the internal control system designed and executed using the first and second models as well as the effectiveness of the risk management system, based on an independent and non-partial spirit. It also offers timely improvement suggestions to reasonably ensure that the internal control system can continue to be effectively enforced. The suggestions also serve as a basis for reviewing and amending the internal control system. Furthermore, the internal audit units would continue to follow up on and re-examine review comments as well as audit faults identified by financial examination agencies and accountants, those submitted by themselves and business units, as well as items marked for further improvement in the internal control system declaration. The status of their follow-up audits and improvement, regularly submitted to the Board of Directors and Audit Committee in writing, serves as an important index for awarding or punishing related departments as well as performance assessments. The goal is to maintain the operation of an effective and appropriate internal control system.

To enhance the functionality of the second and third models such as regulatory compliance and internal audit and control, the Company would ask its various departments and subsidiary companies to be mindful, and review the completeness and effectiveness of related internal control regulations and control measures in its "Review Seminar for Improving Internal Control System Faults & Regulatory Compliance". The meeting focuses on the emphasis of financial examination noted by the Financial Supervisory Commission and the financial holding company's internal audit seminar, the annual examination emphasis announced by the Financial Examination Bureau, main faults identified in examinations of the financial industry, as well as the fault patterns in penalty cases. The Company would ask various audit units to incorporate the aforementioned items in their annual audit focus, in order to implement the three models of internal control and facilitate sound management for the Company. To implement performance assessments, we would regularly assess the results of related audit operations, including the subsidiaries' internal audit units and systems as well as their verification for internal audit and audit management, in accordance with the Company's assessment regulations governing the evaluation of subsidiary companies' audit operations. The results would be presented to the Board of Directors of each subsidiary as an important basis for the performance assessment of each audit unit.

With regard to the execution of the Company's 2023 internal audit operations and formulation of our 2024 audit plan, we would adopt a risk-weighted management approach, in addition to referencing the latest changes in regulations, the competent authority's updated examination focus, ratings for the internal control execution of various units (including subsidiaries), and the business characteristics of various units (including subsidiaries). In addition, the two models would supervise the examination outcome from the internal control system itself. After being reviewed by the audit units, the outcome, along with internal control faults and the improvement status of anomalies as identified by the audit units, would be used for evaluating the effectiveness of our overall internal control system. By doing so, we hope to consummate self-evaluation in the Group's internal control system. Additionally, subsidiary First Bank has implemented a risk-oriented internal audit system by establishing a series of risk-oriented methods and procedures to evaluate internal audits. This acts as a foundation for compiling audit plans to determine the frequency of internal audits based on the assessed risk level, thereby deploying audit resources with more effectiveness as well as reinforcing audit focus on critical risks.

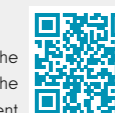
Key audit criteria

- The status of implementing measures to prevent money laundering, combat terrorism financing, and counter weapon proliferation.
- The status of enforcing of the regulatory compliance system.
- Supervision and management of the reinvestment businesses.
- The status of implementing and operating the corporate governance system.
- The Group's risk management and control mechanism.
- Information security management and supervision of subsidiaries' implementation of information security defense, early warning monitoring and response drill mechanisms.
- Personal information protection.
- The status of executing the whistle-blowing system, including educational training.
- The status of declarations in compliance with the Financial Holding Company Act.
- The status of audits and management initiated by the internal control system.
- The status of driving sustainable finance and ESG.

Implementation of the internal audit system in 2023 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 each
Derivative trade audit	10 times
Auditing opinions and follow-up	23 times

Please refer to page 126 of the Company's Annual Report for the 2023 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 light of heavy casualties resulting from the explosion at the Pingtung plant of golf equipment manufacturer Launch Technologies Co., Ltd. on Sept. 22, 2023, the Company's Risk Management Committee has asked various subsidiaries to inspect their fire protection facilities to make sure that they are in normal working order. The Committee also demands that fire drills be conducted on a regular basis.

To ensure uninterrupted operation for the financial system, and to provide people with reassuring, convenient and diverse financial services as the basis of innovative FinTech developments, the Company and its subsidiary bank, securities company and life insurance company implement and execute measures for information security and privacy protection. Please refer to the "Information Security and Privacy Protection" chapter for more details on related planning and execution status.

ESG Products and Services

GRI : 201-1、203-1、FS1、FS2、FS3、FS7、FS8、FS11、FS14、FS16

SASB : FN-CB-240a.1、FN-CF-000.A、FN-CF-000.B

5-1 Corporate Banking / Investment Business

Corporate finance - ESG-related products and their respective proportions

Unit: NT\$100 million

Item	Balance (End of 2023)
Renewable Energy Sustainability Loans & Preferential Financing Program for Green Industries and Green Enterprises	1,153.40
ESG Infrastructure Financing	210.45
Sustainable performance-linked credit project	802.89
Preferential Financing Projects for Six Core Strategic Industries	5,540.33
Corporate loan financing balance	11,293.02
Percentage (%)	68.24

Unit: NT\$100 million

Item	Balance (End of 2023)
Sustainable financial bonds	40
Total issued monetary value of fixed income products	546.87
Percentage (%)	7.31

Unit: NT\$100 million

Item	Amount	Product content description
Financing for ESG-based entrepreneurship investment consulting services	7.14	Invest in companies involved in industries such as eco-friendly green energy, biomedicine, and medical supplies Solar power plant construction services and consulting services for the operation and entrusted management of power plants
Volume of entrepreneurial investments and consulting services	17.45	
Percentage(%)	40.92	

Green Social Sustainable

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 Sustainable 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.

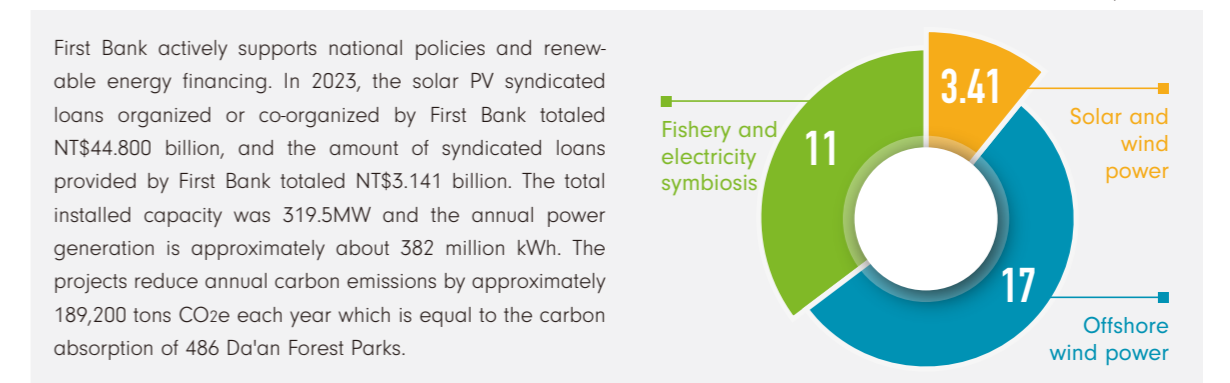
* : In light of the fact that all of First Commercial Bank's projects relating to green finance have been progressively set in motion, the "Green Finance Committee" has completed its scheduled mission. To increase the operating efficiency of the Bank's organizational structure for sustainable governance, it has therefore merged the "Green Finance Committee" into the "Sustainable Development Committee" in 2023.

	2021	2022	2023			
Green Finance						
ESCO industry						
Loans for power, water and fuel-saving projects and equipment						
Renewable energy sustainability loans						
Intended to help businesses install and purchase renewable energy-powered generation equipment						
Green Enterprise and Green Industry						
Green industry: Provide preferential loans to green power and renewable energy industries						
Green enterprise: Provide preferential loans to businesses to reduce pollution generated or resources wasted during the course of production or service rendering, regardless of industries						
	Approved amount	Credit Balance	Approved amount	Credit Balance	Approved amount	Credit Balance
	1,697.25	950.16	1,930.72	1,105.55	2,279.32	1,301.57

Unit: NT\$100 million

* : Includes green financing loans from overseas branches in the amount of NT\$22.623 billion and balance of NT\$14.817 billion.

Unit: NT\$100 million



First Bank actively supports national policies and renewable energy financing. In 2023, the solar PV syndicated loans organized or co-organized by First Bank totaled NT\$44.800 billion, and the amount of syndicated loans provided by First Bank totaled NT\$3.141 billion. The total installed capacity was 319.5MW and the annual power generation is approximately about 382 million kWh. The projects reduce annual carbon emissions by approximately 189,200 tons CO₂e each year which is equal to the carbon absorption of 486 Da'an Forest Parks.



Case

According to "Taiwan's Pathway to Net-Zero Emissions in 2050" published by the National Development Council in 2022, Taiwan will continue to expand the share of renewable energy going forward. Therefore, the government is expected to continue to ramp up its drive for renewable energy. For the syndicated loan for fishery and electricity symbiosis-based solar photovoltaic power plant co-organized by First Commercial Bank, the borrowers plan to combine agricultural and fishery operations with green energy facilities to achieve compound land utilization. The total installed capacity is expected to reach 242 MW, and the annual reduction in CO₂e amounts to approximately 161,200 metric tons.

ESG Infrastructure Financing

First Bank is dedicated in our support of domestic transportation infrastructure by actively financing construction projects for mass transit tools such as Taiwan High Speed Rail and Taipei Metro. This relieves the domestic north-south transportation capacity, improves the regional transportation of remote areas, and boosts transportation around airports to promote the development of travel and transportation both domestically and abroad, promote Taiwan's economic development, and improve benefits for the general public.

Unit: NT\$100 million

	2021	2022	2023
ESG Infrastructure Construction Loan Balance	251.53	223.21	210.45

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. The credit accounts tracked in 2022 accounted for a total decrease of 1,117,300 tons CO₂e and conserved 125.977 million kWh of electricity for the year.

* : First Bank's "Green Sustainable Financial Preferential Credit Project (including green enterprise and sustainable performance-linked credit)" combines the concept of "Guidelines for the Determination of Sustainable Economic Activities" announced by the competent authority in 2022. The scope of product design for green capital expenditures covers the scope of forward-looking economic activities defined by the Guidelines (such as renewable energy construction, building energy conservation, low-carbon transportation, low-carbon and circular economy technology application, etc.). Sustainable performance-linked credit has been combined with the concept of substantial contribution to climate change mitigation according to the Guidelines' identification method. By linking the performance of sustainable performance indicators (such as controlling greenhouse gas emissions and power management) to providing interest rate discounts, we encourage customers to commit to ESG, and use this project and corporate engagement to encourage companies to carry out low-carbon transformation through preferential interest rate.

Unit: NT\$100 million

2021			2022			2023		
Approved cases	Approved Amount	Credit Balance	Approved cases	Approved Amount	Credit Balance	Approved cases	Approved Amount	Credit Balance
20	433.18	48.13	69	1,064.61	243.17	215	3,463.23	802.89

* : All the figures in the statistics refer to cumulative numbers from program initiation in April 2021

Annual financial positive implications of Sustainable performance-linked credit project	2023 Approved Amount NT\$346.323 billion* average loan interest rate 2.27%=NT\$7.86 billion	Estimated time frame for positive financial implications of this project :1 year
Annual costs associated with Sustainable performance-linked credit project	2023 Approved Amount NT\$346.323 billion* average interest rate cost of loan 1.95%=NT\$6.75 billion	

Case

First Commercial Bank and Bank of Taiwan jointly organized and sponsored Qisda Corporation's NT\$12 billion "ESG performance-linked" syndicated loan. The loan, which is linked to various ESG performance indicators including the company's waste recycle rate, sustainability assessment results, and the audit completion rate of key suppliers in its green supply chains, is a testament to the fact that we are supporting Qisda Corporation's sustainable growth with actual action.

Moreover, First Commercial Bank also co-organized an NT\$18.75 billion ESG green syndicated loan with Mega International Commercial Bank for Formosa Sumco Technology Corporation. This syndicated loan links ESG (environmental, social and governance) sustainability indicators to the conditions on credit extension. We are able to help the borrower align with the international trend of sustainable development through reviewing its various ESG performance indicators and providing preferential interest rates, which are based on its indicator fulfillment rate.



Preferential Financing Projects for Six Core Strategic Industries

In order to support the developmental requirements of key national policies and industries in the implementation of the Executive Yuan's "Program for Promoting Six Core Strategic Industries", First Bank initiated the "Preferential Financing Project for Six Core Strategic Industries" in 2022 to provide for the funding requirements of daily operations, R&D, plant expansion, transformation, and other various stages of operations for customers in the six core strategic industries.

Information and Digital Industries	Cybersecurity Industry	Precision Health Industry	National Defense and Strategic Industries	Green and Renewable Energy Industry	Strategic Stockpile Industries
<ul style="list-style-type: none"> Computers and their components AI IoT Media production Broadcasting and information communication service industry 	<ul style="list-style-type: none"> Semiconductors AI 5G 	<ul style="list-style-type: none"> Nutritional supplements and foods Drugs Hospitals/clinics Healthcare services 	<ul style="list-style-type: none"> Aviation Ships Aerospace 	<ul style="list-style-type: none"> Photovoltaics Fuel batteries Wind power generation Biofuel 	<ul style="list-style-type: none"> Energy Daily commodities Medical care Food Disaster relief resources Gravel and cement

2023 Financing balance

Unit: NT\$100 million

1,889.93	696.60	241.88	3,042.16	1,905.25	2,810.88
5,540.33*					

* : Excludes double counting.

Financing Key Strategic Industries on the Pathway to Net-Zero Emissions in 2050

To respond to the global trend of net-zero emissions, the government officially published "Taiwan's Pathway to Net-Zero Emissions in 2050" in March 2022. The pathway is based on the four major transformations of "energy, industry, life, and society" and the two major governance foundations of "technology research and development" and "climate legislation", and supplemented by "12 Key Strategies". Action plans have been formulated for important domains where growth is expected as a result of government policies on energy, industrial and life transformations, in an attempt to implement our efforts to achieve the net-zero transformation goal. First Commercial Bank provides customers in the following related strategic industries with the funds needed for operations in accordance with the government's 12 key strategies.

2023 Loan Balance

Unit: NT\$100 million

Wind power generation/solar photovoltaic	Forward-looking energy	Power system & energy storage	Energy conservation	Vehicular electrification and decarbonization	Resource circulation and zero waste	Natural carbon sink	Net-zero green life	Green Finance
117.26	2.55	30.67	18.20	10.41	17.91	0.36	287.09	884.27
1,368.72								

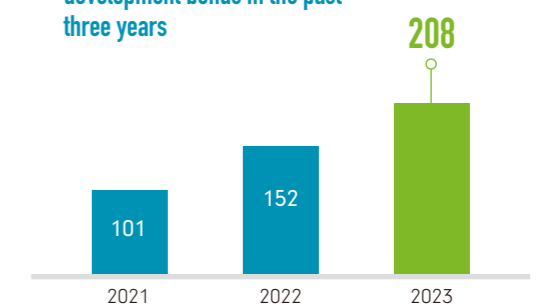
Sustainable Bonds and Solar Energy Fund

First Commercial Bank has consistently increased its share of investment in green bonds over the years. We resort to actions to support our invested companies to implement their plans for a low-carbon economy and carbon reduction. We also abide by the International Capital Market Association's (ICMA) Green Bond Principles (GBP), Sustainability Bond Guidelines (SBG) standards, as well as the regulations stipulated in the "Taipei Exchange Operation Directions for Sustainable Bonds" to issue green/sustainable development bonds, and obtain third-party verifications. In 2023, an additional NT\$1.5 billion of sustainable development bonds have been issued, accounting for 56.51% of the amount of financial bonds issued that year. In addition, to facilitate the achievement of the 2050 net-zero emissions goal, we make it a rule to review our invested companies' publicly available information such as their sustainability reports. We would review their scope of business operations or action plans to see if they pertain to sustainable economic activities involving the 12 key strategies. As of the end of 2023, First Commercial

Bank had invested NT\$49.3 billion in companies engaged in the aforementioned sustainable economic activities. The Bank also continues to actively expand its positions in hopes that funds could be effectively directed to related ESG applications, and that we could put institutional investors' influence to good use. On the other hand, First Financial Management Consulting successfully raised and managed three green energy funds totaling NT\$780 million. Meanwhile, First Venture Capital also invested NT\$333 million. When the aforementioned plans are completed, a solar power plant with a capacity of approximately 47 MW will be built, which is expected to reduce 47,000 metric tons of CO₂e each year, comparable to the annual combined carbon absorption by approximately 121 Da'an Forest Parks.

Investment balance of sustainable development bonds in the past three years

NT\$/100 million



NT\$/100 million

Issuance date	Issuer	Bond type	Currency	Issuance amount (Million NTD)	Balance of 2023 (Million NTD)	Main purpose
2021/12/8	First Bank	Sustainability bond	TWD	1,000	1,000	<ul style="list-style-type: none"> Provide enterprise loans for the installation of solar PV or wind power generation equipment Support small and micro enterprises to carry out project loans
2022/9/19		Sustainability bond	TWD	1,500	1,500	
2023/3/21		Sustainability bond	TWD	1,500	1,500	

Time Deposits for Sustainable Development

To respond to the government's "Green Finance Action Plan 3.0", First Commercial Bank rolled out the "Time Deposits for Sustainable Development" program in 2023, and obtained a limited assurance report from an independent third party, ensuring that funds received from this program would be used on energy conservation and the development of related green projects, in addition to plans pertaining to affordable housing. In doing so, we help projects yielding environmental and social benefits obtain necessary funds. Our customers could thereby exercise their influence on environment and society, and contribute to long-term benefits through their deposits. We undertook a total of 3* such cases in 2023. The amount we received totaled NT\$1.5 billion, which has been used on credit cases involving the construction of social housing.

* : Two of the three cases have expired and been canceled.

5-2 Retail Banking / Personal finance

Retail Banking ESG related products and their respective proportions

Unit: NT\$100 million

Item	Balance of 2023
Balance of green/ESG consumer loans and financing	193.26
e-speed loan	165.58
Urban renewal & financing projects for the reconstruction of dangerous and old buildings	237.14
Total retail banking business loan balance	7,117.09
Percentage (%)	8.37

Unit: NT\$100 million

Item	Balance of 2023
ESG/Green Financing Balance for SMEs	668.66
Financing of long-term care enterprises	8.25
Total loan balance for SMEs	9,257.81
Percentage (%)	7.31

Unit: NT\$100 million

Item	Balance of 2023
Compliant to a fund scale of more than 4 globes (inclusive) in the Morningstar Sustainability Rating	130.53
Scale of listed ESG funds	72.46
Total assets under management (AuM)	2,870.50
Percentage (%)	7.07

Green/ESG Loans

Green/ESG Consumer Loans

In order to guide customers into adopting low carbon products, First Bank has launched "Green Consumer Loans" which targets the procurement of green energy or energy saving products (e.g.: green architecture, hybrid vehicles, electric vehicles, energy-saving appliances, etc.) in customers to provide preferential interest rate loans, thereby increasing incentives to procure green energy or energy saving products. Additionally, to build a paperless digital financial environment and meet the demand for zero contact financial services due to COVID-19, the "e-speed loan" service was launched so that customers could apply for loans through the internet from the comfort of their own homes.

Unit: NT\$100 million

Category	Related Products for Green/ESG Consumer Loans	Number of households of 2023	Balance of 2023
The Environment	Green consumer loans (provide customers with funding for the purchase of green energy or energy-efficient products)	1,584	193.26
	E-speed loans (create a digital financial environment and provide customers with convenient online application services for consumer loans)	19,841	165.58

Urban renewal

First Commercial Bank spares no effort in supporting the government's drive for urban renewal financing projects, as well as financing the reconstruction of dangerous and old buildings. The Bank also encourages its customers to apply for the Green Building Label, in addition to providing financing to green building projects for security deposit; In 2017, the Bank launched the "Preferential Loans for Accelerating the Reconstruction of Dangerous and Old Urban Buildings" program. Old and dangerous buildings that meet the requirements of the "Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings" or "New Taipei City Simple Urban Renewal or Disaster Prevention Renewal" are eligible to apply for preferential loans for reconstruction. These loans can go as high as matching the total amount needed for reconstruction or related costs, and the repayment duration could be as long as five years. The Bank also partnered with East Asia Real Estate Management Company, a reinvested and affiliated company of the Bank, to provide comprehensive, one-stop financial service for urban renewal, allowing building owners to feel at ease during the reconstruction process. Reconstructed buildings are required to comply with green indicators, and minimize their emissions and discharge of exhaust heat, carbon dioxide, methane and waste water in order to transition to energy-efficient, low-carbon, and environment-friendly communities. The goal is to create a win-win scenario for environment, the residents and the Group. To date, a total of 133 projects related to urban renewal and reconstruction of dangerous old buildings have obtained Green Building Labels of silver or above and are expected to decrease carbon emissions by approximately 5,320 tons CO₂e.

Approved financing amount and the number of cases for urban renewal and the reconstruction of dangerous and old buildings

Unit: NT\$100 million/Case

Item	Year	2021	2022	2023
Self-managed urban renewal and the reconstruction of dangerous and old buildings projects		72.65/20	124.09/38	200.92/45
Developer-consolidated urban renewal and the reconstruction of dangerous and old buildings projects		801.38/116	1,350.5/165	1,601.06/186
Landowners benefited		2,555	3,157	3,921

* : All statistical figures are cumulative.

Case Study

The Bank continues to push for the reconstruction of disadvantaged communities. In 2023, First Commercial Bank partnered with East Asia Real Estate Management Company, a reinvested company of the Bank, to push for the independent reconstruction of buildings made of concrete containing excessively high levels of chloride ions in the Beitou and Neihu Districts of Taipei City. Loans totaling NT\$6.4 billion were made available to help around 311 land owners to dismantle these buildings for reconstruction. The Bank also provides construction project management and consulting services for financial audits and a rebuilding mechanism. During the construction period, land owners do not need to raise funds for reconstruction. As a result, NT\$12.788 billion in property yield has been created for them. These projects are expected to reduce 12.8 metric tons of CO₂e every year, and help build safe, comfortable, environment-friendly and happy homes for the residents.



ESG/Green financing for SMEs

First Bank supports domestic enterprises through long-term coordination with credit guarantees of the SME Credit Guarantee Fund of Taiwan to expand financing services to domestic SMEs and earning the 15th "Credit Guarantee Gold Award" in the 2023's Credit Guarantee Financing Business for SMEs in addition to striving for the low carbon transformation and sustainable development of SMEs. We actively undertake green industries and enterprise loans to act as the financial backing of SMEs as they shift towards net zero. We also support the enterprise development of long-term care SMEs, having undertaken 56 SME accounts for the financing of long-term care enterprises in 2023. We will continue to inject capital into projects that provide benefits to society and our environment as we join with borrowers to develop ESG sustainable business opportunities.

Unit: NT\$100 million

Item	2022		2023	
	Approved loans	Balance of loans	Approved loans	Balance of loans
Green Finance	1,160.53	667.95	1,291.04	668.66
Financing of long-term care enterprises	12.65	4.58	12.40	8.25

Case Study

First Commercial Bank continues to support power-generating SMEs. In 2023, the Bank provided funds necessary for a company to develop and install land-based and rooftop-based solar power systems. For the land-based solar power generation system, contaminated farmlands in central and southern Taiwan have been chosen for development and deployment. The rooftop-based system will be built on the rooftops of leased privately-owned factories. The company has accumulated 9 sites across Taiwan that have been put into commercial operation. The total installed capacity is around 3.5 MW, generating an annual revenue exceeding NT\$10 million. Five more projects with a combined installed capacity of 8 MW are still under construction, and are expected to generate nearly NT\$50 million in annual revenue. Aside from helping the company expand its scope of operation and revenue, these projects also echo the government's policy to develop green energy, as the Bank works with its customers to realize environmental sustainability together.

Public Welfare/Green Credit Card

First Commercial Bank continues to push forward environmental and public welfare events with a fixed percentage of the amount of transactions made with its charity credit cards/Living Green cards. In 2023, the Bank has been certified to both the British Standards Institution's "PAS2060: 2014 Carbon Neutrality" and the Ministry of Environment's "Carbon Footprint Reduction Label". Green power was used to help reduce carbon footprint during the course of credit card production, and carbon credits were purchased to offset the remaining carbon emissions in order to achieve carbon neutrality. The Bank added the "Carbon Calculator" function to its iLEO app for credit cards in 2023, allowing credit card holders to understand the amount of carbon emissions from their credit card consumption each month. This marks the first time that a government-owned bank offers such service. As of the end of 2023, a total of 18,439 customers have activated this function. The Bank also held a series of "Ride Together for Living Green!" events. Customers not only are eligible for rebates when they use their Living Green cards at green channels, but also can participate in a lucky draw for electric motorcycles after they activate the Carbon Calculator function. To take the digital divide out of the equation for old-aged customers, card holders aged 65 or older can take part in the Bank's credit card marketing events without having to login online, and there are no caps on the number of such participants.

Unit: NTD thousand

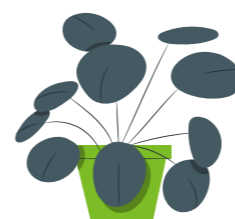
Card type	Content	Carbon footprint/card	2023 Number of cards in circulation	Proportion to the whole	Accumulated donation amount
Environmental conservation	Living Green Card Donate 2% of domestic payments made with the card to the First Bank Culture & Education Foundation for charity programs dedicated 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 ₂ e			
	Leazen 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.				
	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.		287,192	18.41%	180,050
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.	900 CO ₂ e			
	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 schoolchildren in remote areas through the "Edusave" platform of the Ministry of Education.		8,904	0.57%	6,976

- * : 1. First Bank does not provide pre-paid card products.
- 2. In 2023, the total number of valid credit card customers of First Bank was 712,735, and the number of cards in circulation reached 1,560,245.
- 3. For the social and environmental benefits of credit cards, please refer to the chapter "Social Impact - Public Welfare Strategy".

Sustainability Investment Product

First Securities Investment Trust offers Morningstar Sustainability Rating compliant fund asset management at a scale of 4 or more globes

As of the end of 2023, First Securities Investment Trust has issued 5 funds that are above average (4 globes) and comply with the Morningstar Sustainability Rating note as well as 5 funds that meet the high end (5 globes) Morningstar Sustainability Rating for a total scale of NT\$9.006 billion, accounting for 7.96% of the funds offered by First Securities Investment Trust. The Bank also raised funds to establish the "FSITC Global Sustainable Impact Investment Multi-Asset Fund", the first ESG fund focusing on impact investment in Taiwan. The size of the fund is about NT\$4.047 billion.



Unit: NT\$100 million

Category	Rating	AuM	Fund Name
Active		13.07	First Securities AI Global Precision Medicine Fund
		11.74	First Securities Global eSports Fund
	4 Globes	7.02	First Securities Small Selection Fund
		5.05	FSITC Asian Technology Fund
		3.46	First Securities OTC Fund
		15.46	First Securities Innovative Trends Fund
	5 Globes	5.39	FSITC Taiwan Core Strategic Infrastructure Fund
		4.54	First Securities Global Fitness Fund
		1.28	First Securities Global Real Estate Securitization Fund
	Passive	5 Globes	23.05

* : Morningstar includes 3 major ESG factors in their rating of sustainable investments. The grading is classified into 5 tiers (bottom, below average, average, above average, and high end) represented by 1 to 5 globes. A rating of 5 globes represents an investment combination with extremely low ESG risks while 1 globe represents an investment combination with extremely high ESG risks.

Asset scale of ESG funds under the management of First Bank

Unit: NT\$100 million

AuM of ESG funds*	AuM of all wealth management products	Percentage (%)
72.46	1,739.5	4.2

* : All ESG funds comply with the domestic competent authority's definition of ESG funds.

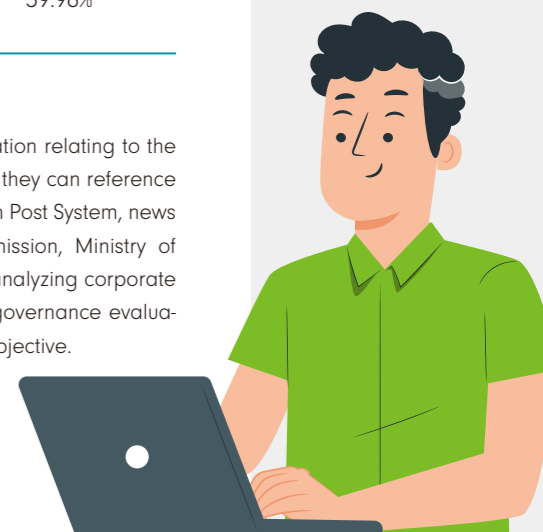
ESG products of First Bank and First Life Insurance

The assessment, development, and listing operations of funds and insurance products consider ESG factors. All ESG funds listed by First Bank are compliant with the laws and regulations of the competent authority; The linked objects of First Life Insurance's investment type policies prioritize green funds compliant to the EU's SFDR.

	First Bank	First Life Insurance
Funds compliant to the laws and regulations of the domestic competent authority in 2023/total number of listed funds in 2023	15.34%	
Green (linked objects) funds compliant to the EU's SFDR in 2023/number of listed (linked objects) funds in 2023	13.89%	39.96%

First Securities ESG Smart Sustainability Index & Data Platform

First Securities was the first securities company in Taiwan to offer scores and information relating to the sustainable development of individual stocks, providing investors with a platform that they can reference when investing. By referencing collected sustainability reports, the Market Observation Post System, news reports, and publicly available information from the Financial Supervisory Commission, Ministry of Environment and Ministry of Labor, ESG performance is scored and ranked through analyzing corporate ESG actions using AI quantization and models. In the meantime, TWSE's corporate governance evaluation and rankings have also been included to make the scoring more diverse and objective.



5-3 Inclusive Finance Products and Services

In response to the UN's promotion of financial inclusion for micro enterprises, low income households, residents of remote areas, disadvantaged women, youths, the elderly, and those with disabilities, basic financial services are provided for the goal of sustainable development. First Financial Holding continues to develop various products and services that support disadvantaged groups and provide them with a channel to obtain funding and financial services.

Unit: Households/Number

Prod ucts	Recipients of Services	Content of Products and Services	Number of customers		Transaction volume	
			2022	2023	2022	2023
Demand Deposits	Low Income Households	In order to practice fair treatment of customers, fulfill our corporate social responsibility, and reinforce measures for accessible financial services, the banking business is waiving processing fees for overseas remittance/deposits for vulnerable customers (low/medium income households).	9,734	9,636	139,865	197,193
	Residents in Remote Areas	The nine sub-branches of First Commercial Bank's Phnom Penh branch provide local people with convenient demand deposit account services, including online/mobile banking services (including exchange rate/interest rate inquiry, account balance/details inquiry, designated/non-designated money transfer and remittance, and the service interface can be switched to traditional Chinese, English, or Khmer). In order to practice fair treatment of customers, forms related to deposit business are simultaneously provided in Chinese, English, and Khmer at each branch (including sub branches) to facilitate customer use.				
Saving Deposits	Low Income Households	In order to practice fair treatment of customers, fulfill our corporate social responsibility, and reinforce measures for accessible financial services, the banking business is waiving processing fees for overseas remittance/deposits for vulnerable customers (low/medium income households).	80	104	756	914
	Residents in Remote Areas	The nine sub-branches of First Commercial Bank's Phnom Penh branch provide local people with convenient savings account services, and customers can inquire about details of their time deposits via the online/mobile banking service. In order to practice fair treatment of customers, forms related to deposit business are simultaneously provided in Chinese, English, and Khmer at each branch (including sub branches) to facilitate customer use.				
Loans	Micro Enterprises	Operating in cooperation with the Small and Medium Enterprise Administration, Ministry of Economic Affairs, the Bank targets small companies and offers various projects, including preferential/regular loans for small and micro businesses, and loans for owners of small companies. Their credit conditions include preferential interest rates, and loans of up to NT\$3 million are available as revolving funds to small companies that are able to present their owners as guarantors. The loan balance in 2023 is NT\$1.882 billion.	4,845	13,967	9,315	43,524
	Low Income Households	For individuals with less than NT\$170,000 in annual income, the Bank provides many home loan and credit loan products to meet their fund needs for money management, home decoration and repair, home or car purchases, wedding, and children's education.	1,010	932	1,189	1,115
	Residents in Remote Areas	For people living in areas defined as remote areas by the Ministry of Internal Affairs, the Bank has designed many kinds of home loan products, offering up to 30 years in repayment period and a grace period for principal repayment. Thanks to these products, the burden of buy a house on people living in remote areas is alleviated.	29	24	57	53
	Disadvantaged Women	In order to increase labor force participation rates among middle-aged, old-aged and disadvantaged women with lower incomes, the Bank operates in cooperation with the Ministry of Labor to roll out the Phoenix loan for micro entrepreneurs program. Companies would be able to remain financially flexible within the credit limit of NT\$2 million. In addition, interest during the first two years would be waived.	32	53	64	106

Unit: Households/Number

Prod ucts	Recipients of Services	Content of Products and Services	Number of customers		Transaction volume	
			2022	2023	2022	2023
Loans	Youth Groups	In line with government policies, the Bank rolled out the "Preferential Housing Loan Program for Successful Family Foundation of Youth", offering first-time home buyers up to NT\$10 million in mortgage loans and up to 40 years in repayment period. They have the choice of one-stage adjustable interest rates, two-stage adjustable interest rates, or a hybrid fixed interest rate. With this program, the Bank helps young people materialize the dream of buying a home.	1,420	3,395	1,420	3,395
		Operating in cooperation with the Ministry of Economic Affairs' "Loans for Young Entrepreneurs and Start-ups" project, the Bank provides businesses the opportunity to obtain financing for revolving funds within a combined cap of NT\$18 million. Moreover, it also provides companies with loans of no more than NT\$1 million on the preferential condition that they offer 95% in collateral and that they present the owner as guarantors.	1,621	901	3,504	1,980
	Elderly Groups	The Bank rolled out the "Comfort Loan" program, which is designed for elderly people 60 years or older. With the plan, they can create a mortgage on their existing real property and have it registered to the Bank, and the Bank in turn would make monthly payments within the reverse mortgage loan period to provide funds necessary for their daily lives. New "Comfort Loan" cases in 2023 amounted to NT\$1.624 billion, accounting for 1.15% of all new home mortgage loans.	208	226	213	233
Insurance	Low Income Households	"Micro insurance" has been launched to care for the financially disadvantaged and groups with specific identities(including aborigines), hoping that the relatively low premiums will provide the most basic assurances for members of disadvantaged families.	396	417	396	417
	Residents in Remote Areas	In order for residents in remote areas to enjoy comparable insurance protections as the general public, "micro insurance" and "micro lifetime insurance" has been marketed towards customer groups in remote areas.	53	2,422	53	2,422
	Disadvantaged Women	Micro insurance is provided to low income women, allowing relevant groups to enjoy comparable insurance protections as the general public.	210	998	210	998
Trust	Elderly and Individuals with Disabilities	Customers trust their assets with banks, which in turn manage and utilize these trust assets in accordance with regulations in their trust agreements to take care of elderly customers' future lives, medical care and health care. In 2023, First Commercial Bank was the first runner-up in Group A for the health care trust award in the "Second Evaluation on Promotion of the Trust 2.0 Plan by the Trust Industry". The Bank undertook a total of 27 cases with outstanding trust assets amounting to NT\$25.349 billion, which accounts for 6.19% of the Bank's overall trust business. Among customers 55 years or older, 283 people out of every 10,000 customers who have opened an account for health care trust have benefited as a result.	6,145	9,646	6,145	9,646

Aside from striving to provide various groups with fair and accessible financial products and services, First Financial Holding is actively combining core businesses to offer diverse non-financial support, such as training and seminars, free of charge. Relevant incentives are offered to encourage disadvantage groups into using financial products and services to fulfill the social responsibility of the financial industry.

■ Social Impact Indicators of First Financial Holding's Non-Financial Support

	Financial Literacy	FinTech Literacy	Willingness and Habits for Saving	Convenience of Saving Services	Business Management Insights	Financial Planning Capability
2022	+70%	+75%	+80%	+70%	+75%	+80%
2023	+74%	+78%	+82%	+73%	+76%	+82%

Training in Financial or Digital Literacy

- **Remote Areas:** First Securities makes it a rule to go deep into far-flung areas every year to provide FinTech training to people with scarce financial resources. It also provides complementary financial health check-up service. In 2023, the company traveled to Xiluo Township, Yunlin County, Beigang Township, Yunlin County, Hemei Township, Changhua County, Zhunan Township, Miaoli County, and Qishan District, Kaohsiung City, providing financial information and FinTech training to a total of 202 customers.
- **Youth Groups:** To encourage young students to devote themselves to academic research and financial innovation, the Bank organized the "Research Paper Award for Financial Innovation and Sustainable Finance". Academics and experts from various domains across Taiwan as well as the Banks' vice presidents were invited to form a judging panel to issue a total of 16 awards, including excellence and honorable mention awards. Sustainability and innovation values were deeply rooted on the academic level through active industry-academia exchanges.

Financial-Friendly Service Measures

- **Remote Areas:** The Bank actively develops mobile banking apps in developing countries and least developed countries such as Cambodia and Vietnam. It also joined the local Bakong blockchain system to boost payment/receipt efficiency and safety for local people, in addition to promoting inclusive finance.
- **Youth Groups:** The Bank has developed the iLEO Digital Account that caters to young people. Through lively, cute and easy-to-understand interface designs, the service provides favorable interest rates for small-sum demand deposits. A 2% interest rate is available for demand deposits from NT\$100 to NT\$120,000. Such interest is paid out every month to encourage young people to get into a savings habit.
- **Persons with Disabilities:** All business units of First Bank offer accessible environments and facilities such as "accessible service counters", "service bells", and "accessibility slopes" as well as dedicated receptionists to help guide disabled individuals in conducting various financial operations. Information such as real-time exchange (interest) rates and standard business fees are provided on "exchange (interest) rate billboards" and "electronic bulletin boards" and offer more convenient saving services for persons with disabilities.
- **Foreign Nationals:**

A.To provide friendly financial service, and to allow customers of different cultures and nationalities to experience kind, warm and professional financial services, the Bank had built 87 bilingual branches as of the end of December 2023. 12 of them provide Chinese, English and Japanese service. 25 bilingual branches will be added every year. We expect to complete our bilingual drive with 187 domestic branches by the end of 2027.

B.To create a friendly environment for migrant workers, new immigrants and tourists, and to align with the Financial Supervisory Commission's decision to add the "percentage of ATMs offering multilingual service" to the indicators for measuring inclusive finance, the Bank has expanded its service to add Japanese, Vietnamese, Indonesian and Thai to the operating interfaces for the following transactions frequently used by foreign nationals, including cash withdraws with international cards, cash advance and account balance checks, as well as cash withdraws, deposits, cash advance, money transfers and balance checks with domestic cards. The expanded service is intended to boost our exchanges with Southeast Asian countries, create a friendly atmosphere for foreign nationals, and highlight our devotion to align our financial services with the rest of the world.

Technical Assistance

- **Micro enterprises, disadvantaged women:** First Bank has partnered with Industrial Technology Research Institute ("ITRI") so that the institute may provide enterprises with counseling in terms of patents, technologies, and market conditions while the bank handles financing loans for technology, intellectual property, or other matters. Also, long-term support for microenterprises has been provided in coordination with the Workforce Development Agency. Consultation and services for micro startup businesses, female entrepreneurs, and pre/post loan operations are provided by dedicated consultants stationed at the Ministry of Labor. Furthermore, the Bank also works with the Taiwan Small & Medium Enterprise Counseling Foundation. We would jointly host seminars to increase SMEs' financial competitiveness and provide counseling plans each year. We would invite industrial and economic experts or business owners for bilateral communication with enterprises, while providing counseling service from the industrial, economic and technical aspects.

Business Management Tools or Training

- **Micro Enterprises:** First Bank has partnered with Taiwan SME Counseling Foundation (Taiwan SMECF) in coordination with the government's development policy to support small, medium, and micro enterprises by providing them with financial examination and diagnosis counseling services. The plan hopes to elevate small, medium, and micro enterprise customers through comprehensive financial planning, thereby ensuring they are financially sound. In 2023, financial examination and diagnosis counseling services were provided to 50 small, medium, and micro enterprises; each year, enterprise seminars are organized to provide overall economic and industry trend analysis to small, medium, and micro enterprises in an attempt to cultivate business insights in business owners. In 2023, a total of 5 seminars were organized.
- **Micro enterprises, low income households, residents of remote areas, disadvantaged women:** Through the "LEO's Life" blog, we provide professional articles on business administration, investment and money management, industrial trends, and financial knowledge. We have also designed and added the "Become Savvy in Money Management in 1 Minute" column to our Facebook fan page, in an effort to help young would-be entrepreneurs increase their professional know-how at all times, so that they can increase their chance of success.

Ethical Management and Fair Customer Treatment

GRI : 2-25 、 2-26 、 205-2 、 205-3 、 417 、 FS14 、 FS15 、 FS16

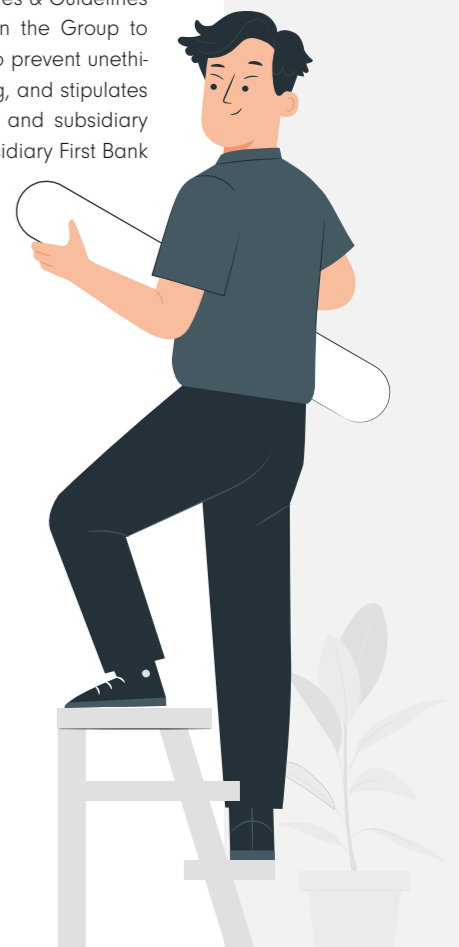
SASB:FN-CB-510a.1 、 FN-CB-510a.2 、 FN-CF-220a.1 、 FN-CF-220a.2 、 FN-CF-230a.1 、 FN-CB-230a.1 、 FN-CF-270a.4 、 FN-CF-270a.5

6-1 Ethical corporate management execution status

The Company has established a "Guideline for Ethical Operations and Code of Conduct" as a policy for the compliance to ethical operations for enterprises and organizations within the Group. The guideline clearly stipulates anti-corruption and bribery, confidentiality mechanisms, antitrust and anti-competition practices, prohibits insider trading, and includes preventative measures to prohibit, supervise, and report unethical conduct. Regulations are in place to combine the ethical operation policy, employee performance evaluations, and human resource policy to enterprises and organizations within the group. Major violators of ethical conduct shall be punished according to the relevant laws or human resource management rules; the employee's job title, name, date of violation, contents of violation, and handling will be disclosed on Company's internal websites. In order to establish a clear and effective reporting and punishment system, the corporate governance group of the administrative management department shall plan and manage affairs relating to ethical operations; an "Ethical Management Committee", under the board of directors, will be established as a dedicated team to promote ethical operations. Three independent directors shall be appointed as members responsible for the establishment and revision of the Group's ethical operating policy. For the purpose of sound ethical management, the "Ethical Management Committee" will provide the board of directors with a report of the group's fulfillment and adopted measures in ethical operations once every six months. The report should also include regular analysis and assessment of the Group's risks in unethical conduct, establish plans to prevent unethical conduct, as well as the status of internal/external training for ethical operations and whistleblowing systems in the Company and all subsidiaries. Relevant departments should plan and propose response measures for key issues of ethical operations such as the practice of fair treatment to customers and protecting the consumer rights of disadvantaged groups such as the elderly and disabled. Relevant execution is as follows:

1. Ethical management policy formulation and plan

The Company has formulated the "Ethical Corporate Management Best Practice Principles & Guidelines for Conduct", which serves as the policy for the companies and organizations within the Group to observe when it comes to ethical corporate management. The policy bans and seeks to prevent unethical conduct such as corruption, bribery, monopoly, unfair competition and inside trading, and stipulates a confidentiality, monitoring and reporting mechanism. It is applicable to all Group and subsidiary employees around the world, as well as its contractors/suppliers/service providers. Subsidiary First Bank has established a "Rules for Implementing Accountability Systems for the High Asset Wealth Management Business" which clearly defines the basis of accountability, suitable subjects, and procedures of the high asset wealth business; The Group has also established a Board-level "Accountability Committee", which is in charge of accountability for the high-asset wealth management business and is consistent with the Financial Supervisory Commission's requirements to strengthen the supervision, management and responsibility of such business operations. In addition, it has also formulated the "Policy of Fair Customer Treatment", "Strategy for Fair Customer Treatment", and "Operating Principles for Fair Treatment to Elderly Customers". In 2023, we also revised the "Strategy for Fair Customer Treatment", which added the aspect of enforcing friendly services and measures, as well as education training relating to friendly finance that should be conducted on Board Directors, business owners, senior executives, branch executives and bank tellers. The revised Strategy also lays down regulations such as the need to reward branch offices for outstanding performance. To improve the management system of intellectual property, the Company has formulated the "Intellectual Property Management Policy" and "Trade Secretes & Intellectual Property Management Guidelines". First Commercial Bank received verification (valid until December 31, 2024) from the Taiwan Intellectual Property Management System (TIPS) again on November 14, 2022, becoming a bank verified for both patents and trademarks (A-level) by TIPS.



2. 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 2023, the group provides all employees worldwide with a total of 69,987 hours of education and training for 34,974 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 hours/hours of message dissemination (Hours)	Persons/Companies	Coverage Rate*
Employees (persons)	2023	Each subsidiary organized at least two ethical management training sessions	69,987	34,974	100
	2022		89,961	49,512	100
	2021		92,570	36,630	100
Suppliers (companies)	2023	Advocated the Group's "Supplier Management Guidelines" to suppliers.	0.25	326	100
	2022		0.25	359	100
	2021		0.25	294	100
Subsidiaries (companies)	2023	Promoted during the quarterly "Group Chief Compliance Officers Meeting"	0.4	32	100
	2022		0.4	32	100
	2021		0.4	32	100

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

In 2023, FFHC 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.

3. Code of Conduct

The rate of the Group's Directors, Supervisors, managers and employees signing the "FFHC Code of Conduct for Directors, Supervisors, and Managers" and "FFHC Code of Conduct for Employees" note is 100%. Furthermore, the rate of employees hired by subsidiary First Commercial Bank in its overseas operating locations signing local language versions (English, Vietnamese and Khmer) of the "Code of Conduct for Directors, Supervisors, Managers, and Employees" is also 100%.

* : The status of compliance with the "FFHC Code of Conduct for Employees" has been verified in an implementation report on agreement procedures submitted by Ernst & Young Global Limited



4. Control Measures to Guard Against Corruption and Fraud Committed by Financial Advisors

- To align with the "Principles of Internal Control Operations Relating to Banks' Efforts to Guard Against Embezzlement of Customers' Funds by Financial Advisors" example table amended and promulgated by the Bankers Association on July 26, 2021, and the newly added 21 types of "patterns of suspected embezzlement of customers' funds by financial advisors", the bank subsidiary has formulated the "Investigation Procedures for Abnormal Behavior or Transactions Involving First Commercial Bank's Financial Advisors and Management Directions for Supervision and Implementation", in order to strengthen its control mechanism targeting financial advisors' money management operations. An investigation team made up of Headquarters personnel independent from financial advisor's business operations has been formed to look into related abnormal behavior, as part of our efforts to implement regulatory compliance, consumer protection and risk management, as well as to demonstrate that we value ethical management and fair customer treatment.
- Additionally, to prevent financial advisors from misappropriating customers' funds, we have enhanced our internal control measures, including the implementation of standard operating procedures for financial advisors' customer visits, in an effort to strictly enforce independent front-end and back-end operations. All money management transactions are linked to bill deductions from our customers' accounts, without requiring them to separately present withdrawal certificates. Furthermore, the Bank, when necessary, would conduct spot checks to see if financial advisors have manifested abnormal behavior, such as retaining customers' passbooks, seals, or signed blank transaction documents, etc. The Bank would also designate dedicated personnel to check if there are any inappropriate fund exchanges between financial advisors and their customers during their designated leave days every year. The Bank also stipulates that a financial advisor's tenure with the same business unit shall not exceed six years, in addition to reinforcing the second-person service mechanism. Branch executives are also required to personally visit or call important money management customers in order to prevent malpractice resulting from these customers overtrusting their money management advisors.
- The Bank has also procured the "Management System for Abnormal Money Management Patterns". With this system, the Bank is able to identify and detect unusual events through analyzing transaction behavior between the teller and the customer. This fully automatic monitoring and control system not only can shorten the monitoring cycle, but also can spot new corruption patterns instantaneously. Moreover, the Bank is able to swiftly analyze trends and anomalies through visualized forms such as charts and figures. This is conducive to instantaneous decision-making, enabling the Bank to boost the effectiveness of its controls over abnormal behavior.

6-2 Whistleblower System, Process, and Results

Whistleblowing Policy	A board of directors reviewed and approved "Implementation Rules for Whistleblowing Systems" is disclosed in the "Corporate Governance - Rules" on the Company website. Our subsidiaries each established a whistleblower system that was reviewed and passed by their respective board of directors.
Receiving unit	The legal compliance department and internal audit unit/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 official website, and provides whistleblowing channels by telephone, email, and mail.  Compliance Department: Address: 18F, No. 30, Sec. 1, Chung King S. Rd., Zhongzheng Dist., Taipei City Tel : 02-23481458 Complaint mailbox : compliance@fhc.com.tw
Whistleblowing Methods	Any individual who discovers that an employee of this Company is suspected of a crime, fraud, or violation of laws may submit a whistleblowing report to the receiving unit by stating their real name, contact method, the specific incident, and supplementary evidence through written notice such as mail and email; whistleblowing can also be conducted by phone or personally recounting the incident. The receiving unit must establish records stating the details of each incident, real names, and contact methods.
Case Acceptance Principles	The "Whistleblowing Review Committee" ("the committee") reviews all whistleblowing cases and determines if they will be accepted. The committee may decide not to accept whistleblowing reports if it falls under any of the following circumstances: 1. The whistleblower has not provided his/her real name and contact information. However, in cases where the content of the whistleblowing report is specific and there are verifiable materials, it still can be processed with care and discretion. 2. The whistleblower report does not fall under Article 3 as an accepted category of the implementation rules or is unrelated to the execution of business. 3. The whistleblowing report is obviously made with malicious intent, is obviously false, or has no substantial content. 4. The whistleblower was requested to provide or supplement the evidence materials within a certain period of time. However, the whistleblower failed to do so, which hindered the investigation. 5. The reported matter is regarded as the same as a case that has already been investigated to completion, and the whistleblower has failed to present new facts or new evidence. 6. The reported matter has been investigated by relevant judicial agencies, or is already under investigation by a court of law, or has been subject to non-prosecution or deferred prosecution, or has already received a verdict therein.
Case Handling Procedures	1. The committee approves acceptance of a case: The report should be registered confidentially and separate investigations should be established based on the contents and category of each report. The Investigation Panel is required to produce an investigation report within thirty days from the day after receipt. The investigation report shall be sent to the receiving unit within thirty days after the report is completed; this deadline may be extended if necessary. 2. Investigation method: Based on the necessity of the case, telephone, written review, or interviews should be performed. When an investigation is conducted, related units shall cooperate with the investigation and provide necessary documents and data. 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. The Investigation Panel may give the reported person an opportunity to make a statement verbally or in writing, which shall, in principle, be processed in a non-public manner. 3. Recusal in conflicts of interest: During the process of processing, investigating, deliberating, reviewing and reporting the whistleblowing reports, any person who has interests in individual whistleblower reports or other persons that may affect a fair investigation shall recuse themselves. 4. Notifying the results of investigation: The receiving unit shall update the whistleblower on the status of the investigation in writing or by other means within ten days after the investigation report is completed and approved. Where the whistleblowing report is transferred to a subsidiary for processing, the said subsidiary shall notify the whistleblower and submit a copy to the Company. The receiving unit shall send the investigation result to the head of the responsible unit of the reported person, and the unit head shall inform the reported person and take corrective action. If the reported person is the chairman, its supervisors/independent directors shall be notified. 5. Follow-up actions: Where a whistleblowing report is verified to be true or with an audit opinion, the inspected unit and the Company shall report it at the next month's board of directors meeting or the next board of directors meeting, submit it to the Company's dedicated unit (Ethical Management Committee) for future reference, and comply with the following procedures: • Related units shall be assigned to review the internal control system and operating procedures, propose improvement measures. A copy shall be submitted to the audit unit. • The audit unit shall include the whistleblowing report in the most recent business audit items. Major incidents or illegal cases shall be referred to or reported to the Company and relevant authorities in accordance with the "FFHC Incident Reporting Guidelines" and "First Financial Group Compliance Notification Guidelines". 6. Incentive measures: To encourage reports on illegal and unethical conduct, if a report is verified as true in an investigation, the Company shall grant a reward based on the severity of the reported violation; Where a whistleblower files a false report or a malicious accusation, the whistleblower shall be processed in accordance with related HR management rules. 7. Record retention: Documentation of case acceptance, investigation processes, and investigation results shall be retained in complete written format or digital files for at least five years. In the event of litigation related to the whistleblowing case before the retention period expires, the documentation shall continue to be retained until the conclusion of the litigation.

6-4 Customer complaints and satisfaction surveys

We value rating and suggestions for products or services by customers, every year we conduct complete sampling to savings, foreign exchange, credit, financial management, credit cards, insurances, securities, investments lectures, APP functions, etc and through phone calls, email surveys, activity pages, customer service or retaining market survey companies we conduct customer satisfaction survey, and since 2022 we have conducted an online satisfaction survey and disseminated information about fraud prevention to on-site elderly customers in order to protect their rights and provide a service more close to their needs. At the same time, we use Net Promoter Score (NPS) to count and relevant departments will conduct improvements on items of lower satisfaction scores and customer suggestions.

Customer satisfaction survey of past 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
2023 Performance	90.9%	85.5%	96.7%	82.6%
2023 Performance goals	87.0%	85.5%	96.4%	78.5%
Sampling coverage rate in 2023*	100%			
2022 Performance	89.9%	85.5%	96.6%	81.3%
2021 Performance	87.1%	85.5%	96.3%	79.3%
2020 Performance	86.5%	85.2%	96.0%	83.9%
2023 NPS score	60.05 points	53.63 points	56.50 points	23.30 points
2023 NPS goals	47.00 points	53.60 points	56.40 points	10.00 points
Improvement	Distribute customer feedback and comments to various business units, and inform related business management units for improvement.	<ul style="list-style-type: none"> Continue to optimize the electronic trading system Refine and broaden the scope of research information on investment consulting 	Provide investors with analyses on international and domestic political and economic situations as reference for investment and money management, and cherry-pick funds and products suitable for post-retirement money management for investors.	Sort customer feedback into several aspects <ul style="list-style-type: none"> Product aspect: To provide more diverse products Information aspect: Provide policyholders with web pages with easy access to inquire about their investment targets; improve the presentation of microinsurance web pages after taking into account the needs of economically disadvantaged people to make it easier for users to look for information.

* : 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.

Moreover, a mechanism has been established to handle consumer complaints and disputes. Aside from formulating the "Operating Guidelines for Handling Customer Complaints" and procedures for handling various business disputes, First FHC also provides access to the online customer service of its subsidiaries, toll-free customer service phone numbers, dedicated phone numbers for business consultation, and complaint mailboxes under the "Stakeholder Communication" menu item on its official website. First Commercial Bank has also installed a 24-hour customer service hotline as well as an email box to remain in constant communication with its customers. In 2023, the Bank obtained the "AA" accessibility label for its official website and major e-banking services. In addition, it also enhanced its over-the-counter outreach mechanism for disadvantaged and elderly people as well as people suspected of suffering from dementia when they approached us for online banking, debit cards/voice-activated money transfer and foreign exchange operations. We also provided the "friendly reservation service", in addition to installing the "Senior Citizens & Friendly Service Hotline". To cooperate with the competent authority's policy to reinforce the review and evaluation mechanism for fair customer treatment, First Commercial Bank, First Securities, First Securities Investment Trust and First Insurance continued to refine their procedures for handling customer complaints in 2023. They regularly compile and sort major cases of customer complaints, and submit them to the Board. Customer complaints lodged with the Financial Ombudsman Institution are also regularly submitted to their respective Board of Directors for future reference, including the types, number, indemnity and handling status of such cases.

To effectively improve our operating procedures and reduce customer complaints, First Commercial Bank has incorporated the performance for handling customer complaints into the performance review of each unit, in addition to establishing a customer complaint review mechanism. Education training will be intensified for employees with poor attitudes, and units with repeated negligence are required to submit concrete improvement measures. Moreover, a dedicated customer complaint area has been created on the internal network, providing business units with information such as analyses on customer compliant cases and related statistical tables for their reference. We applied for ISO10002 "Customer Complaint Management Certification" and the ISO10004 international standard for customer satisfaction certification in 2024. We expect to receive double certifications in August, as we continue to improve the quality of our handling of complaint cases and align ourselves with international standards. The Group accepted and handled a total of 231 customer complaint cases via various grievance channels in 2023. In particular, we were notified of 212 of these cases via competent authorities (please refer to the appendix for more details: sustainable operation indicators). For most complaint cases, we were able to complete customer pacification and replies within the required timeframe. We also analyzed customer feedback and compiled related statistics in accordance with business types, before sending them to related units for improvement.

6-5 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.

2023 Customer Care and ESG Engagement Activities

Reaching the Next Pinnacle of Corporate Success Lecture

With the touring Reaching the Next Pinnacle of Corporate Success Lecture, we provided the latest financial information and investment recommendations, promoted regional revitalization, the Micro Loans for Female Entrepreneurs, and the review principles for green financing, green energy and the Industrial Innovation Plan Loan, and shared our energy conservation and carbon reduction measures and results.

Reaching the Next Pinnacle of Corporate Success Lecture and Dinner (Taichung and Kaohsiung sessions) A total of **2** sessions **478** participants

"First Commercial Bank Marches Towards 2050 Net-Zero Emissions Goal with Customers" Lecture

To respond to the issue of 2050 net-zero emissions, we shared global ESG trends, partnered with enterprises to take concrete action, and implemented the low-carbon transition, as we march towards a sustainable ecosphere

"First Commercial Bank Marches Towards 2050 Net-Zero Emissions Goal with Customers" Lecture (Taipei, Taichung and Kaohsiung sessions) A total of **3** sessions **308** participants

Investment & Money Management Lecture for Customers

We disseminated correct consumer finance and money management ideas through introducing financial products, explaining key issues, and promoting preferential activities

First Bank business units A total of **347** sessions **9,072** participants

Financial Planning Clinic Seminar

Our financial consultants (FC) for personal finance reviewed customers' assets and offered their suggestions in a one-on-one format. Through regular live streaming focusing on thematic courses by our FC, our financial consultants conducted training on the money management teams of our branch offices, in an attempt to better prepare them to respond to changes on the investment market.

36 branches throughout northern, central and southern Taiwan A total of **36** sessions **653** participants

Customer care investment checkup seminar in rural communities

First Securities traveled to far-flung villages and communities to host customer care investment checkup seminars, providing customers with the latest information on financial products and suggestions.

Xiluo Township and Beigang Township, Yunlin County, Hemei Township, Changhua County, Zhunan Township, Miaoli County, and Qishan District, Kaohsiung City A total of **5** sessions **202** participants

Investment & Money Management Lecture: Celebrity Money Management Class

Through money management lectures and online videos and audios, First Securities Investment Trust was able to promote sound investment and money management ideas, and introduced financial products and investment trends.

In-person money management lectures & online lectures on First Securities Investment Trust's official website A total of **31** sessions **1,093** participants

Seminars and regular live broadcasts of financial management courses

Online thematic lectures to promote the popularization of financial knowledge

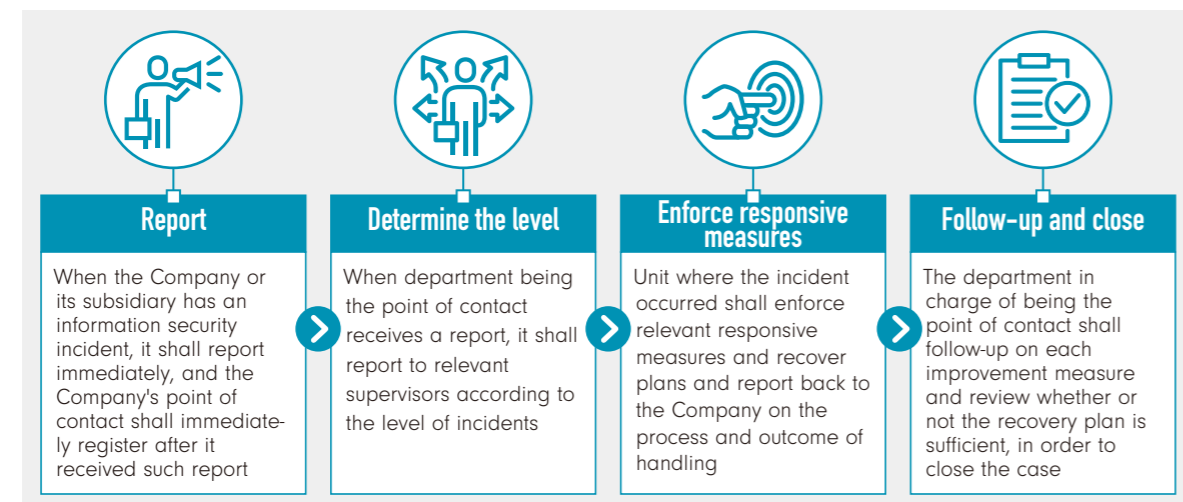
2 online orientations and 8 in-person money management lectures A total of **10** sessions **1,667** participants

Anti-fraud promotional campaign throughout 368 townships across Taiwan by financial institutions

To enhance people's ability to identify fraud, we traveled to 16 villages/townships/districts to conduct the counter-fraud promotional campaign, in an attempt to raise everyone's awareness against fraud

15 branch offices, including those from Dongshi, Xinhua, Yanshuei and Penghu, as well as our Operation Planning & Administration Division pitched in for related promotional activities A total of **16** sessions **793** participants

In order to immediately know the efficiency of handling information security incidents, the Company has enacted the "Information Security Incidents Report Operation Rules" for companies of the Group to follow, the procedure to handle information security incidents is stated as follows:



To build the right concepts of information security among employees and encourage them to abide by related regulations, the Company organized 77 information security training sessions in 2023 which were attended by 22,541 people with 263 total training hours. Details are shown in the table below:

Training Recipients	Sessions	Number of Trainees	Hours	Course Content
Regular employees	20	18,845	33	Educational training for social engineering protection, IoT safety and zero trust, 2023 information security educational dissemination, 2023 IoT information security dissemination, social engineering approach analysis and the sharing of related cases, and educational training for information security, etc.
IT personnel	57	3,696	230	ISO 27001:2022 lead auditor, ISO 27001:2022 lead auditor transition training, awareness of the personal information protection and management system & BS 10012:2017 international standardized educational training, sharing of the latest cases and trends in hacker attacks, Secure Code Warrior platform educational training courses, and educational training preceding information security management system verification, etc.
Total	77	22,541	263	

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. No major contingencies or incident notifications endangering information security occurred to the Company or any of its subsidiaries in 2023. Nor was there any IT infrastructure incident that resulted in revenue loss. No units received any regulatory penalties.

To ensure network and information system security and to provide customers with safe automated services, the Group's subsidiary bank, securities company, securities investment trust company and life insurance company have all obtained the ISO 27001 certification. In an effort to maintain the validity of the certificates, we would commission verification organizations to conduct secondary reviews every year in addition to re-verification every three years, so that we can provide safer financial products and transaction flows.

To beef up information security resilience and information security, all subsidiaries have adopted the following related measures: No information security incidents occurred to any of the Group's subsidiaries in 2023.

First Bank

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 to build key defensive capabilities in information security, including continuing the transitioning of core systems, expanding the capabilities of backup centers through containerized security protections, automating deployment of firewalls, optimizing the integrated code, and expanding platform support for accounts with special permissions etc. Additionally, the organization of "Red Team Exercises" utilized the strategy of third party infiltration or white hat hackers in goal oriented themed exercises. These Red Team Exercises allow external cyber attacks that expose the security strength of network environments and application systems, the effectiveness of defensive equipment, management systems and implementation of procedures, the rationality of surveillance scope, and appropriateness of response time.

First Bank's information security emergency response plan

Emergency response plans and drill scenarios	Time drill was completed	Drill results
1. Response plan and procedure practice for abnormal ATM withdrawal incidents: Simulated emergency response measures for branches being robbed by hackers.	2023/07/21	Met expectations
2. Response process drills when computer systems are infected with encrypted ransomware: These drills simulate emergency response measures when computers are infected with encrypted ransomware	2023/07/28	Met expectations
3. SWIFT abnormal remittance response plan and procedure practice: Simulated emergency response measures for when hackers hack the SWIFT system and transfer funds.	2023/10/27	Met expectations
4. Phishing websites and Phishing application (APP) information security prevention emergency response plans and drills: A scenario simulation of the emergency response plans and drills when the bank's external website and application (APP) is attacked by hackers to be phishing websites or APP	2023/08/29	Met expectations
5. Response plan and procedure practice for website under DDoS attack: Simulated emergency response measures for branches under DDoS attack by hackers.	2023/10/25	Met expectations
6. 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.	2023/03/12	Met expectations
7. 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.	2023/09/16	Met expectations

First Securities

First Securities conducts vulnerability scanning and test operations against infiltration through an independent third party, inspects network and system security as well as the effectiveness of its defense equipment, builds a multi-layered defense deployment system and control measures, increases the intensity of information security protection, continues to enhance the backup capacity of its core transaction system, and conducts response drills for interruptions to the core transaction system regularly. The goal is to enhance the company's capability to cope with contingencies to enhance the company's capability to cope with contingencies.

First Securities' Emergency Response Plan for Information Security

Emergency response plans and drill scenarios	Time drill was completed	Drill results
1. Response plan for disruptions to the electronic transaction network and defense against distributed denial-of-service (DDoS) attacks for continuous operation: This plan simulates emergency response measures for disruptions to the transaction network	2023/10/21	Met expectations
2. Response plan for disruptions to the securities brokerage transaction system: This plan simulates emergency response measure for disruptions to the securities brokerage transaction system	2023/03/19	Met expectations
3. Response plan for disruptions to the concurrent futures transaction system: This plan simulates emergency response measure for disruptions to the futures brokerage transaction system	2023/11/08	Met expectations
4. Response plan for power outages at computer rooms: This plan simulates emergency response measure for power outages at computer rooms	2023/08/05	Met expectations

First Securities Investment Trust

FSITC has established the SOC information security monitoring system as well as the DLP protection system for confidential/sensitive data, in addition to reviewing its firewall rules on a regular basis; Vulnerability scan is carried out every year, in addition to social engineering drills and official website infiltration tests. Business continuity planning regarding the information system has been formulated to respond to emergency incidents. Remote backup drills are carried out every year. "DDoS offensive and defensive drills" are carried out in the fourth quarter of each year to ensure that the defense mechanism against cyberattacks is effective.

FSITC's Emergency Response Plan for Information Security

Emergency response plans and drill scenarios	Time drill was completed	Drill results
1. Remote backup drills: These drills simulate that a strong earthquake has hit the Headquarters Building, wreaking havoc on the company's computer rooms and networks. The General Manager orders that the remote backup center be initiated	2023/9/13	Met expectations
2. Handling process drills for incidents in which the online fund transaction system has come under a credential stuffing attack: These drills simulate emergency response measures for abnormal account transactions resulting from a credential stuffing attack on the online fund transaction system	2023/10/18	Met expectations
3. Process drills for incidents of DDoS attack: These drills simulate emergency response measures for distributed denial-of-service (DDoS) hacker attacks on the official website	2023/12/13	Met expectations

First Life Insurance

Each year, First Life Insurance would commission a professional external information security company to conduct various assessments, including vulnerability scanning, infiltration tests, mobile app tests, and the safety settings and reviews of the information system and network equipment. They are meant to help detect information security threats and vulnerabilities, as we hope to enhance our defense capability for information security through various improvements. Furthermore, social engineering drills, DDoS offensive and defensive drills, drills for responses to personal information leaks, and business continuity planning (BCP) drills for the information system are conducted each year. Through the approach of implementing scenario simulations, we hope to improve our colleagues' responsiveness and related awareness, while ensuring the appropriateness and reasonableness of various response processes.

First Life Insurance's Emergency Response Plan for Information Security

Emergency response plans and drill scenarios	Time drill was completed	Drill results
1. BCP drills for key (core) information operations and core information system: These drills simulate emergency response measures when key (core) information operations and the core information system must be switched over to a remote backup center because the head office's machine rooms have been damaged	2023/9/9	Met expectations
2. Response drills for distributed denial-of-service (DDoS) attacks: These drills simulate emergency response measures for distributed denial-of-service (DDoS) hacker attacks on the head office	2023/7/21	Met expectations
3. Response drills for personal information leaks: These drills simulate emergency response measures for incidents of personal information leaks at the head office.	2023/11/30	Met expectations
4. Backup data restoration tests: These tests simulate emergency response measures when backup data must be restored because important information system data at the head office have been damaged	2023/6/5	Met expectations

First Financial AMC

Has conducted information security assessments and vulnerability scanning through an independent third party to identify potential information security threats and vulnerabilities, which serve as the basis for implementing related control measures from both the technical and management aspects. The company's Microsoft operating system for server has also been upgraded, its external firewall has been replaced, and information security vulnerabilities have been patched continuously, as part of the effort to increase its defense capabilities for information security.

First Financial AMC's Emergency Response Plan for Information Security

Emergency response plans and drill scenarios	Time drill was completed	Drill results
1. Response process drills when computer systems are infected with encrypted ransomware: These drills simulate emergency response measures when computers are infected with encrypted ransomware	2023/11/29	Met expectations
2. Drills for the restoration plan of information operation disasters: These drills simulate emergency response measures for the restoration of backup data, failure of dedicated VPN lines or power supply facilities, and server switchover in the event of malfunction.	2023/12/29	Met expectations

7-3 The protection of clients' privacy

Value customer privacy, FFHC and its subsidiaries has enacted Personal Data Protection Policy and Guidance, its relevant range, regulation, measures and internal controls is stated as follows:

Policies	The Company and its subsidiaries has enacted Personal Data protection policy or guidance in accordance with relevant regulations of "Personal Data Protection Act", "The Safety Management Regulation of Personal Data Document held by Non-Government Agencies Designated by the Financial Supervisory Commission", "UK General Data Protection Regulation (UK GDPR)" and "EU General Data Protection Regulation (EU GDPR)".
The range of protection	Set up relevant Company personnel's* rights to access Personal Data collected, processed, used when performing duties, management their contact of these Personal Data and agree with these personnel on their confidential obligations to strictly forbidden disclosure of Personal Data or customer's data.
Regulations and measures	<ul style="list-style-type: none"> FFHC established the "Personal Data Protection and Management Committee", which the President is the chairman to be in charge of promoting and supervising the operation of Personal Data protection and management system, and established the "Personal Data Incident Response Team" in order to effectively respond to and handle Personal Data incidents which is inspected externally by accountants every year. To announce confidentiality measures for customers' information on the front pages of the companies of the Group's websites and specify the range and measures of confidentiality to each confidential documents (including paper and electronic documents), diagrams, messages, computer programs, media or objects. When Personal Data is stolen, tampered with, damaged, lost, leak or when there's other major Personal Data security incident, the Risk Management Department and the Compliance Department shall be notified and the Financial Supervisory Commission shall be notified within 72 hours of such incident. Conduct periodical training to employees, in 2023 the Group has conducted Personal Information Protection Act training, GDPR and customer privacy training and other related trainings to all employees, the total number of employees trained is 8,839 and the total hours trained is 5,929.5 hours, the completion rate is 100%. Shall at least inspect Personal Data protection policy once a year in order to keep up with latest governmental laws and regulations, rules of industries, information technologies and business development of the Company.
Internal control	<ul style="list-style-type: none"> Include Personal Data breach information security risks as newly arisen risks, establish main risk identification, evaluation, risk reducing measures, supervision and management procedures and report newly arisen risks of the year to the President. Stated that all subsidiaries shall include Personal Data protection procedure into their internal control system, hold self-check periodically and audit units shall conduct checking for Personal Data protection.

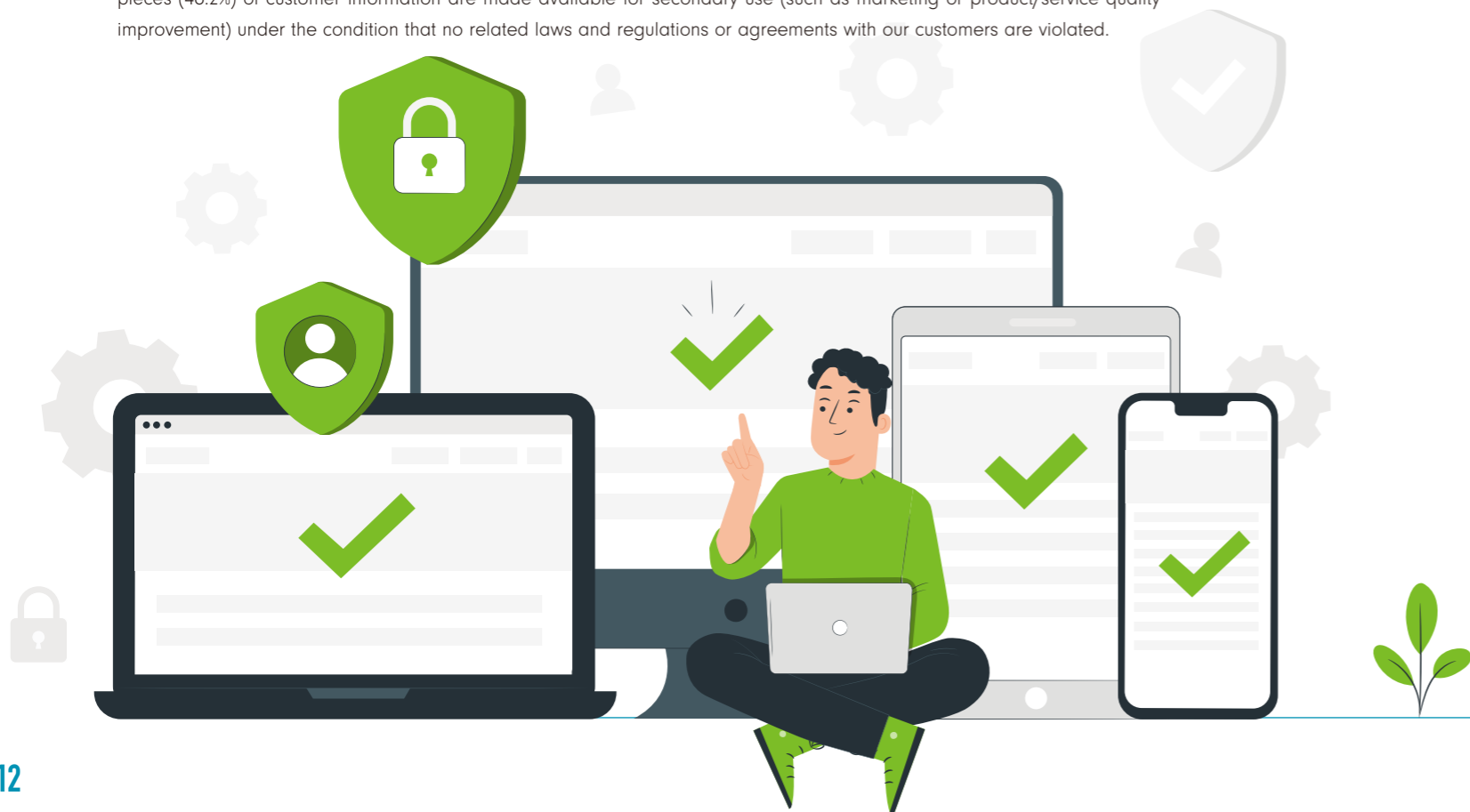
* : Include employees of the Company, temp worker sent by the temp agency and appointed institution which has appointment relationship with the Company and personnel of such institution.

Except that the domestic units of First Bank shall follow EU General Data Protection Regulation (EU GDPR) and relevant regulations, other overseas branches shall also follow regulations policies of competent authorities of each country (for example: UK General Data Protection Regulation (UK GDPR)) and in order to request employees to follow Personal Data Protection Act, the breach of Personal Data has been included into deduct items of business units' evaluation and personal punishment will be made according to the degree of seriousness of the violations.

■ First Bank take the following measures according to the UK General Data Protection Regulation (UK GDPR) and EU General Data Protection Regulation (EU GDPR):

Steps	Measures
1. Designate a Data Protection Officer (DPO)	The chief compliance officer of London branch will be the DPO; The Frankfurt branch will require a consultant company to appoint a coordinator to be the DPO.
2. Retain outside counsel to provide consulting service	In order to make sure that the protection of Personal Data of UK and EU residents is in accordance with GDPR and EU GDPR relevant regulations in the International Data Transfer Agreement ("IDTA") and the Standard Contractual Clauses ("SCC"), the London branch has retained a law firm to conduct Transfer Risk Assessment ("TRA") and draft International Data Transfer Agreement ("IDTA"), the Frankfurt branch has retained a consulting company to review SCC clauses.
3. Forbid cross-border data flows in accordance with GDPR	The London branch and the Frankfurt branch has already signed IDTA and SCC and has conducted cross-border data transfers under their framework.
4. To establish a report mechanism when there's a Personal Data breach in accordance with GDPR	To complete a response, report and prevention mechanism when there's a Personal Data breach, and conduct a Personal Data incident response drill at least one time every year.

First Financial Holding highly values the security of our customers' personal information. To implement the management of personal information protection, both First Commercial Bank and First Life Insurance have obtained the "BS10012: Personal Information Management Systems" verification certificates, in addition to undergoing continuing secondary reviews and re-verification every year. Moreover, we take 100% control of how our customers' personal information is used. Around 4.36 million pieces (46.2%) of customer information are made available for secondary use (such as marketing or product/service quality improvement) under the condition that no related laws and regulations or agreements with our customers are violated.



Prevention of money laundering, financial fraud and terrorism financing

GRI : 2-23 、 2-24 、 2-25

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

■ Formulate the Group's AML / CFT Culture – Board of Directors

Authority and responsibility	Establishment and amendment of the AML/CFT Policy
Supervision mechanisms	<ul style="list-style-type: none"> Follow-up and report on improvements for audit deficiencies Report the AML implementation status every six months
Handling status	The database utilized by the bank subsidiary's PEPs list compilation review system and comparison engine is from external supplier World Check and a self-constructed list (collected from public PEPs information). Batch scans and comparisons are conducted for the list daily.

■ 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	<ul style="list-style-type: none"> 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

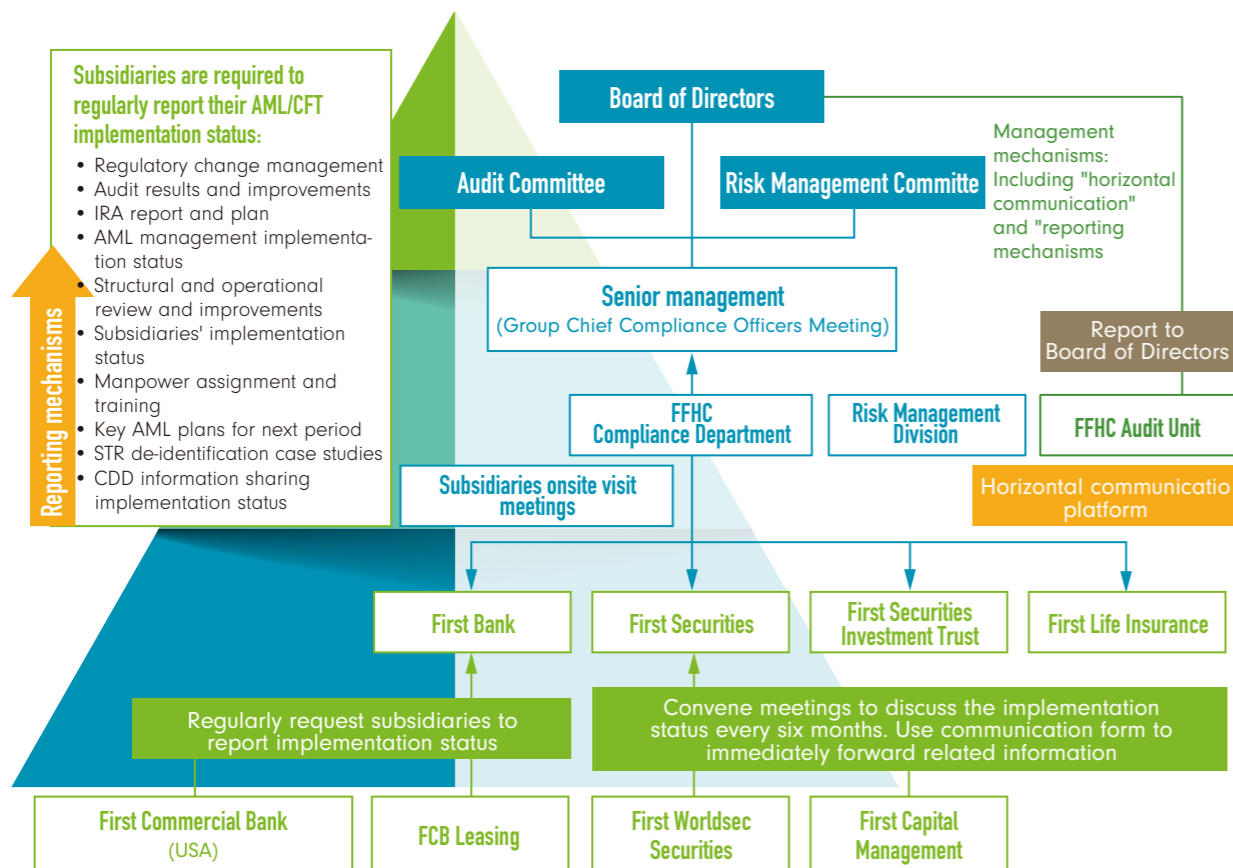
■ Establishment of dedicated unit – Compliance Department

Authority and responsibility	Establishment and management of the Group's overall AML/CFT plans.
Implementation Results	<ul style="list-style-type: none"> 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 22 domestic business units in 2023. Other domestic units that do not implement the dedicated supervisor system are assigned a deputy supervisor.

■ Anti-Money Laundering and Counter Terrorism Financing Organization Structure



8-2 Implementation of Anti-Money Laundering and Counter Terrorism Financing

1. Education and training

To improve the abilities and performance of the group's employees in AML/CFT, categories of AML/CFT education and training courses organized by FFHC, First Bank, First Securities, First Securities Investment Trust, and AMC in 2023 are as follows:

	FFHC	Banks	Securities	Securities Investment Trust	Life Insurance	AMC
Regular internal training that uses cases for learning	-	2,806 persons 3,282.5 hours	114 persons 57 hours	35 persons 26 hours	82 persons 41 hours	-
Computer training course self-evaluation form	-	-	-	153 persons 306 hours	838 persons 1,257 hours	-
The laws/regulations manager is responsible for company-wide internal network training	-	12,399 persons 19,509 hours	415 persons 1,037.5 hours	-	-	-
The laws/regulations unit provides face-to-face training	-	494 persons 247 hours	433 persons 222.5 hours	77 persons 77 hours	-	-
Face-to-face training by external institutions	100 persons 300 hours	68 persons 333.5 hours	-	88 persons 114 hours	9 persons 45 hours	2 persons 6 hours
Mandatory annual training	7 persons 102 hours	304 persons 3,648 hours	1,655 persons 4,965 hours	7 persons 21 hours	68 persons 225 hours	6 persons 12 hours
Total		20,160 people attended the courses with a total of 35,834 hours				

2. Centralized suspicious transaction report (STR) project

First Bank began implementing the centralized suspicious transaction report (STR) project 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.

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

The bank subsidiary conducts a customer due diligence (CDD) procedure (as shown in the chart on the next page) that has a similar effect to general CDD. Special and sufficient measures must be in place to mitigate risks and in principle, individual accounts must submit identification documents for the verification of identity, address, and to contact customers by phone or mail when necessary. In principle, non-individual accounts must submit business registration documents, operating permits, change of registration or similar documents, company policy, list of directors and shareholders, and evidence for the identity of substantial beneficiaries. 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:

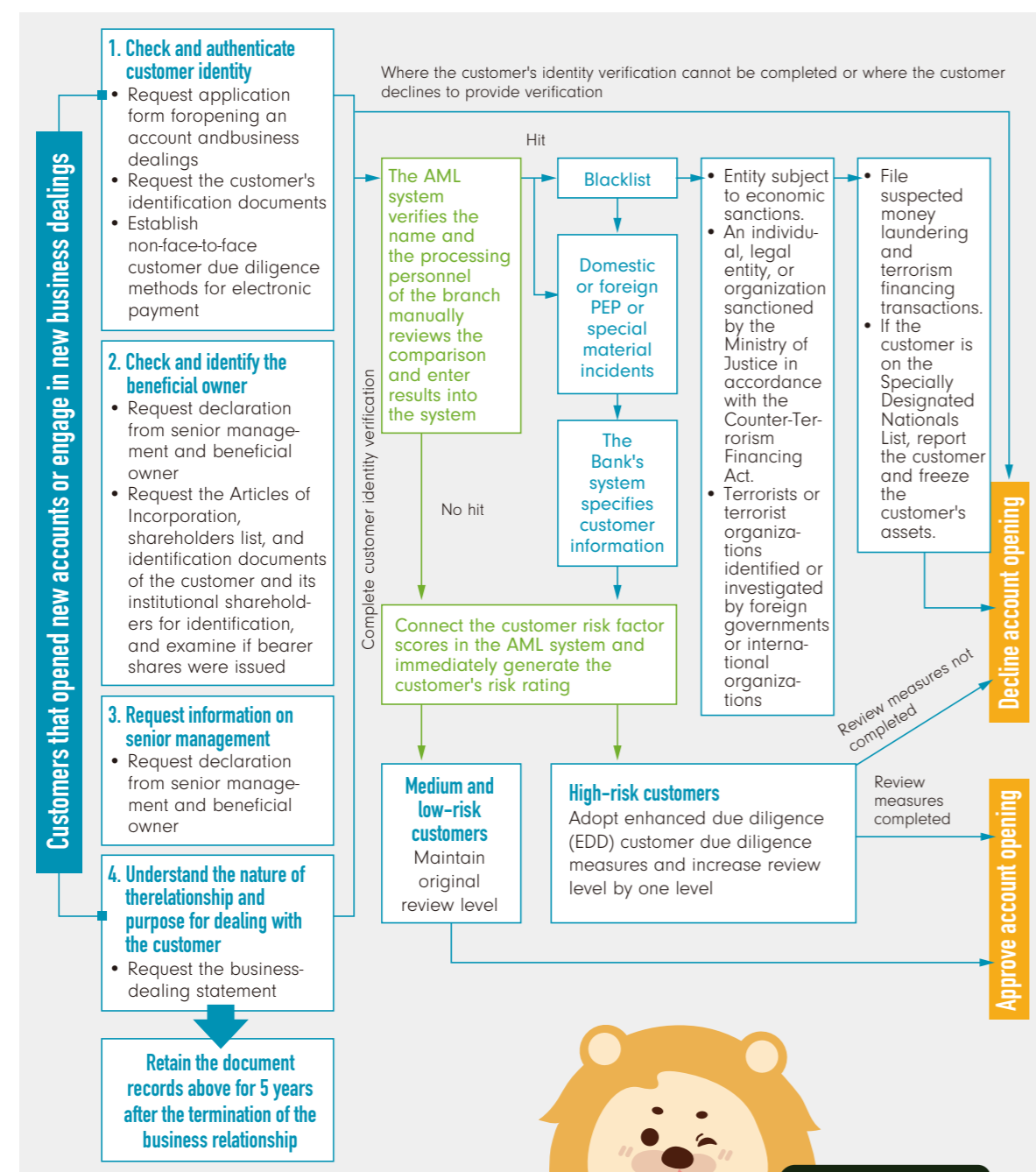
- **First Bank's ATM services:** All users are customers of the Bank.
- **Offshore electronic payment:** Restricted to the existing customers of the Bank and no online account opening services shall be provided.
- **Digital deposit account:** Limited to natural persons and sole proprietorships and the identity certification methods are as follows:
 - A. Natural persons:**
 - 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.
 - Existing customers: Verification shall be based on the valid and normal deposit account and two-factor mobile phone number maintained by the bank; if the applicant is a minor over seven years old, the verification target shall be the legal representative of the minor (required (with local nationality), and attach the legal representative's double ID and a copy of household registration (or household register).
 - B. Sole proprietorships:** limited to sole proprietorships registered in accordance with the Commercial Registration Law of the country. The person in charge is limited to a natural person over 18 years old in the country. The person in charge must use the natural person certificate and the business organization's business certificate for identity verification, and obtain the latest business registration information from the Ministry of Economic Affairs in real time, and complete the account opening after video verification.

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



Aside from reinforcing the identity verification mechanisms of the bank subsidiary, appropriate measures have been adopted in the conduct of CDD procedures such as verifying the purpose and nature of new customer accounts, primary source of funds, estimated number and amount of transactions, and an understanding of the involved scope of financial activities. Perform name authentication and risk assessment operations as well as regular annual verification of whether information of customers and substantial beneficiaries are comprehensive to ensure the authenticity and correctness of updated information.

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



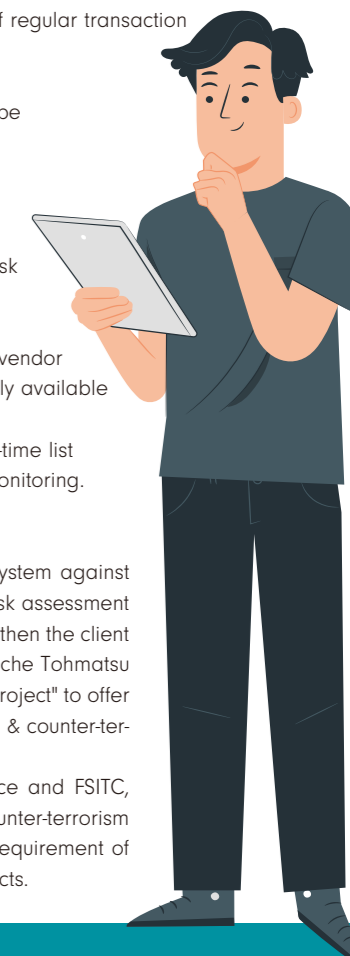
• **e-speed loan:** In response to changes in consumer behavior models, the bank subsidiary offers comprehensive online financial loan services to customers, who may submit loan applications, upload documents, receive approval notices, online insurance, and receive funds into accounts and complete all procedures online without having to visit a bank location. Applicants are restricted to natural persons over 18 years of age and are citizens of Taiwan. If the applicant is not an existing customer at the bank, their identity shall be authenticated through savings accounts they have opened in-person at the location of another bank. Aside from uploading identification documents, customers must provide authenticated accounts (limited to accounts opened in-person at a bank location) from a verified bank and mobile number to perform identity verification procedures. The system must conduct identity review, name authentication, and risk assessment operations on all data. If in doubt, customers can be requested to authenticate via video conferencing to increase the strength of identity verifications.

4. Policy regarding high-risk clients such as politically exposed persons (PEPs) and related identification, regular reviews and monitoring

- With respect to important political figures from domestic or foreign governments, terrorists or groups that have been sanctioned economically or identified/pursued by foreign governments or international anti-money laundering organizations, and individuals, legal persons or groups designated for sanction in accordance with the Counter-Terrorism Financing Act, the Company not only directly regards them as high-risk clients, but also requires approval from competent supervisors one grade higher than the original supervisors before new business dealings are added or new business relations are established. Each subsidiary may define the types of clients that should be directly regarded as high-risk clients in accordance with their own business patterns, and after taking into account related risk factors.
- The subsidiary bank has formulated related guidelines targeting high-risk clients, such as the "Comprehensive Group-wide Plan for Preventing Money Laundering and Combating Terrorism Financing", "Anti-Money Laundering & Counter-Terrorism Financing Notice", and "Manual of Due Diligence on High-Risk Clients for Preventing Money Laundering and Combating Terrorism Financing". Please refer to the followings for explanation:
 - A. Control measures to be enforced when a client is identified as a high-risk client during the course of establishing a new business relation: In addition to regular due diligence operations, it is necessary to adopt additional measures to further identify the client in question (such as doing a search with Google, or obtaining the client's work information, etc).
 - a. The grade of supervisors responsible for approving a new business dealing should be raised to a higher rank.
 - b. An intensified client due diligence form should be filled out, and transactions must be made on the system for the sake of preserving track records.
 - B. Control measures to be enforced when a client is identified as a high-risk client during the course of regular transaction monitoring:
 - a. Supporting documents should be solicited for transactions involving high-risk clients.
 - b. The grade of supervisors responsible for approving transactions involving high-risk clients should be raised to a higher rank.
 - C. In the event that high-risk clients are spotted in the transaction monitoring forms of the Company's various divisions, they should be submitted to the supervisors responsible for preventing money laundering and combating terrorism financing for review.
 - D. Increase the frequency of regular reviews: the frequencies of regular reviews for medium- and low-risk clients are 3 years and 5 years, respectively; the frequency is once per year for high-risk clients.
- Identification method of politically exposed persons (PEPs)
 - A. Install a list examination system and comparison engine, whose database is sourced from external vendor Thomson Reuters (World Check) as well as the list it compiles on its own (PEPs gathered from publicly available information by itself). The list would be scanned through in batches and compared on a daily basis.
 - B. When new business dealings with a client are established or added, the system would conduct real-time list audit. If the system finds that the client is a PEP, it would adopt enhanced measures and continue monitoring.

5. Measures that go above and beyond regulatory regulations

- To strengthen its anti-money laundering and counter-terrorism financing system and to optimize the system against money laundering, the Group strives to optimize methodology and reports relating to the institutional risk assessment (IRA) of its subsidiaries, review clients' risk factors and the rationality of the list scanning rules, and strengthen the client due diligence mechanism and the sharing of group information, etc. It has commissioned "Deloitte Touche Tohmatsu Limited" to create the "Anti-money laundering & counter-terrorism financing system consultation service project" to offer guidance and assistance in installing more comprehensive control measures for anti-money laundering & counter-terrorism financing.
- In 2023, the Group's subsidiaries, including First Commercial Bank, First Securities, First Life Insurance and FSITC, continued to commission "PwC Taiwan" to audit assurance projects for anti-money laundering & counter-terrorism financing, which went above and beyond the Financial Supervisory Commission's existing regulatory requirement of demanding that banks and large insurance companies outsource the auditing of their assurance projects.



6. Monitoring of criminal offenses involving money laundering and terrorism financing

In addition to using the 53 suspicious transaction representations in the "Annex: Red Flags for Transactions Suspected to Involve Money Laundering or Terrorism Financing" published by the Bankers Association to monitor criminal behavior, the Group's subsidiary bank also compiles statistics from cases provided in letters from external inspection agencies to identify the crime risks that it faces. It has also adopted corresponding mitigating measures. The top 3 threats associated with money laundering and terrorism financing that the Bank identified in 2023 were fraud, tax crimes and narcotics, which were consistent with the STR crime patterns that it declared.

■ Letters from external inspection agencies and STR crime patterns declared by First Commercial Bank in 2023

Item	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	16,709	90.36	371	29.14	1	1.52
Tax crime	456	2.47	803	63.08	63	95.45
Drugs	403	2.18	30	2.36	0	0
Organized crime	135	0.73	6	0.47	0	0
Corruption	279	1.51	12	0.94	0	0
Securities crime	212	1.14	1	0.08	2	3.03
Underground banking	0	0	12	0.94	0	0
Illegal gambling	283	1.53	38	2.99	0	0
Intellectual property crime	15	0.08	0	0	0	0
Total	18,492	100.00	1,273	100.00	66	100.00

7. Application of regulatory compliant technology (Regtech)

The subsidiary bank has adopted the following control measures:

- Leveraging robotics process automation (RPA) to boost efficiency while reducing various business workload.
- Full implementation of AML system in regular customer review operations. Corresponding investigation frequencies are issued according to the money laundering risk level of customers. The AML system automatically initiates investigations and generates MIS reports to reinforce surveillance and management, thereby reducing the possibility of human error within operations.
- To align with the Society for Worldwide Interbank Financial Telecommunication's (SWIFT) adoption of the ISO 20022 message specifications standardized format (MX messaging), the Bank has added an audit module for MX messaging to its domestic AML system, which audits the names of incoming or outgoing MX messages. By doing so, the Bank hopes to strengthen the operating mechanism for anti-money laundering and counter-terrorism financing.
- With effect from February 2023, individual accounts with a high frequency of account deposit activities have been included in the AML system for monitoring, in order to enhance the control of tax risks.
- The New Actimize System has been installed for overseas branches and AI monitoring technology has also been introduced, in order to enhance control over related accounts and detect potential risks of money-laundering transactions.

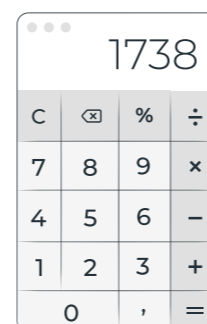
8-3 Preventing financial fraud

Recently, financial fraud incidents have occurred more frequently. To prevent pecuniary losses for its customers, First Commercial Bank has formulated the "list of goodwill questions to be raised for over-the-counter operations" as well as "notice for operating units to guard against fraud targeting deposit account customers & large over-the-counter cash withdrawals". When a customer wishes to make a cash withdrawal or remittance for a certain amount, applies for a new designated transfer account, or when an elderly customer wishes to withdraw a certain amount of cash, the Bank would raise goodwill questions when abnormalities or signs of fraud are detected. In the meantime, it has also enhanced educational training for employees to raise goodwill questions over the counter, in addition to increasing interception effectiveness by properly leveraging cases provided by the National Police Agency as well as the latest scam tricks as reported by the media. We achieved significantly greater results in terms of preventing financial fraud in 2023 than we did in 2022, with the number of cases and the amount of money involved up 58.7% and 63.4%, respectively.

■ Results of our anti-financial fraud efforts over the past 3 years

	2021	2022	2023
Successfully blocked fraud cases	98	230	365
Amount of money successfully blocked from fraud	4,086	12,265	20,043

Unit: Case/NT\$10,000



Tax Governance

GRI : 207-1~207-4 \ FS1

9-1 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

9-2 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.



9-3 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.



9-4 Tax information by country

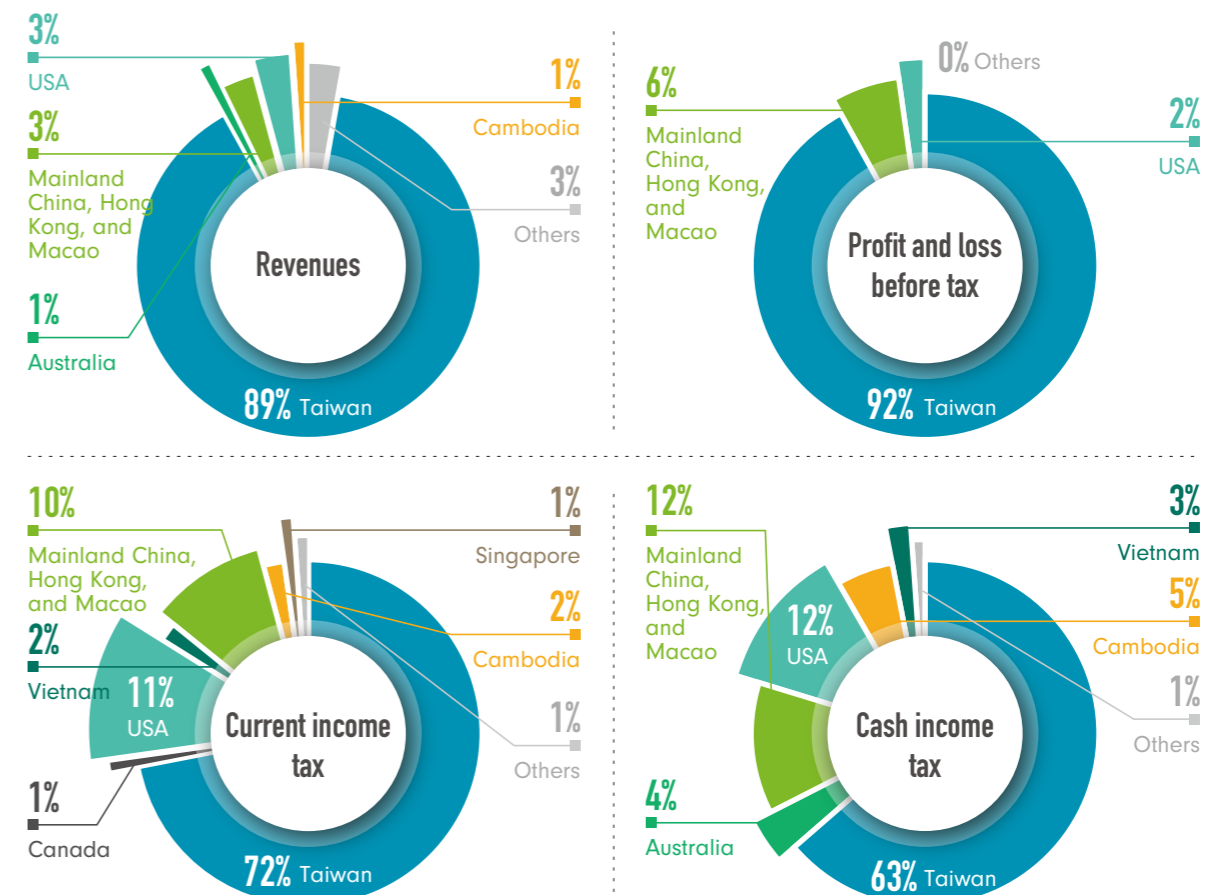
Unit: million NTD, %

Country of operation	Revenues	Revenues from unrelated party	Revenues from related party	Tax paid	Current income tax	Profit and loss before tax	Number of employees	Tangible assets	Effective tax rate (% * 2)	Estimated income tax rate (% * 3)
Taiwan	222,108	182,286	39,822	3,073	4,225	47,873	9,513	41,872	8.83	20.00
Mainland China, Hong Kong, Macao	6,734	6,237	497	609	601	3,328	254	373	18.07	20.70
USA	8,469	8,304	165	591	613	1,103	183	644	55.61	28.59
Cambodia	2,470	2,470	0	265	109	434	180	122	25.17	20.00
Canada	1,629	1,607	22	119	74	-193	28	28	-38.19	26.75
Australia	3,216	3,210	6	186	-	-265	21	25	0	30.00
United Kingdom	2,483	2,150	333	-35	-	-1,230	21	223	0	25.00
Japan	676	676	-	-45	46	300	20	8	15.30	30.62
Others	3,312	2,858	454	147	201	1,023	181	182	19.64	19.60
Total	251,097	209,798	41,299	4,910	5,869	52,373	10,401	43,477	11.21	20.08

*1 : This table is based on the total number of members required by Article 22-1 (country-by-country reporting) of the Regulations Governing Assessment of Profit-Seeking Enterprise Income Tax on Non-Arm's-Length Transfer Pricing.

*2 : Total effective tax rate 11.21% = $(47,873/52,373) \times 8.83\% + (3,328/52,373) \times 18.07\% + (1,103/52,373) \times 55.61\% + (434/52,373) \times 25.17\% + (-193/52,373) \times -38.19\% + (-265/52,373) \times 0.00\% + (-1,230/52,373) \times 0.00\% + (300/52,373) \times 15.30\% + (1,023/52,373) \times 19.64\%$

*3 : Expected income tax rate refers to the weighted average of pre-tax profit and loss and statutory tax rate of each country; (pre-tax profit and loss in country A * country A's statutory tax rate + pre-tax profit and loss in country B & country B's statutory tax rate...) / (pre-tax profit and loss of countries A and B). If the pre-tax profit and loss generated by some countries is negative, they are removed from the table to avoid distortion.



Green Operations and Net Zero Initiatives

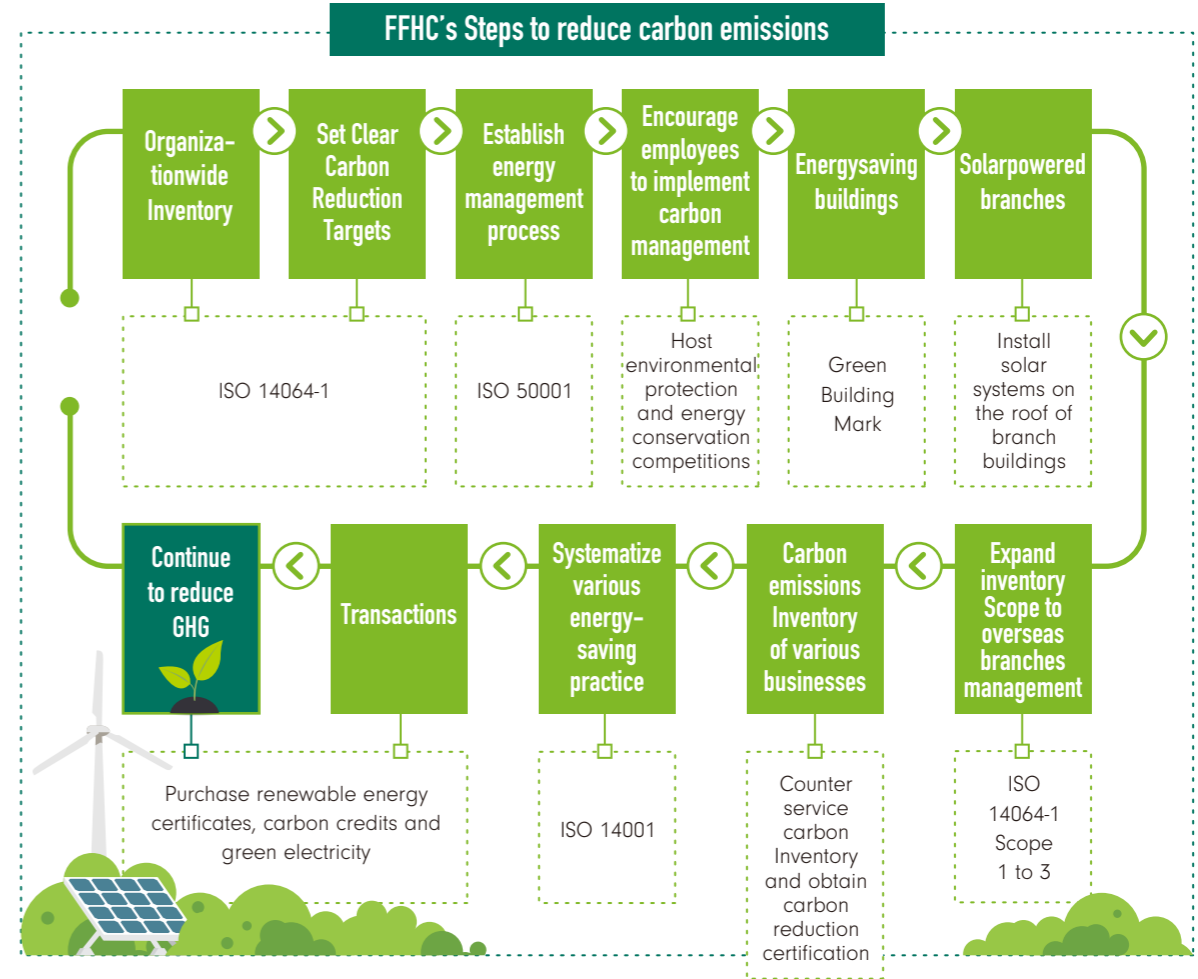
GRI : 302-1~5 、 305-1~5 、 305-7 、 FS4

To echo the country's 2050 Net-Zero Emissions Goal, FFHC's Board of Directors has reviewed and approved the adoption of the absolute contraction approach with effect from 2023. Using Science Based Targets (SBT) to control warming to under 1.5°C, it requires that the Group's combined annual carbon emissions from Scope 1 and Scope 2 be reduced by 4.2% from the baseline year (2022), and that the outcome be submitted to the SBTi for review. The amount of carbon reduction from Scope 1 and Scope 2 in 2023 totaled 2,274.90 MT CO₂e, or 10.57%. The amount of carbon reduction achieved by adopting paperless operation measures reached 24,260.71 MT CO₂e. Overall, the total amount of carbon reduction reached 26,535.61 MT CO₂e. The related measures and their results are described as follows:

1-1 Reduce GHG emissions

To implement our environmental sustainability initiatives, FFHC formed the "Green Building Certification Program" team in 2010, and revamped and converted its own branches and buildings into green buildings. As of the end of 2023, 36 buildings had been completed, including the revamp of 33 old buildings, which were subsequently awarded the Green Building Label from the Ministry of Interior (including diamond grade for 29 buildings, silver grade for one building, bronze grade for one building, and qualified grade for two buildings. In particular, First Commercial Bank's Headquarters Building was certified as a Level 1+ Nearly Zero Carbon Building for energy efficiency among existing buildings by the Ministry of Interior in 2023, setting an example for green buildings in the financial industry in Taiwan.) Additionally, two of our new buildings have received the gold level Green Building Labels. Our London Branch Building obtained the "PASS" grade green building certification from Britain's Building Research Establishment (BRE) in 2021, the first location among our overseas branches to be certified. We expect a cumulative total of 48 locations to be certified as green buildings by 2029. In addition to gradually revamping our own existing branches and buildings to obtain the Green Building Labels, we have included all of our domestic and overseas business locations in the scope of "ISO 14064-1 Greenhouse Gas Inventory" for verification since 2017, in an attempt to have an overall grasp of the status of carbon emissions at the Group's various business locations. Since 2020, we have held carbon management and energy conservation contests among domestic business units for four straight years, as we strive to attain the goal of reducing our GHG emissions.

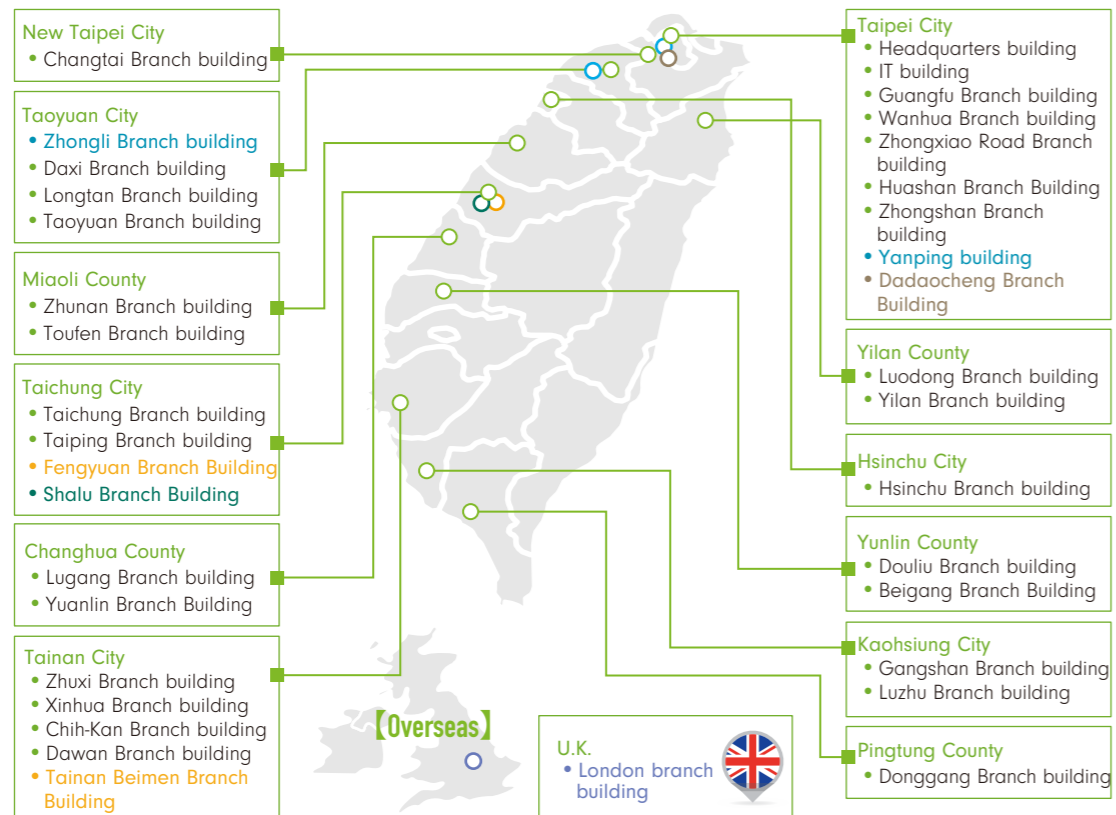
Taipei Yanping Building obtains Gold Level Green Building Label



Environment Management certifications

Item / Certified sites in 2023	
"Diamond-class" green Building / 29	Implement Real-time Indoor Air Quality Monitoring System / 41
"Gold-class" Green Building / 2	Environmental educator certification / 6 employees
"Silver" green building mark / 1	"Product Carbon Footprint Reduction Label" certification / First Bank Yung-Ho Branch and Wanhua Branch
"Bronze-class" green building mark / 1	"Product Carbon Footprint Label" certification / First Bank Head Office Business Department Wanhua Branch
"Qualified-class" green building mark / 2	"Environmental Education Site" certification / First Bank Wanhua Branch
"Pass-class" green building mark / 1	"Green Office" certification / 201
ISO 14064-1 Greenhouse Gas Inventory (Scope1 and Scope 2) / All domestic and foreign company locations	"Eco-Friendly Restaurant" certification / Employee Restaurant at the Headquarters of First Commercial Bank
ISO 50001 Energy Management System / All domestic company locations	"Nearly Zero Carbon Building" certification / First Commercial Bank's Headquarters Building
ISO 14001 Environmental Management System / All domestic company locations	
ISO 46001 Water Efficiency Management System / 1	
Indoor air quality autonomous management / 187	
Office CO ₂ level measurement / 245	

Obtain Green Building Mark for 36 of the Group's buildings and the carbon emissions benefits



By 2023, a total of 36 self-owned buildings have obtained the Green Building Label



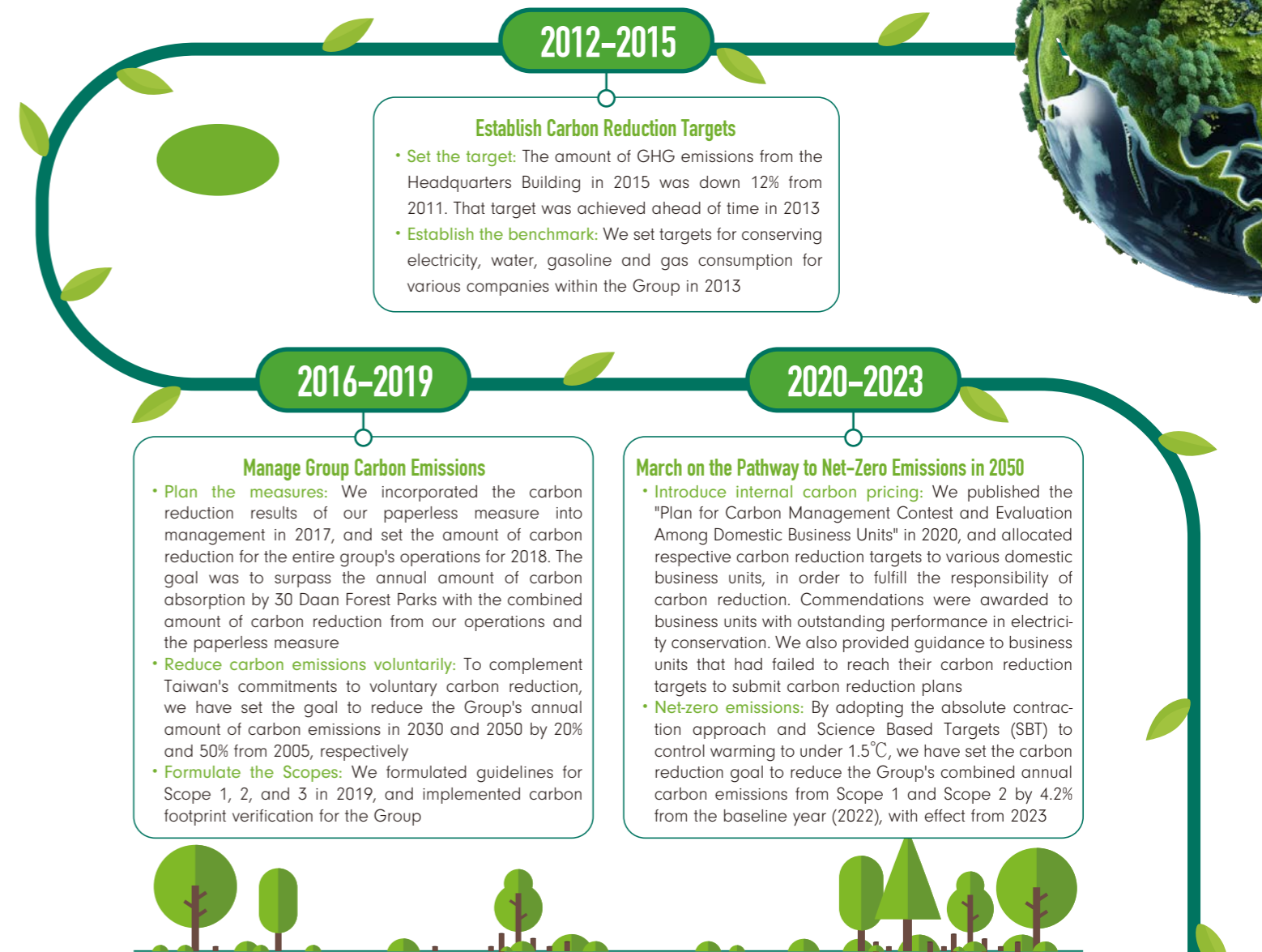
First Commercial Bank's Headquarters Building is certified as a Level 1+ Nearly Zero Carbon Building by the Ministry of Interior

- 29 Obtained the "Diamond-class" Green Building Mark for 29 existing commercial buildings
- 2 Obtained the "Gold-class" Green Building Mark for 2 new commercial buildings
- 1 1 existing building obtained the "silver-class" green building mark
- 1 1 existing building obtained the "bronze-class" green building mark
- 2 2 existing building obtained the "qualified-class" green building mark
- 1 1 existing building obtained the "pass-class" green building mark

Carbon reduction result		Carbon reduction area	
(kWh/yr) *1	tonsCO ₂ e*2/ year	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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
5,584,303	2,927		
20,1036J			
(1kWh=0.0036GJ)			

*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.
 *2 : Data provided in the evaluation statement (EEWH-RN Green Building Mark Application Evaluation Summary Table) approved by the Taiwan Architecture & Building Center.

1-2 Set Clear Carbon Reduction Targets



2024 Carbon reduction targets for various companies of the FFHC Group are as follows:

Company	Carbon reduction targets for 2024, compared with the baseline year (2022)
First Bank	1,589.08
First Securities	157.70
First Securities Investment Trust	24.52
First Life Insurance	26.38
First Financial AMC	8.06
First Venture Capital/First Financial Management Consulting	1.48

The entire group's carbon reduction target has been formulated to align with the SBTi's path to guide and control global warming to under 1.5 C. In other words, the goal for 2024 is to reduce the amount of carbon emissions from Scope 1 and Scope 2 by 8.4% from the baseline year (2022), or 1,807.22 MT CO₂e.

* : Compared with the baseline year (2022), the target is 1,807.22 MT CO₂e in total carbon reduction

	2022 (Base Year)	2023	Emissions Reduction Goal by 2035	Emissions Reduction Goal Achievement Rates by Percentage Points Through 2035
Total amount of carbon emissions (MT CO ₂ e)	21,515	19,240	7,961	17%

FFHC's Total Amount of Carbon Emissions

Item	Year	2020	2021	2022	2023	2023 target	2023 compared with 2022 (%)	
Scope 1 ISO-14064 inventory amount (MT CO _{2e}) *1		2,459*5	2,470	2,657	2,809	2,816	6	
Scope 2 ISO-14064 inventory amount (MT CO _{2e}) *1		19,961*6	19,409*6	18,858*6	16,431	17,795	-13	
Total amount of carbon emissions (MT CO _{2e})		22,420	21,879	21,515	19,240	20,611	-11	
Share of locations taking inventory (%)		100						
Scope 1 and Scope 2	Amount of energy consumption (GJ) *2	361,473.39	159,942.29	154,245.58	141,329.44		-8	
	Amount of energy consumption (MWh) *3	41,723.02	40,756.20	39,525.96	39,274.86	39,328.33	-1	
	Average carbon emissions per capita (MT CO _{2e} /per person) *4	2.276	2.195	2.131	1.867		-12	
	Average energy consumption per capita (GJ/per person) *4	36.70	16.04	15.28	13.71		-10	
	Energy intensity (GJ/Net revenue in NT\$1 million)	6.07	2.55	2.28	2.10		-8	
	Emission intensity (MT CO _{2e} /Net revenue in NT\$1 million)	0.38	0.35	0.32	0.29		-10	
	The Group's scope 3 carbon emissions from financing and investments	Carbon emissions (tons CO _{2e})	5,830,786	9,645,699	13,849,382	12,878,864		-7
		Emissions intensity (tons CO _{2e} /asset balance in NT\$ million) *10	9.84	6.99	21.00	15.6		-26
	Proportion of covered assets (%) *11		77.33	80.39	89.78%	74.25		-17
	Scope 3 (Categories 1-15)		5,920,894	9,692,203	13,906,981	12,925,535	13,322,888	-7

*1 : Scope 1 emissions consist mainly of fuel used by company cars, generator diesel and natural gas. Scope 2 emissions consist mainly of electricity consumption. The emission factors used are based on the EPA's published greenhouse gas emission coefficient management table version 6.0.4; the inventory for 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; inventory conducted in 2022 and 2023 was based on the global warming potential provided in the 2021 IPCC 6th 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 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 to 2023 is based on the parameters in the Heat Content of Energy Products in the Energy Statistics Handbook 2021.

*3 : Amount of energy consumed in MWh (Megawatt Hour)

*4 : The number of employees investigated was 9,849 in 2020, 9,969 in 2021, 10,095 in 2022, and 10,305 in 2023.

*5 : The Group set policies for addressing the failure to reach annual carbon emissions reduction targets in 2020 by purchasing carbon credits to make up for deficiencies. The Scope 1 inventory was 2,579 tons 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.

*6 : The Scope 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 ; 19,442 metric tons of CO_{2e} in 2022, and ; 18,980 metric tons of CO_{2e} in 2023.

*7 : For 2023, we adopted the absolute contraction approach, using Science Based Targets (SBT) to control warming to under 1.5°C. We set the carbon reduction target that the Group's combined annual carbon emissions from Scope 1 and Scope 2 must be 4.2% lower than that in the baseline year (2022); The MWh target requires that the aggregate of official business vehicles' fuel consumption, diesel consumption of generators, and gas and electricity consumption be 4.2% lower than that in 2022.

*8 : In 2023, we received no complaints over environmental impact or penalties for environmental violations.

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

*10 : The scope of emissions intensity is in equity investments, bond investments, and commercial loans.

*11 : The assets (total investment and financing amount) from 2020 to 2022 are the sum of the investment market value/financing balance of each subsidiary, and are not listed in financial statements; in 2023, in addition to the asset categories included in the PCAF specifications, the assets in 2023 are estimated based on the investment and financing balance of carbon emissions in the relevant accounting accounts of the financial report.

Scope 3 in 2023 (Categories 1-15)

ISO 14064-1: 2018 Categories	Categories in Scope 3 of GHG Protocol	Amount of GHG Emissions (MT CO _{2e})	Statistical Methodology
Category 3: Indirect GHG emissions from transport	C4 Upstream transportation and distribution	221	The outcome of GHG emissions from purchased products in 2023 and their related transportation and delivery is adopted
	C6 Business trips	512	ISO 14064 inventory outcome
	C7 Employee commuting	3,579	ISO 14064 inventory outcome
	C9 Downstream transportation and distribution	3	The outcome of GHG emissions from the mailing of credit card bills and credit cards is adopted and verified to the ISO 14064 standard
Category 4: Indirect GHG emissions from products used by an organization	C1 Emissions from purchased goods	31,594	The outcome of GHG emissions from 11 kinds of goods and services, including water, textile (clothing), paper and printing, electronic and audio visual equipment, transportation facilities, hotels and restaurants (events), mailing and communications (transportation/packaging), health and social work (insurance), other social and community services (consulting), and cash deliveries
	C2 Capital goods	12	The outcome of GHG emissions from purchased transportation facilities in 2023 is adopted
	C3 Activities relating to fuel and energy (excluding Scope 1 and Scope 2)	3,373	ISO 14064 inventory outcome
	C5 Waste generated in operations	99	ISO 14064 inventory outcome
	C8 Upstream leased assets	0	The outcome of the Group's GHG emissions from Scope 1 and Scope 2 has been incorporated
	C10 Processing of sold products	552	The outcome of GHG emissions generated during the course of credit card production is adopted
	C11 Use of sold products	302	The outcome of GHG emissions generated by the Bank' customers from using Internet services (14 services, including the official website, dedicated zone for credit cards, Personal e-Bank, e-mobile, and iLEO app) is adopted
	C12 End-of-life treatment of sold products	6	The outcome of GHG emissions from credit card disposal is adopted and verified to the ISO 14064 standard
	C13 Downstream leased assets	6,419	The outcome of GHG emissions generated from rental cars and real estate is adopted
	C14 Franchises	0	FFHC's operations do not involve any related emissions
C15 Investments	12,878,864	The PCAF methodology is adopted, and the scope encompasses "equity investment", "corporate bonds", "commercial loans", "project financing", "commercial real estate", "single person mortgage", and "sovereign debt"	

Greenhouse gas emissions from 2021 to 2023

Year	Greenhouse Gas	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total emissions of 7 Greenhouse gas
2023	Emissions (t-CO _{2e} /year)	17,856	454	41	889	0	0	0	19,240
2022		20,826	465	40	768	0	0	0	22,099
2021		20,799	449	39	606	0	0	0	21,893

* : The Company does not emit NO_x, SO_x, and other significant air emissions

1-3 Green transportation

To reduce carbon emissions generated from official business transport, FFHC has introduced green transport to internal implementation, encouraging employees to use public transportation to commute to work. It has also established a public EasyCard system for employees, making it easier for them to take public transportation when they go out on a business trip. EVs, hybrid vehicles or vehicles with higher energy conversion efficiency are prioritized for evaluation when existing official business vehicles are up for replacement. The total number of our hybrid official business vehicles was 128 by the end of 2023. We have also installed EV charging stations at our Zhongli Branch and Yanping Building, which are available for use by employees and visiting customers. We have also progressively replaced motorcycles with traditional internal combustion engines that are nearing the end of their life cycle with electric scooters. 111 electric scooters had been introduced by the end of 2023, contributing to an annual reduction of around 41.3 MT CO₂e*¹. We have also installed battery swapping kiosks for electric scooters at vacant lots near seven of our locations, including our Zhongshan, Dadaocheng, Beitou, Xinxing, and Caotun Branch, as well as the Yanji Dormitory and Information Building, as part of our efforts to promote low-pollution, energy-efficient and smart scooters. 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.

*1 : The carbon reduction is based on Gogoro's 2016 report that the replacement with electric scooters can save 1.9175 kilograms of CO₂e 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". Calculation: 111 scooter*1.9175 kg CO₂e*(4,500 km/23.2 km)/1,000=41.3 MT CO₂e.



EV charging stations have been stilled at our Zhongli Branch and the Yanping Building, which are complete with dedicated charging equipment for EVs

1-5 Use of Renewed Energy

1. Installation of Rooftop Solar Power Generation Systems

To respond to the green energy policy, the FFHC has used the renewable energy. Between 2015 and 2023, the Company purchased a total of 8.608 million kWh worth of green power, carbon credits and Taiwan Renewable Energy Certificates. 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 2023, 23 rooftop solar generation systems have been completed and the total annual carbon reduction amounted to 122.04 metric tons CO₂e. FFHC set goals for producing and using 220 MWh of renewable energy for 2024 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 past years

Item	Year	2020	2021	2022	2023		2024 Goals
					Actual Results	Goals	
Energy consumed (MWh)		163.82	215.12	256.74	246.53	210	220
kWh purchased* ¹		727,391	1,039,558	1,793,994	3,546,787	3,163,400	3,843,000
Total kWh of purchased and used renewable energy		891,213	1,254,678	2,050,738	3,793,325	3,373,400	4,063,000
Energy consumption (GJ)* ²		7,718.69	4,514.63	7,379.05	13,649.29		
Electricity Carbon Emission Factor* ³		0.509	0.502	0.509	0.495		
Carbon reduction result (MT of CO ₂ e)		453.63	629.85	1,043.83	1,877.70		

*1 : 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. In 2022, we purchased 85 metric tons of carbon credits (which equaled 166,994 kWh in the use of renewable energy), 110,000 kWh of renewable energy certificates and 1,517,000 kWh of green electricity. In 2023, we purchased 138 metric tons of carbon credits (which equaled 278,787 kWh in the use of renewable energy), 93,000 kWh of renewable energy certificates and 3,175,000 kWh of green electricity.

*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 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 2021~2023 is based on the parameters in the Heat Content of Energy Products in the Energy Statistics Handbook 2020.

*3 : The "Electricity Carbon Emission Factor" is announced every year by Bureau of Energy, MOEA.

1-4 Carbon Footprint Management

↑

2021-2023

Enhanced carbon footprint management

Management and maintenance
We continued to extend the validity of our "Product Carbon Footprint Label Certificate" and the "Product Carbon Footprint Reduction Label Certificate"

↑

2019-2020

We obtained the Product Carbon Footprint Reduction Label for two locations of our over-the-counter service

Concrete carbon reduction results
In 2021, the Wanhua Branch obtained double certifications and won the "Product Carbon Footprint Label" and "Product Carbon Footprint Reduction Label", in addition to receiving a merit award from the Ministry of Environment in the "2021 Low Carbon Products Awards"

↑

In September 2017

we obtained the Product Carbon Footprint Label Certificate for two locations of our over-the-counter service

Concrete carbon reduction results
In 2020, the Wanhua Branch reduced the amount of carbon emissions from over-the-counter service by 3.55%

↑

From 2017

we became the first in the industry to formulate the Product Category Rules (PCR) for the "carbon footprint calculation of over-the-counter service"

Concrete carbon reduction results
In 2020, the Wanhua Branch reduced the amount of carbon emissions from over-the-counter service by 3.55%

First Commercial Bank Headquarters Business Division
generated 2 kilograms of CO₂e for over-the-counter service rendered to each customer

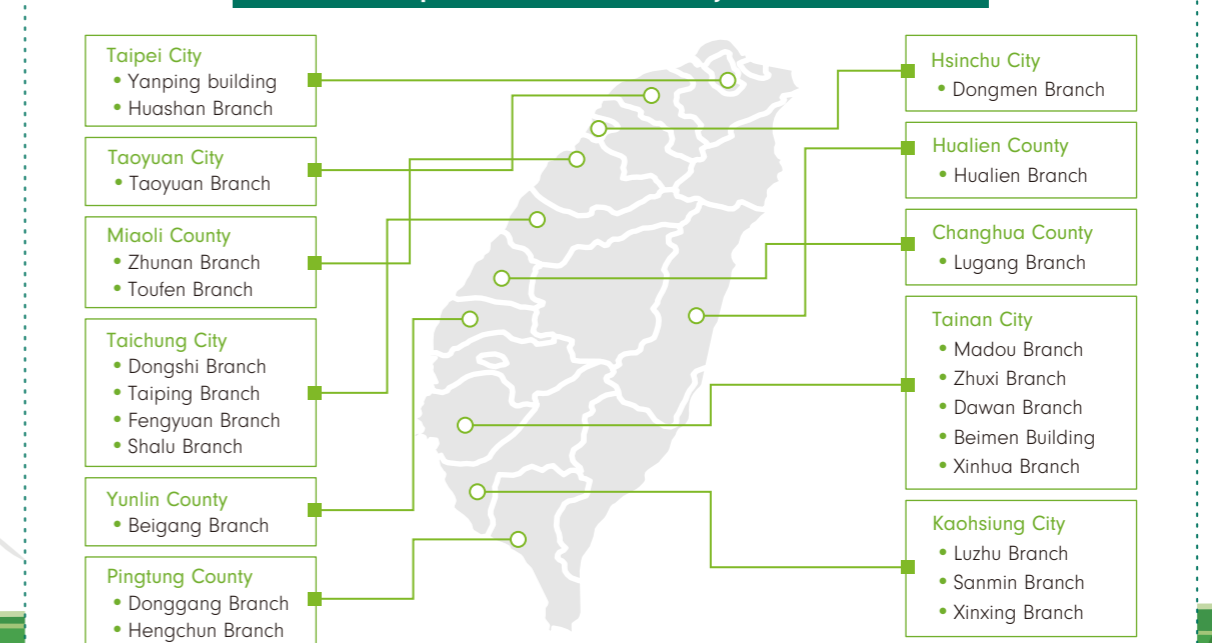
First Commercial Bank Wanhua Branch
generated 800 grams of CO₂e for over-the-counter service rendered to each customer

Mobilized and aligned with industrial peers
FFHC took the lead to invite its counterparts in the financial industry to join related discussions and formulation

Published the acknowledgment
In June of the same year, we were acknowledged by the Ministry of Environment, and the acknowledgment was announced on its Carbon Footprint Label website

Obtained the statement
In July of the same year, we obtained the carbon footprint verification statement

23 Rooftop Solar Power Generation Systems until 2023



Carbon Emissions Reduction of Rooftop Solar Power Generation Systems

Item	Year	2021	2022	2023
Energy consumed (MWh)		215.12	256.74	246.53
Electricity Carbon Emission Factor*		0.502	0.509	0.495
Carbon reduction result (MT of CO ₂ e)		107.99	130.68	122.04

* : The " Electricity Carbon Emission Factor " is announced every year by Bureau of Energy, MOEA.

2. Green power wheeling intended to promote the use of renewable energy

To promote the practice of transporting renewable energy to our branches, the Group has signed green power wheeling agreements with renewable energy vendors and purchased green power compatible with the "Bundled REC System", which allows for direct deduction of electricity consumption from our Taipower bills while substantially reducing the amount of carbon emissions. From December 2021 to the end of 2023, 22 of the Group's business locations had utilized green power. 5,906,000 kWh in green power has been used cumulatively so far, and we expect to increase the share of green power year by year.

3. Solar power generation & hydroponic green roof with rainwater harvesting

FFHC is devoted to promoting its green building policy, as well as reducing the effects of urban heat islands. The Group has built three "zero carbon green roofs" at its Wanhua, Huashan and Chang'an Buildings so far, which incorporate the concept of ecological hydroponics, aquaponics and landscape gardens. A rainwater harvesting system has been designed to replenish the aquaponic system with water. We use solar voltaic panels to generate electricity to power system circulation, including decontamination, filtration and water purification. With the aquaponic system, we can grow vegetables and fruits on the water while farming fish in the water. Fish excreta serves as a source of nutrients for the vegetables and fruits that we grow. The roofs also provide employees with a multi-function green space for resting, showcasing the "trifecta" idea incorporating production, life and ecology. Our zero carbon green roofs have been repeatedly cited for Corporate Award in the Taipei City Garden City Awards. In 2023, our Chang'an Building was the only building to receive the commendation.



Zero carbon green roof at the Chang'an Building



The zero carbon green roof at our Chang'an Building was the only corporate building to receive commendation in the Taipei Garden City competition in 2023



1-6 Reducing Water Use and Conserving Water Resources

In 2012, FFHC realized the idea of rainwater harvesting and reuse by installing a 1.3 million-liter rainwater recycling tank in the basement of our Headquarters Building, which is used for watering gardens and flushing toilets. Apart from the Headquarters Building, the Company also duplicated that experience at other branch office buildings. We installed rainwater recycling tanks at our Yanping Building and Zhongli Branch in 2020. A rainwater harvesting system was installed at the Wanhua Branch, which is used to water the green roof to take full advantage of water resources.

In 2023, the Group's total water consumption was 236.52 million liters. Tap water therefore made up 99.98% of the water consumption and 0.02% came from the Headquarters building basement's overflow and rainwater. FFHC investigated water consumption at each company including operating sites. Apart from First Bank's existing domestic locations of operations, securities firms, securities investment trust enterprises, life insurance companies and the AMC Head Office, units included in calculating the total amount of water consumption also expanded to encompass securities firms, securities investment trust enterprises, life insurance companies and AMC's domestic locations of operations in 2022. First Bank's overseas locations of operations have also been included in the pool in 2023.

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.



Rainwater harvesting system at the Wanhua Branch

FFHC's Consumption of Municipal Water Supplies

Unit: million liters

Item	Year	2020	2021	2022	2023		2024 Goals
					Actual Results	Goals	
Total water consumption		201.58	201.23	213.77	236.52	Less than 242.15	Less than 242.75* ³

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

*2 : The scope of coverage between 2020 and 2021 included all of First Bank's domestic locations of operations, securities firms, securities investment trust enterprises, life insurance companies and the AMC Head Office. Securities firms, securities investment trust enterprises, life insurance companies and AMC's domestic locations of operations were added in 2022. First Bank's overseas locations of operations have also been added to the pool in 2023.

*3 : There has been an increase in the 2024 target compared with the 2023 target, which is mainly due to First Life Insurance's expansion of business units in 2024.



1-7 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". First Bank even partnered with "Space4M", an AOU subsidiary, to install the WMS digital content public performance system at its 187 branches across Taiwan in 2023. Through this WMS central control and management system, advertising and marketing activities can be delivered to and remotely managed on display screens at branch offices in real time. By doing so, the Company has been able to provide more premium digital services and experiences, as it progressively marches toward paperless marketing operations.



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 administration

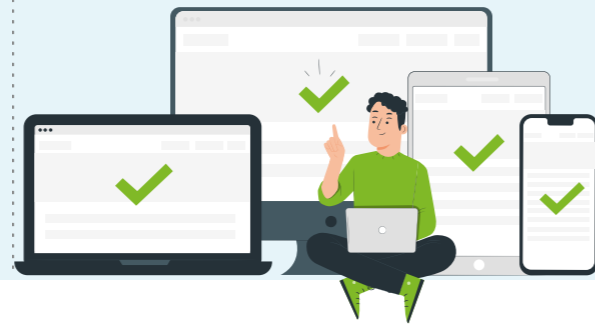
- Internal documents use both sides of a paper when possible.
- Internal documents and employee pay sheet are now in electronic form. Recycled envelopes are used for sending printed documents.
- Use of Internet bulletin board for announcements.
- Reduced the use of paper cups and meal boxes.
- Recycled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

Paperless learning

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

Paperless Services

- The process of providing services, including "marketing", "transaction", "payment" and "accounting", is introduced into digital services to reduce paper usage.
- Provide customers with mobile and online insurance application services, and provide electronic insurance policies for insurance cases purchased online
- A "digital content public performance system" has been installed at branches across Taiwan to remotely manage and deliver advertising and marketing activities in real time, thereby reducing the amount of paper used for advertising and marketing.



Carbon reduction at FFHC from paperless initiative

Item	Year	2020	2021	2022	2023	Growth in 2023 compared with 2022 in carbon reduction (%)
Number of official documents issued electronically/carbon quantity reduced		349,269/15,560.09 MT CO ₂ e	284,926/13,012.51 MT CO ₂ e	315,284/14,181.47 MT CO ₂ e	382,659/19,153.92 MT CO ₂ e	35
Number of electronic bills and DM/carbon quantity reduced		311,911,294/2,807.20 MT CO ₂ e	357,280,219/3,215.52 MT CO ₂ e	371,369,856/3,342.33 MT CO ₂ e	491,791,534/4,426.12 MT CO ₂ e	32
Hours of online teaching/carbon quantity reduced		770,155 hours/86.25 MT CO ₂ e	834,072 hours/93.42 MT CO ₂ e	444,779 hours/49.82 MT CO ₂ e	406,676 hours/45.56 MT CO ₂ e	-9
Number of electronic automated transactions/carbon quantity reduced		73,432,116/411.22 MT CO ₂ e	92,803,648/519.70 MT CO ₂ e	100,478,626/562.68 MT CO ₂ e	113,412,193/635.11 MT CO ₂ e	13
Total carbon reductions from paperless initiative		18,864.76 MT CO₂e	16,841.15 MT CO₂e	18,136.30 MT CO₂e	24,260.71 MT CO₂e	34

* : 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 CO₂e 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 CO₂e emission.

Carbon quantity reduced from official documents issued electronically in 2023

Company	Quantity Utilized	No. of Users	Carbon reduction result (Unit: MT of CO ₂ e) ^{*2}
First Bank	382,659	8,627	19,108.15
First Securities	7,153	803	32.17
First Securities Investment Trust	3,810	155	3.31
First Life Insurance	4,952	369	10.23
First Financial AMC	167	61	0.06
Total	398,741	10,015	19,153.92



*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 CO₂e emission.

*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 2023

Company	Hours of online teaching	Carbon reduction result (Unit: MT of CO ₂ e) [*]
First Bank	317,756	35.59
First Securities	61,940	6.94
First Securities Investment Trust	5,850	0.66
First Life Insurance	20,588	2.31
First Financial AMC	542	0.06
Total	406,676	45.56



* : 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

1-8 Recycled Wastes

To maximize resource sorting, recycling and reuse, FFHC makes it a rule to set its annual resource recycling target every year. In addition to strictly enforcing the policy of zero trash bins and zero personal trash bins in the office, it also installs garbage recycling and sorting cans on each floor, prompting employees to bring their trash to the cans for garbage sorting and recycling. We also continue to weigh general waste and resource garbage, demanding that domestic business locations of the Group's companies and First Commercial Bank's overseas units conduct resource recycling, sorting, and garbage amount calculation.

Recycled Waste, and Garbage removal volume of FFHC over years

Item	Year	2020	2021	2022	2023		2024 Goals
					Actual Results	Goals	
Recycled waste ^{*1}		279.50	233.8	226.5	216.1	Not Less than 182.72	Not Less than 191.95
Garbage removal volume ^{*1} (a+b)		240.37	279.7	279.04	315.27	Less than 337.21	Less than 337.02
Sanitary landfill volume (a) ^{*2}		6.58	7.7	18.39	20.81		
Waste incineration volume (b) ^{*2}		233.79	272.0	260.65	294.46		

*1 : The scope of coverage in 2020 includes the subsidiaries' HQ buildings, First Bank IT Building and First Bank and First Securities' domestic branches. First Securities Investment Trust, First Life Insurance and all of AMC's domestic branches were added to the scope of coverage in 2021. First Bank's overseas units were added in 2023.

*2 : The percentage of sanitary landfill volume and waste incineration volume is estimated based on the data in the 2022 annual report of the EPA.

■ Comparison of Trash and Recycling Amounts of FFHC over years

Unit: kg

Item	Year	2020	2021	2022	2023	Magnitude of change from previous year (%)
Paper and paper containers		223,546	183,153	177,652	176,464	-1
Plastic and PET bottles		29,351	27,839	29,162	22,033	-24
Aluminum, iron, glass, Aluminum foil packs		26,002	21,826	19,204	17,205	-10
Batteries and electronic devices		35	598*2	133	66	-50
Cooking oils		570	340	354	356	1
Total		279,504	233,756	226,505	216,123	-5

*1 : The scope of statistics on resource recycling in 2020 included the head office buildings of subsidiaries, the First Bank IT building, and all First Bank and First Securities branches in Taiwan. Starting from 2021, all domestic branches of First Securities Investment Trust, life insurance and AMC were added to the scope of statistics. First Bank's overseas units were added in 2023.

*2 : First Life Insurance replaced the batteries in the uninterruptible power system in 2021, resulting in a significant increase in the category of batteries and electronic equipment compared to the previous year.

1-9 Environmental Education

FFHC continues to deepen its employees' and people's sustainability ideas and actions for a green financial environment.

- Since 2015, all Group employees have been required to participate in environmental education and training. A total of 15 sessions were held in 2023, with each participant receiving more than 2 hours of training on average.
- The Company's Green Finance Education Hall is the only environmental education facility in the financial industry. In 2023, it received an "Outstanding Award" in an environmental education facility review organized by the Ministry of Environment.
- We finished optimizing an awareness campaign for conserving energy and reducing carbon emissions in the Headquarters Building's staircase. General affairs personnel from each business unit served as "seeds" for promoting energy conservation and carbon reduction, and were responsible for promoting energy conservation and carbon reduction measures, as well as the latest regulations regarding environmental protection.
- We conducted a total of 33 sessions of promotional environmental education courses in 2023, catering to enterprises, government agencies and schools. A total of 1,290 people attended. We also completed bilingual self-introductory exhibition labels for the green roofs at the Green Finance Education Hall and First Financial & Economic Office Building.
- At the invitation of the Environmental Education Center of the Education Department, Yilan County Government, we organized promotional environmental education courses at the Yilan Green Expo in April 2023.
- We conducted the "2023 FCB Summer Camp for Sustainable Finance & Green Actions". We were able to team up with local communities and Taipei 101 to jointly promote a net-zero green lifestyle through familiarizing people with green buildings, digital transformation, and biodiversity.
- Currently, six of the Company's employees have been certified as environmental education personnel, and are put in charge of compiling and executing our environmental education curriculum. We also partnered with Friendly SEED, a social innovation organization, to jointly rolled out four environmental education courses for green finance, including "Green Buildings for Energy Conservation & Carbon Reduction", "Climate Change Risk Management", "Green Loans and Financing Review", and "Green Consumer Finance".



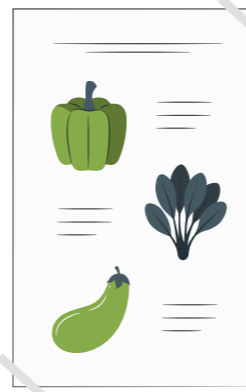
We visit Central University to promote environmental education



2023 FCB Summer Camp for Sustainable Finance & Green Actions

1-10 Encouraged Employees to Propose their Ideas and Held the Environmental Protection Competition

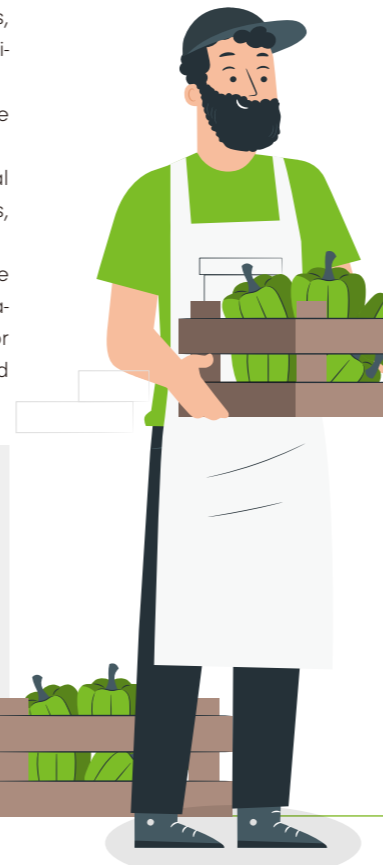
To complement the drive for the internal carbon pricing policy, First Commercial Bank has conducted the "Carbon Management and Energy Conservation Contest Among Domestic Business Units", and allocated carbon reduction targets to various domestic business units. The target achievement status of each unit would be published on a quarterly basis. Their target achievement rates are tallied and published by the end of each year. These contests awarded 55 commendations to business units with outstanding performance between 2021 and 2023, and awardees included deputy supervisors. During those three years of contest, 1.3598 million KWh of electricity was conserved, and the cumulative amount of carbon reduction was around 685 MT CO₂e. Approximately NT\$3.22 million in operational cost was saved, given that the average cost of carbon reduction per metric ton during the past three years was NT\$4,700. Units with outstanding performance were awarded with administrative rewards. Business units failing to achieve their carbon reduction targets were given carbon pricing reports so that they understood the cost of carbon emissions they should pay for exceeding the target limits. They were also required to submit their carbon reduction plans. Additionally, the "FCB Living Green e-Newsletter" would also share the experiences of business units with outstanding performance in order to increase the effectiveness of carbon reduction. In 2023, First Securities and First Financial AMC also held internal carbon pricing contests in order to reinforce the Group's carbon reduction measures. Furthermore, all employees have been encouraged to submit proposals for environmental protection and energy conservation measures since 2014. The Group received a total of 10 submissions in 2023, and two of them were eventually adopted.



1-11 Eco-Friendly Restaurants

The Company has installed an eco-friendly employee restaurant in its Headquarters Building, which has received the Eco-Friendly Restaurant certification from the Ministry of Environment. In the meantime, we also echo the Ministry of Environment's "Ten Moves to Cherish Food" campaign, and purchase our daily food ingredients from nearly organic farms, which not only supports small local farmers, but also ensures the freshness of our food ingredients while reducing the carbon footprint of food; Reusable utensils are provided for repeated use, and we also use environment-friendly detergents to clean them. The first Wednesday in the first week of each month is designated as the "Meatless Day". We would also echo the International Meatless Day on November 25 each year to roll out the "LOHAS Vegan Meal" at the employee restaurant, where healthy and low-carbon menus are designed by professional dietitians to encourage our employees to reduce carbon emissions and show their love for the Earth via their daily diet.

We have been converting food waste into compost since 2023, using the fractal accelerated fermentation approach to turn 480 kg to 500 kg of kitchen waste generated by the eco-friendly restaurant into fertilizers. The resulting 120 kg to 150 kg of fertilizers are used on the Group's four green roofs in order to put renewable resources into effective use.



A green restaurant has been set up in the Headquarters Building



A wide variety of nutritious menus are on offer



Kitchen waste is converted into compost



Climate Strategy and Management

GRI : 201-2 、 203-1 、 203-2 、 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.

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 CO2 emissions.
- Held a Environmental Protection and Energy Conservation Competition which resulted in reducing our energy consumption by 89,000 kWh and issuing 18 awards to employees.
- Incorporated PAS 2060 - Carbon Neutrality guidelines at four locations including the Wanhua Branch building for the first time and received certification.
- Incorporated ISO 14046 Water Footprint guidelines at the headquarters building for the first time and received certification.
- Incorporated ISO 14064-1 Scope 3 (indirect emissions from transportation - business travel) for the first time and received certification.

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.

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 Scope 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".

2023

- First Financial Holding's TCFD report obtained the highest-grade "LEVEL-5+" certification from the British Standards Institution (BSI) for three consecutive years.
- SBT carbon reduction goals formulated by First Financial Holding were submitted to the SBTi for review after they were deliberated and approved by the Board of Directors.
- First Financial Holding rolled out the "ESG Sustainable Application Map Inquiry Tool", which was unprecedented in the industry.
- First Commercial Bank's Living Green Card has obtained double certifications from the BSI's "PAS2060:2014 Carbon Neutrality" and the Ministry of Environment's "Carbon Reduction Label".
- First Commercial Bank partnered with MasterCard International to roll out the "consumption carbon footprint inquiry" service for credit cards users.
- First Commercial Bank's headquarters building has been certified for the Level 1+ Energy Efficiency Label (near zero-carbon building) for Existing Buildings by the Ministry of Interior.

2022

- First Financial Holding was selected by the Financial Supervisory Commission (FSC) as a member of the "Coalition of Movers and Shakers on Sustainable Finance" and appointed to the role of convener for the "Working Group for the Promotion of Net Zero Initiatives for Domestic/-Foreign Financial Industries".
- First Financial Holding joined the Partnership for Carbon Accounting Financials (PCAF) initiative and the Science Based Targets initiative (SBTi) to reinforce the financial carbon emissions inventory for the group's financing and investment positions.
- First Financial Holding received a score of "A" for leadership in the CDP climate change questionnaire.
- The TCFD report by First Financial Holding obtained the highest graded certification of "LEVEL-5+" from The British Standards Institution (BSI) for 2 consecutive years.

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.

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.



2-1 Climate change governance

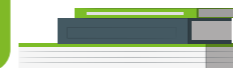
First Financial Holding's Board of Directors is the highest governing body for the Group's climate-related risks; it is responsible for approving, guiding, and ensuring the effective operation of risk management policies. Under the supervision of the Board of Directors, the Sustainable Development Committee and Risk Management Committee are responsible for supervising the group's key climate strategies. 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 August 2022, First Financial Holdings officially joined the Partnership for Carbon Accounting Financials (PCAF) and complied with the PCAF's recommended methodology to conduct scope 3 financial carbon emissions inventory of financing and investments. In November, First Financial Holdings also joined the Science Based Target initiative (SBTi) to take inventory of carbon emissions from own operations as well as financing and investment positions. We submitted SBT short-term carbon reduction targets at the end of December 2023, continue to incorporate net-zero emission thinking into the investment and financing decision-making process, and reduce the proportion of investment and financing in high-pollution (carbon-emitting) industries to achieve the national net-zero emission goal.

FFHC TCFD Indicator Disclosure Framework and Actions

	2011~2022	2023	2024	
Governance	<ul style="list-style-type: none"> Matters implemented after the resolution of the Board of Directors: <ul style="list-style-type: none"> ✓ Sustainable Development Policy ✓ Guidance on Sustainable Development for First Financial Holding Matters supervised by the Board of Directors: <ul style="list-style-type: none"> ✓ Green Financing Review Principles ✓ Environmental Management Policy ✓ Energy Management Policy The Board of Directors reviewed and established the Sustainable Development Policy: <ul style="list-style-type: none"> ✓ 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: Submission of the climate change risk assessment result, its mitigation measures and implementation status to the board of directors 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 Incorporate climate change risk management and the mastering of business opportunities into the basic items of the 2022 ESG performance appraisal of each subsidiary The Group compiled and published its TCFD report, which has been disclosed on the company website after receiving verification from a third party. 	<ul style="list-style-type: none"> 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 Short-term carbon reduction goals were formulated using the SBT methodology. They were submitted to the SBTi for review after they were deliberated and approved by the Board of Directors. Revised the "Sustainable Lending Policy" to include industries involving forests and the water issue into the environmentally sensitive sector; and expanded the "high pollution (carbon emissions) industry" category to include non-manufacturing sectors such as agriculture, livestock, and naval/aviation shipping industries, in order to strengthen climate risk governance. Revised the definition of high pollution (carbon emissions) industries in the "Sustainable Investment Guidelines" in accordance with the "Sustainable Lending Policy", in order to facilitate the unified control and management of climate change risks derived from our investment/financing operations. 	<ul style="list-style-type: none"> 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 After the Group's SBT short-term carbon reduction goals receive official verification from the SBTi, it will disclose its carbon reduction goals, strategies, and concrete action plans. 	

	2011~2022	2023	2024	
Strategy	<ul style="list-style-type: none"> Sign the Task Force on Climate-Related Financial Disclosures (TCFD) framework in April 2020 and became the supporter Completed signing of the Equator Principles in 2020 to reduce credit risks through inspecting the suitability of credit cases, grading of environmental and social risks, review, and monitoring 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 Issuing sustainable development bonds and launching the Sustainable Development Loan Connection Project to include management indicators such as borrower's greenhouse gas emissions, electricity saving, and reduction of total waste as key points for assessing preferential loans. Connect adaptation to climate change to the performance of employees and implement internal carbon management contests to reward employees of high-performing units. Include the short, medium, and long-term targets of scope 1 and 2 of the SBT methodology from the Science Based Target initiative (SBTi) Apply the recommended methodology of PCAF to conduct scope 3 financial carbon emissions inventory of financing and investments Purchased 1.517 million kWh of green energy and gradually transferring to supply 18 domestic operating locations 	<ul style="list-style-type: none"> Performed carbon emissions inventory of financing and investment positions belonging to high pollution (carbon emissions) industries; and negotiated with target enterprises based on inventory results, in order to urge them to formulate net-zero targets. Rolled out the "Consumption Carbon Footprint Inquiry" service so that consumers can understand the carbon emissions of the transactions made with their credit cards each month via the iLeo app. Developed the "ESG Sustainable Application Map Inquiry Tool", allowing consumers to search for environmental monitoring data relating to their locations with their addresses at one go, as well as areas prone to disasters due to the impact of climate change. Purchased 3.175 million kWh of green electricity to supply and power 22 domestic operating locations. For the first time, First Commercial Bank disclosed climate-related financial information (including quantitative and qualitative information) on the company website Expanded the scope of inquiry to demand that domestic borrowers from all industries disclose the amount of their greenhouse gas emissions, in order to enhance the disclosure of climate change information and risk assessment. 	<ul style="list-style-type: none"> With regard to the top-60% position of the corporate financial carbon emissions among the Group's investment/financing targets, we would choose to negotiate with more than half of them for carbon reduction, and urge them to formulate their 2050 net-zero emissions goals. Referenced Taiwan's "Guidelines for the Determination of Sustainable Economic Activities"; and assisted our financing targets in policy-making, evaluation, or corporate negotiation. Continued to update interfacing data and content for the "ESG Sustainable Application Map Inquiry Tool"; and optimized the operating interface or functions of our website to improve user experience and meet application needs. Compiled and published the TCFD report; and disclosed climate-related financial information (including quantitative and qualitative information) on the company website 	
Risk management	<ul style="list-style-type: none"> 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 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 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 Calculate the amount of impact to the bank's real estate value from various flooding and slope disaster scenarios due to climate change In 2018, we decided that credit extended to industries with high pollution/high energy consumption shall not exceed 15.0% of the Bank's total line of credit, and the share must be gradually decreased year by year. In 2021, the cap was 14.8%, which was further lowered to 14.0% in 2022. The Bank also monitors the numbers every month to make sure that the cap is not exceeded. 	<ul style="list-style-type: none"> Lowered the cap on the share of credit extensions to high pollution (carbon emissions) industries to 13.5%; and continued to monitor on a monthly basis Suspended new investments in the coal industry (where coal mining, coal power generation, and coal infrastructure accounted for more than 50% of revenue) and the energy sector (where tar sands, polar circle oil and gas, ultra-deep water oil and gas, liquefied petroleum gas, shale oil, and other businesses accounted for more than 50% of revenue), unless we could clearly confirm that funds would be used on the transition to carbon reduction Established the "decarbonization mechanism for financing operations"; and pledged not to undertake new financing for coal mining companies, financing projects for the construction of coal-fired power plants (excluding those transitioning towards decarbonization), or corporate financing projects for companies whose atypical oil and gas operations accounted for more than 50% of revenue. Our credit business with related industries will gradually decrease. Establish "climate change stress test" scenarios for domestic banks in accordance with the competent authority to provide methodology to calculate the amount of expected losses and loss rate of collateral by region that banks will face under climate risks 	<ul style="list-style-type: none"> Developed the "system for evaluating property devaluation associated with climate risk for the real estate industry" in accordance with the "climate change stress test" scenarios and methodology that had been established by the competent authority for domestic banks, in order to systematically calculate the amount of expected losses and loss rate of collateral by region that banks will face under climate risks Lowered the cap on the share of credit extensions to high pollution (carbon emissions) industries to 13%. In the event that an investment target is operating in a high pollution industry, we need to evaluate the effectiveness of its mitigating measures for transition risk during the investment decision-making process. We will no longer invest in companies that emit a large amount of carbon dioxide and do not have transition plans. When working on an investment case involving a domestic company, we should check the investment target's inventory of carbon emissions during the past three years before going through with the investment. The results shall be disclosed in the investment analysis report. 	
Indicators and Goals	<ul style="list-style-type: none"> Please refer to the "Sustainable Development Goals" chapter on P24-27 and P32-35 of the Company's 2022 Sustainability Report 	<ul style="list-style-type: none"> Please refer to "Sustainable Development Goals and Enterprise Risk Management" P26-27 and P38-39 "Green Operations and Net Zero Initiatives" from P122-135 "Responsible Finance and Decarbonization Strategies for Investment & Financing" from P62-69 and P136-145 of this chapter. 	<ul style="list-style-type: none"> Please refer to the "Sustainable Development Goals" chapter on P26-27 and P38-39 of this Report 	



2-2 Climate change risks and opportunities

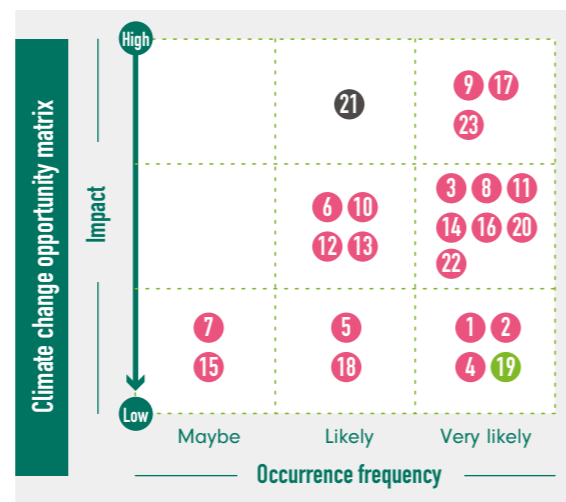
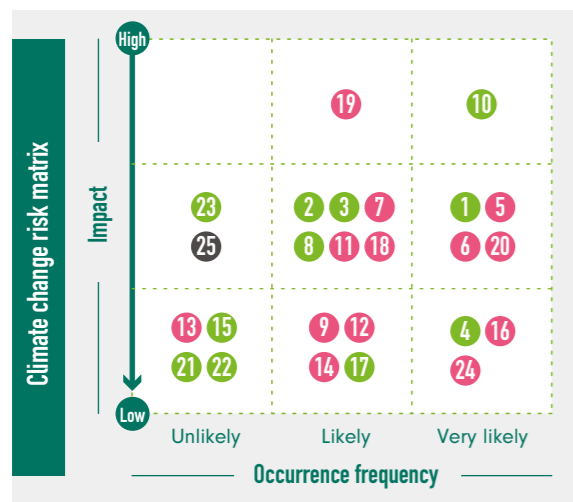
FFHC Identify the risks of climate change

Type	Item	Impact on Company Operations	Corresponding number	Risk Mitigation Management Measures	
Transformation Risks	Policy and regulatory risks	<ul style="list-style-type: none"> Domestic enterprises are responding to the net zero 2050 policies of the Climate Change Response Act by purchasing large amounts of green energy which may cause supply to fall behind demand in the renewable energy market. As such, the Company may fail to reach targets if decarbonization requires the purchase of renewable energy. 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. As the supply chains of domestic/foreign industries confirm their decarbonization activities or if a carbon tax is implemented (such as the Carbon Border Adjustment Mechanisms that will be implemented by the EU in 2026), relevant sectors may face operation impact and transition risks that indirectly impact the group's credit and operational risks. Regulatory change regarding renewable energy will influence power companies the Group reinvests in. The Taiwan Sustainable Taxonomy established by the Financial Supervisory Commission guides financial institutions to inject capital into sustainable industries, and if the group's existing financing targets do not comply with the taxonomy's standards and must be removed, it may impact the group's income from financing and investments. 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. 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. 	1	<ul style="list-style-type: none"> The Group will continue to proactively negotiate for renewable energy available in markets and sign supply agreements with renewable energy suppliers to purchase renewable energy certificates (RECs) and gradually expand locations for transfer each year. 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. Established a "decarbonization mechanism for financing operations"; and pledged not to undertake project financing cases involving the coal-mining industry or coal-fired power plants. Financing for coal-related industries will be gradually reduced. 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. Organize a "carbon management and electricity conservation competition for domestic operating departments" in combination with their individual reduction targets. Quarterly announcements of the energy conservation achievements of each department and establish a ranking by achievement rate at the end of each year to reward high performance departments; operating departments that do not achieve decarbonization targets must propose decarbonization plans for execution. Gather the latest environmental protection and carbon reduction trends and changes to environmental laws to organize training for the purpose of reinforcing the awareness of operating departments and relevant personnel in climate risk management frameworks and processes, and consult on domestic and foreign cases to plan response policies. Provide borrowers with green preferential loans to support their transition and encourage them to meet the "sustainable economic activity taxonomy" to reduce the impact on the Group's profits. Joined the PCAF and SBTi initiatives and utilized the PCAF methodology to take inventory of the Group's financial carbon emissions in financing and investment positions; and introduced SBTi methodology to set decarbonization goals. Incorporated climate change risks into the risk management policy and reported risk assessment results as well as the execution of mitigating measures to the Risk Management Committee and Board of Directors; continued to participate in The Bankers Association's climate change risk management and stress test program; conducted transition risk analysis on major carbon emissions borrowers; and performed analysis on the investment positions of insurance subsidiaries under the orderly transition, disorderly transition, and "too little, too late" scenarios. 	
		<p>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.</p>	8		
		Market risks	<ul style="list-style-type: none"> 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. First Bank requires all loan customers to sign a letter of commitment for sustainable development, which may lead to loss of business. Insufficient digitization will cause us to increase paper usage, reduce operational efficiency and competitiveness, and lose customers. If investor concerns towards climate related issues are not appropriately responded to, it may lead to a sell-off of company stock and a drop in stock price. 		9
			10		
			11		
			12		
		Reputation risks	<p>Negative media coverage of environmental pollution or greenwashing involving borrowers may indirectly affect the Company's reputation.</p>		13
Physical Risk	Immediate risks	<ul style="list-style-type: none"> Tropical cyclone/Extreme precipitation <ol style="list-style-type: none"> Caused damage to offices, equipment, or transportation vehicles. Heavy rain or strong wind brought forth by tropic cyclones may directly impact the Company's operation sites. Employees suffer losses on their way to or from work, at the workplace, or on their way to confirm damages caused by disasters. Work being called off which resulted in the disruption of operations. Caused bodily injury to the insured of the Company which led to the increase of claim amount. Investee personnel's loss of property causes investment profitability to fall. Borrowers suffer from interruption of operations or loss of personnel or property which leads to difficulties in repayment, and thus causes bad debt losses to the Company. 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. 	14		
		15			
		16			
		17			
		18			
		19			
	20				
	Long-Term risks	<ul style="list-style-type: none"> Rising sea levels expose some business units to flood risk. 1. May lead to lack of electricity which results in disruption of operations Extreme drought 2. May lead to fires or difficulties in obtaining water resources will increase operating costs Extreme climate change <ol style="list-style-type: none"> 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. Increase of the occurrence rate of infectious diseases increases the risks to employee health and disruption of operation. 	22		
23					
			24		
			25		



■ FFHC Identify the opportunities of climate change

Type	Item	Explanation of opportunities	Corresponding number
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
		Implement "digital content broadcast systems" at operating locations to remotely manage and deliver advertisements and campaign events in real-time, thereby decreasing paper consumption in advertising	3
Energy sources		Use low-carbon energy and increase energy efficiency	4
Products and services		Listing products related to topics like environmental protection, climate change and green energy	5
		Help customer issue green bonds	6
		Successfully launched paperless service processes such as online insurance application, e-insurance policy, and security/insurance claim alliance chain in response to the trend of digital technology development and changes in consumer behavior	7
		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	8
		Promote urban renewal financing projects, transform old buildings into energy saving, carbon reducing and Eco friendly communities	9
		Increase the volume of green financing and green consumption loans	10
		Raise green energy fund to invest in solar power plants	11
		Support the sustainable transition of IPO companies, build sustainable business models related to IPO companies to grasp business opportunities	12
		Increase brand awareness by offering low-carbon products or services to participate in public constructions or services	13
		Issuance of green bonds to gain new market access opportunities	14
		Raise new funds to provide investors with ESG products and win new market opportunities	15
		Participate in government climate change related programs to obtain subsidies or rewards to grasp new market opportunities	16
		Resilience	
Organize carbon management and electricity conservation competitions in domestic operations to reward department colleagues with outstanding performance	18		
Participated in the International CDP Climate Change Questionnaire and strove to achieve excellent results, while strengthening climate governance capabilities through the CDP process.	19		
Increase the proportion of green investments to meet global trends and reduce asset allocation risks	20		
Include green buildings and energy saving buildings as key purchasing items in real estate investment.	21		
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	22		
Implement energy conservation, carbon reduction, water saving and waste reduction to help reduce operating costs	23		



* : Short-term opportunities: Estimated to occur within 5 year (in red), Medium-term opportunities: Estimated to occur within 5-15 years (in green), Long-term opportunities: Estimated to occur after 15 years (in black)

Damage Potential and Hazard Levels for Suppliers

Two-dimensional matrix likelihood analysis was performed on the climate-related physical risks of the Group's 37 major suppliers in 2021; the analysis involved comparing the time and scale of the potential for three climate change-related natural disasters, flooding, mudflow, and landslide (where disaster potential is classified into three levels: low [Grade 1 and 2], medium [Grade 3], and high [Grade 4 and 5]) to calculate hazard level (low [0-50], medium [51-100], and high [101-125]). Results of the analysis indicate that among 37 primary suppliers, 5.41% (2 companies) possess level 4 high risk for flooding potential, while 10.81% (4 companies) possess level 3 moderate risk for flooding potential. All suppliers possess level 1 low risk for mudflow potential and level 2 low risk or below for landslide potential. Hazard calculation results showed that all suppliers exhibited low hazard level.

Suppliers disaster potential level (%) Unit: (%)

Physical risks	Disaster potential level				
	1	2	3	4	5
Flooding	5.4	78.4	10.8	5.4	0
Mudflows	100	0	0	0	0
Landslides	2.7	97.3	0	0	0

2-3 Quantified Financial Data of the Impact of Climate Change on the Company and Scenario Analysis

The Group's climate scenarios comply with the "Plan for Domestic Banks to Perform Climate Change Scenario Analysis Operations" ("operation plan") announced by the competent authority in combination with scenario data from the NGFS (The Network for Greening the Financial System) and IPCC AR5. Three climate scenario simulations (orderly transition, disorderly transition, no policy) were established for two points in time (2030, 2050) to perform climate risk scenario analysis, as explained in the following:

Scenarios	Transition risks	Physical risks	Scenario assumptions
Orderly transition	NGFS 「Net Zero 2050」	IPCC AR5 The "RCP2.6" scenario	This scenario is used to assess potential risks to banks when the world progresses towards the 2050 net-zero emissions goal step by step.
Disorderly transition	NGFS 「Delay Transition」	PCC AR5 The "RCP2.6" scenario	This scenario is used to assess potential risks to banks when the transition to net-zero emissions by 2050 is delayed but remains necessary.
No policy	NGFS 「Baseline Scenario」	IPCC AR5 The "RCP8.5" scenario	This scenario is used to assess the potential risks of climate change to banks in the absence of transition policies.



With reference to the "operation plan" of climate change scenario analysis provided by the Financial Supervisory Commission, the base climate change scenario analysis was conducted to gradually define climate hazard impact factors and identifying financial elements linked to climate in the positions of each business division. Credit risk was then calculated for each position based on climate change scenarios to obtain the following calculations:

The amount difference of expected losses from credit risks and base scenarios for 2023^{*1}/weight of expected losses accounting for profit and loss before tax^{*2} in the base year

Unit: %

Scenario	Orderly transition		Disorderly transition		No policy	
	2030	2050	2030	2050	2030	2050
Domestic positions						
Corporate loans	27.05/47.70	34.33/54.98	26.93/47.58	39.43/60.12	26.74/47.39	30.31/50.97
Personal loans	1.12/1.50	1.33/1.70	1.78/2.16	1.18/1.55	1.23/1.61	1.95/2.32
Investment	0.27/0.88	0.37/0.98	0.18/0.79	0.52/1.13	0.29/0.90	0.26/0.86
Foreign positions						
Credit extension	2.57/9.15	6.54/13.12	1.01/7.59	9.32/15.90		
Investment	0.06/0.53	0.18/0.66	0.05/0.52	0.14/0.62		

*1 : The baseline scenario refers to the 2023 values without pressurization.

*2 : Profit and loss before tax in the baseline year refers to the before-tax net profit of NT\$26,628 million earned by bank subsidiaries in 2023.

*3 : The aforementioned positions do not include government-owned enterprises, and overseas credit extensions include credit extensions to individuals overseas.

The amount difference of expected losses from credit risks and base scenarios^{*1} for 2023/weight of expected losses accounting for annual net value^{*2} in the base year

Unit: %

Scenario	Orderly transition scenario		Disorderly transition scenario		No policy scenario	
	2030	2050	2030	2050	2030	2050
Domestic positions						
Corporate loans	2.84/5.01	3.61/5.78	2.83/5.00	4.15/6.32	2.81/4.98	3.18/5.35
Personal loans	0.12/0.16	0.14/0.18	0.19/0.23	0.12/0.16	0.13/0.17	0.20/0.24
Investment	0.03/0.09	0.04/0.10	0.02/0.08	0.05/0.12	0.03/0.09	0.03/0.09
Foreign positions						
Credit extension	0.27/0.96	0.69/1.38	0.11/0.80	0.98/1.67		
Investment	0.01/0.06	0.02/0.07	0.00/0.05	0.01/0.06		

*1 : The baseline scenario refers to the 2023 values without pressurization.

*2 : Net value in the baseline year refers to bank subsidiaries' net value of NT\$253,473 million in 2023.

*3 : The aforementioned positions do not include government-owned enterprises, and overseas credit extensions include credit extensions to individuals overseas.

Financial Risks of Climate Change

Estimated financial implication of the risk before taking action	Brief description of the most significant risk and methods used to manage this risk and Estimated costs of these actions	Average estimated time frame for financial implications of this risk
<p>Risks driven by changes in regulation</p> <p>In the 2050 Disorderly Transition scenario, the expected loss amount of domestic corporate loan portfolios: NT\$8 billion</p> <p>(For details, please refer to page 36 of the company's 2023 TCFD report)</p>	<p>Description of the most significant risk: The financial impact of climate change scenarios on First Bank's domestic corporate loan portfolios was further analyzed in terms of industries. Among our counterparties, non-electronic manufacturing industry sustained the highest loss. For example, in the 2050 disorderly transition scenario, the expected loss experienced by the non-electronic manufacturing industry accounted for 34.10% of the losses for all industries. The advanced version of climate scenario analysis designed by First Bank determines the increase in weighted default rate of various sections of industries in our domestic corporate loan portfolios. It also extensively reviews data on the business losses of industries under various climate scenarios to analyze the expected losses of specific industries for effective risk management and monitoring.</p> <p>Methods used to manage this risk and Estimated Costs of these actions: Organizing ESG risk management education and training for credit cases, upgrading review information equipment to facilitate management of climate-related risk factors, and joining the Equator Principles Association to acquire new international knowledge. The total related personnel costs, equipment costs, and association membership fees totaled NT\$21 million.</p>	25 years
<p>Risks driven by change in physical climate parameters</p> <p>In the 2050 Disorderly Transition scenario, the expected loss amount of domestic personal mortgage loans: NT\$423 million</p> <p>(For details, please refer to page 38 of the company's 2023 TCFD report)</p>	<p>Description of the most significant risk: In the Disorderly Transition scenario, Domestic mortgage portfolios were analyzed using climate-linked factors (debt burden ratio[DBR] and combined loan-to-value [CLTV]), which were adopted in the Bankers Association's climate scenario analysis. In addition, stress test was conducted on physical risk regions to calculate the default rate of each case. The scenario analysis results for mortgage portfolios will reveal the expected financial impacts of transition risks (changes in the overall economic environment) and physical risks (torrential rain, flooding, drought) on mortgage portfolios under each scenario.</p> <p>Methods used to manage this risk and Estimated Costs of these actions: Conduct climate-related transformation and TCFD-related training to strengthen mortgage department personnel to identify and manage related risks. The related personnel costs are NT\$13.4 million.</p>	25 years

2-4 ESG Sustainable Application Map Inquiry Tool

First Financial Holding has created the "ESG Sustainable Application Map Inquiry Tool", the first in the industry to incorporate geographic information system (GIS) positioning and data application. The tool includes dedicated areas for inquiries about the three major themes of "Green Life", "Natural Environment" and "Climate Change". Publicly available government data from the Ministry of Environment, Ministry of Agriculture, Water Resources Agency, National Science and Technology Council, and Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) have been integrated to help the public and enterprises understand their interactions with natural resources and environment, in addition to raising their awareness of climate change. This tool provides companies with an efficient instrument for their transition to sustainability, as well as for the management of natural resources and climate change risks.

Take the "Natural Environment" theme for example: the system would bring up the flood disaster potential within one kilometer of the positioning point, flooded points in the past five years, natural reserve areas, wildlife sanctuaries, and important wildlife habitats through address positioning, coordinates positioning, or positioning by clicking on the map screen. Companies can decide if their operating locations and activities touch on or overlap with sensitive natural environments or areas through this sort of information. For the "Climate Change" theme, big data analysis has been employed to provide rainfall information under three kinds of climate change scenarios. Complemented with GIS positioning and flood potential map coverage judgment, such information helps users grasp flood potential under a certain climate change scenario, while companies can formulate appropriate risk management countermeasures based on information analysis. With respect to the "Green Life" theme, users are able to understand the locations of surrounding environment-friendly restaurants and environmental education facilities approved by the Ministry of Environment in relation to their current locations by turning on the positioning function on their portable devices. This service offers reference to the general public in terms of fulfilling green life or green learning, and experiencing courses relating to environmental protection.



QR code for accessing the inquiry tool.

ESG Sustainable Application Map Inquiry Platform

One-stop inquiry about information on environment, nature and climate change in your area

ESG Sustainable Application Map

- Provides information on environment-friendly restaurants and environmental learning within one kilometer of the user
- Understand the interactions between our actions/behavior and sensitive natural environments
- Explore changes in rainfall and flooding under various climate change scenarios

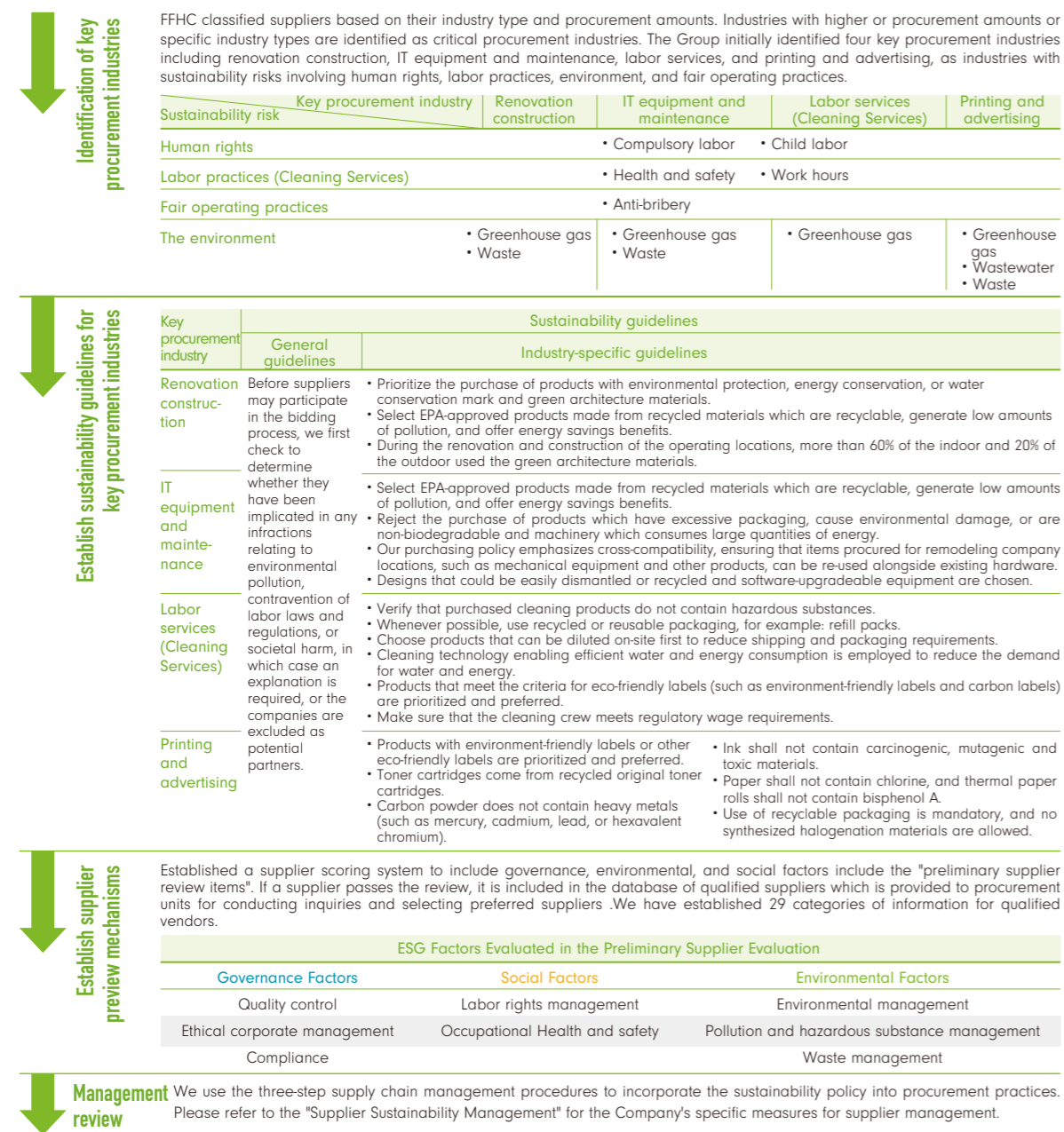
Sustainable Procurement and Supplier Management

GRI : 2-6、204-1、308-1、308-2、403-7、407-1、414-1、414-2、FS2

3-1 Sustainable Procurement

To deepen the root for sustainability ideas and incorporate them in our procurement practice, and to work with suppliers to take advantage of the opportunity to jointly create values, FFHC has introduced the "ISO 20400:2017 Sustainable Procurement-Guidance" since 2020, and implemented the seven core themes in our procurement practice. We completed the "Performance Assessment for ISO 20400 Sustainable Procurement-Guidance" in November 2023, and received a certificate as well as a respectable Level 4 rating. The green procurement target for 2023 was NT\$80 million, and the actual procurement amount was NT\$115.17 million. We have been verified as a benchmark organization for "green procurement by private enterprises and organizations" by the Taipei City Government for 9 consecutive years, in addition to honoring our green procurement commitment to the Coalition of Movers and Shakers on Sustainable Finance.

Process for Introducing the ISO 20400:2017 Sustainable Procurement Guidance



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.

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 2023 100%*1 of all purchasing came from local suppliers*2 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.

To realize an environmentally responsible business model and to actively build up green supply chains, FFHC has enhanced our supplier ESG risk management since 2022. ESG risk factors have been added to our audit items, and we also conduct investigations into suppliers from whom we spend a large amount of money purchasing goods. In March 2023, we conducted supplier GHG inventories and the negotiating meeting for climate risk management, as we guided suppliers to gradually complete their carbon footprint verification. In July, the "Supplier GHG Inventory Platform" was completed and went online. 192 information equipment, maintenance, printing and publicity vendors with more than NT\$1 million in procurement amount as well as business dealings with the Company within the previous two years had been chosen. These suppliers were asked to visit the platform and fill in information pertaining to Scope 1 (gasoline consumption) and Scope 2 (electricity consumption) for GHG emissions. A total of 69 vendors have submitted their data, as we continue to push for vendors' carbon footprint verification and the formulation of carbon reduction targets, as part of our efforts to refine our supply chains' low carbon management.

*1 : Calculated based on the 503 suppliers with whom the Group conducted transaction in 2023.
*2 : Local refers to countries in which various locations of operations are based.



Interface of the Supplier GHG Inventory Platform

We conduct supplier GHG inventories and the negotiating meeting for climate risk management



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



3-step Supply Chain Management Process

Management Strategy	Tangible Actions Taken	Implementation Results
Preliminary Screening	<ul style="list-style-type: none"> 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. Provisions requiring suppliers to abide by the Occupational Safety and Health Act have also been stipulated in construction contracts. 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. 	<p>Completed 3,012 vendor inquiries. (accounting for 100% of all vendors) The Group added 326 suppliers to the database of qualified suppliers in 2023.</p> <p>FFHC's overseas locations completed "Human Rights and Environmental Sustainability Evaluations" for 1,116 vendors.</p> <p>4,172 vendors made an effort to observe the Company's Sustainable Development policies.</p>
	<ul style="list-style-type: none"> 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. 	<p>The "Declaration on Human Rights and Environmental Sustainability Clauses" has been signed by 3,012 suppliers and we have advocated ideas of human rights protection. In addition, 1,495 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.</p> <p>100% of new vendors signed the declaration. 100% tenants pledged to use green building materials.</p> <p>36 pieces of high-energy consumption equipment were purchased with high EER value.</p>
Concurrent declaration	<ul style="list-style-type: none"> 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. 	<p>Held sessions of energy management awareness training to train a total of 15 employees.</p>
	<ul style="list-style-type: none"> 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. 	<p>We conducted supplier GHG inventories and the negotiating meeting for climate risk management on March 22, with a total of 58 attendees.</p> <p>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 on-site inspections on 8 suppliers in 2023 and found no violations of environmental protection or labor regulations.</p>
Post hoc management		

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

Item	Year	2023
(a) Percentage of no. of current vendors based on assessments (%)		100
(b) Ratio of identified risks to items (a) that have been assessed		43 *1
(c) Ratio of mitigation procedures that have been implemented to items with identified risks among (b)		100

*1 : We compiled statistics using the number of suppliers in 2023. Among 503 suppliers, we identified 218 suppliers with human rights violation risks, including seven suppliers in the clothing category prone to occupational hazards such as muscle and bone injuries, three suppliers in the moving company category, 99 suppliers in the renovation category, 24 suppliers in the air conditioning category, 58 suppliers in the plumbing engineering category, 17 suppliers in the fire protection engineering category, six suppliers in the landscape engineering category, and four suppliers in the solar power generation engineering category.

*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.

Identification of key suppliers' potential environmental and social impacts and their improvement rates

• Prior to tender opening in 2023, the Company had evaluated 192 key suppliers (with over NT\$1 million in procurement) with respect to their potential environmental and social impacts.

• We looked into the suppliers that had been identified as having materially substantial or potentially negative impact on environment and society. We found that none of them had violated regulations pertaining to environmental protection, labor protection, or occupational safety and health.

• After our evaluation and investigation, the above-mentioned suppliers were not involved in any regulatory violations in 2023. Therefore, no contracts were terminated.

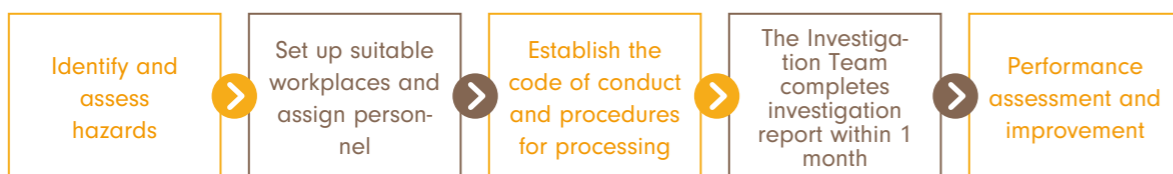


The employee health risk prevention plans in 2023 are as follows:

- **Health Examinations:** The Company provides regular health examinations that are above and beyond regulatory requirements. Each year, we provide subsidies for health examinations to senior executives, overseas staff, personnel on rotation for night shifts, and food catering personnel. Our partnered hospitals would visit various business units to conduct health examinations on the rest of our employees once every two years. Their medical and nursing staff would proactively ask those employees who have been notified of abnormal results to undergo re-examinations and continue to follow up on improvements. In 2022, we conducted an employee health examination held once every two years. In 2023, the rate of employees with major abnormal health examination results going back for follow-up clinical visits was 75.2%. Additionally, a total of 124 senior executives completed their health examinations, with subsidies amounting to around NT\$2.56 million.
- **Abnormal Workload-triggered Diseases Prevention Plan:** Forms for identifying and assessing employee risks associated with abnormal workload are evaluated and filled out once every month. Physicians stationed in-house would follow up on high-risk employees via telephone interviews. Related health education information would be shared with moderate- to-low risk employees via email, and their supervisors would also be copied and notified to provide assistance. 14 high-risk employees and 275 moderate-to-low risk employees were identified in 2023.
- **Human-factor Hazard Prevention Plan:** Questionnaires for muscle and bone anomalies (for suspected hazards) are filled out by employees themselves for evaluation every year. Physicians stationed in-house would try to understand the details about each case and provide suggestions for improvement, in addition to following up on their improvements. A total of 138 individuals were suspected of having human-factor hazards in 2023.
- **Maternal Employee Health Protection Plan:** Pregnant employees, female employees who have returned to their posts within one year of childbirth and their supervisors are required to fill out the "Initial Assessment Form for Post-Pregnancy & Postpartum Workplace Hazards" and "Self-Evaluation Form for Employee Health", in order to assess the impact of work on maternal health. A total of 210 female employees participated in the Maternal Employee Health Protection Plan in 2023. 363 sessions of risk hazard evaluation and confirmation were completed by the medical and nursing staff, who provided these employees with information such as health education and childbirth subsidies and allowances.
- **Prevention of Illegal Infringement at Work Plan:** Our senior management have all signed the "Written Declaration for the Prevention of Illegal Infringement at Work". Courses relating to the prevention of illegal infringement at work have been incorporated into employee educational training. We seek to reduce the incidence of illegal infringement at work both internally and externally through providing a safe workplace, information on pressure alleviation and complementary psychological counseling, as well as through appropriate manpower allocations. Moreover, an "Illegal Infringement Complaint Investigation Team" has been established by representatives of the employer and employees to conduct investigations into related grievances.

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. An illegal infringement case occurred in 2023, and has been properly taken care of.

Prevention of Illegal Infringement at Work Plan Implementation Process



Statistical table on related illegal infringement complaints in past years

Item	Year	2020	2021	2022	2023
Illegal infringement (number of cases)		0	2	0	1

1-2 Workplace Safety

1. Implementation of OSH-related Activities and Training

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

Statistics on Occupational Safety and Health Committee meetings in past years

Item	Year	2020	2021	2022	2023
No. of meetings		5	4	4	4
Proposals		9	8	6	10

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.



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 in past years

Item	Year	2020	2021	2022	2023
Number of Trainees and Training Hours for Workplace Safety and Hygiene Managers		29/645	702/5,205	35/1,087*	700/5,048
Number of Trainees and Training Hours for Fire Hazard Prevention Management		693/4,314	9/108	50/582	636/4,002
Number of Trainees and Training Hours for Emergency Rescue		33/594	19/342	640/2,375	32/512
Number of Trainees and Training Hours for ISO 45001 Management Systems		29/645	44/66	22/33	62/115
General employee		3 hours of OSH in-service training over 3 years			

* : Supervisor training for occupational health and safety is conducted once every two years

2. Improvement of the "ISO 45001 Safety and Health Management System"

In 2023, 62 business location obtained healthy workplace certification (Health Initiation Badge and Health Promotion Badge) from the Health Promotion Administration, Ministry of Health and Welfare. We also introduced the "ISO 45001 Occupational Safety and Health Management System" to our Headquarters Building. The President committed to and signed the occupational safety and health policy, which has been promulgated on the internal corporate website. We strive to enhance various management measures through the Plan-Do-Check-Act (PDCA) management principles. We also seek to find out safety concerns and opportunities for improvement through mechanisms such as management reviews, internal audits, automatic inspections, and safety and health inspections, in order to ensure that the system's spirits have been effectively implemented on the management level. We continued to obtain verification from the British Standards Institution (BSI) in 2023, and the scope of application has been expanded to cover all domestic business units. Verification targets now include the entire staff at our Headquarters Building as well as contractors.

The Company's occupational health and safety management system

Item	Description															
Organization	<ul style="list-style-type: none"> For the Occupational Safety and Health Committee, the President appoints the Vice President of a business group to oversee committee operations Type of meeting: One face-to-face meeting every quarter Meeting agenda: Review, coordinate, and give advice on safety and health-related matters Participants: Committee members (including supervisors of business units and labor representatives), occupational safety and health management personnel, and medical and nursing staff 															
Risk Identification	Obesity, accidental injuries, cardiovascular diseases and work-related stress were identified as high and moderate risk factors in 2023.															
Target setting	<ul style="list-style-type: none"> We set the target that 75% of the employees who had been notified of major abnormalities in health examinations would seek clinical help. In reality, 75.2% of them did seek clinical help. We obtained healthy workplace certification for 62 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 monitors the effectiveness of the implementation of related issues on a quarterly basis															
Internal/ External Audit	Including compliance audits and ISO 45001 internal audits.															
	<table border="1"> <thead> <tr> <th></th> <th>Audit content</th> <th>Auditors</th> <th>Audit month</th> <th>Audit results in 2023</th> </tr> </thead> <tbody> <tr> <td>Compliance audit</td> <td>Compliance to regulatory and other requirements</td> <td>Department heads, deputy heads not appointed as managers of occupational safety and health businesses</td> <td>June and December of each year</td> <td>No improvements were necessary</td> </tr> <tr> <td>ISO 45001 Internal audit</td> <td>Operating procedures, policy guidelines, and the execution of ISO management systems</td> <td>Auditors with ISO 45001 internal audit licenses</td> <td>Completed in Q3 of each year (prior to external audits)</td> <td>No improvements were necessary</td> </tr> </tbody> </table>		Audit content	Auditors	Audit month	Audit results in 2023	Compliance audit	Compliance to regulatory and other requirements	Department heads, deputy heads not appointed as managers of occupational safety and health businesses	June and December of each year	No improvements were necessary	ISO 45001 Internal audit	Operating procedures, policy guidelines, and the execution of ISO management systems	Auditors with ISO 45001 internal audit licenses	Completed in Q3 of each year (prior to external audits)	No improvements were necessary
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The performance assessment of occupational safety and health supervisors is correlated to their supervisory results, which are incorporated as one of the items in their annual reviews. There is a high level of correlation between remuneration and business results. Its grading standards are as follows:																
Performance-linked Remuneration	<table border="1"> <thead> <tr> <th>Grading</th> <th>Indicators</th> </tr> </thead> <tbody> <tr> <td>Unsatisfactory (≤60%)</td> <td>Half of the KPIs in the semi-annual evaluation have not been completed or there are major deficiencies that cannot be corrected immediately, thus posing risk of immediate labor inspection and punishment.</td> </tr> <tr> <td>Improvements needed (61%-74%)</td> <td>Half of the KPIs in the semi-annual evaluation have not been completed but can be corrected immediately before labor inspections.</td> </tr> <tr> <td>On par with expectations (75%-84%)</td> <td>All of the KPIs in the semi-annual evaluation have been completed and although there are minor deficiencies but they can be corrected immediately.</td> </tr> <tr> <td>Exceeding expectations (85%-94%)</td> <td>All of the KPIs in the semi-annual evaluation have been completed and were almost faultless.</td> </tr> <tr> <td>Extraordinary performance (≥95%)</td> <td>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.</td> </tr> </tbody> </table>	Grading	Indicators	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.	Improvements needed (61%-74%)	Half of the KPIs in the semi-annual evaluation have not been completed but can be corrected immediately before labor inspections.	On par with expectations (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.	Exceeding expectations (85%-94%)	All of the KPIs in the semi-annual evaluation have been completed and were almost faultless.	Extraordinary 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.			
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3. Comprehensive Insurance Plan

Apart from administering labor insurance and National Health Insurance as required by law, First Commercial Bank and First Financial AMC also assist their employees in securing group insurance policies with preferential premium, including accident insurance, personal injury protection insurance, daily hospitalization allowances, and cancer insurance, etc. These policies are available to employees, their dependents, and retirees. Moreover, First Securities, First Life Insurance and FSITC all provide employee group insurance. First Bank personnel stationed overseas are not only covered by local group medical insurance but can also enroll in the International SOS for emergency medical assistance. Half of the cost is borne by the company to meet emergency medical needs.

5. Occupational Injuries

Aside from complying with the "Incident Reporting Guidelines" to immediately report employees who have suffered accidental injury due to work or in the workplace, follow-up for accidents in the workplace must be conducted by the supervising department of occupational health and safety, the general affairs maintenance and repair department, the department supervisor of where the incident occurred, and a labor representative who must visit the incident site together to investigate, understand, and analyze the reason for disaster to plan preventative measures; once rectification is complete, records should be maintained for future follow-up. Support and assistance should be provided to employees as soon as possible to minimize injuries and apply for labor insurance claims or provide injury leave based on actual conditions. A total of 55 employees applied for injury leave in 2023; 0 employees suffered from occupational diseases; a total of 20 employees (including dispatch and security personnel) suffered from occupational accidents.

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

Execution Process for Employees Suffering from Injury Leave



Overview of occupational injuries in 2023

Gender	Number of people on occupational injury leave	Number of days of occupational injury leave	Occupational injury rate % *1	Lost day rate % *2	Disabling injury frequency rate % (FR, *4)	Severity of disabling injuries rate % (SR, *5)	Number of days absent (excluding leave)	Absenteeism rate % *6
Male	36	291	0.58	23.74	2.94	24	14,488.95	0.95
Female	19	201	0.46	24.42	2.31	24	5,405.83	0.53
Total	55	491	0.53	24.02	2.69	24	19,894.77	0.78

Occupational Injuries and absences in past years

Year	2020			2021			2022			2023		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Occupational injury rate%	0.47	0.36	0.43	0.62	0.73	0.66	0.70	0.30	0.53	0.58	0.46	0.53
Absenteeism rate%	0.73	0.63	0.69	0.36	0.84	0.55	0.76	0.45	0.63	0.95	0.53	0.78

*1 : Occupational injury rate: Number of people on occupational injury leave

*2 : Lost day rate: Days of occupational injury leave/ Work hours * 1,000,000

*3 : Total work hours: 20,109,240 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 Number of absence days (injury + sick (including extended sick leave) + menstrual leave)/total number of working days. The increase in the rate of leave of absence in 2023 was mainly due to the fact that employees applied for extended sick leave after suffering major diseases or sustaining major injuries. As a result, their days of leave increased.

*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.

*8 : Recordable occupational injury rate = 20 employees recorded with occupational injuries/ total number of working hours 20,109,240 hours *1,000,000 = 0.90.

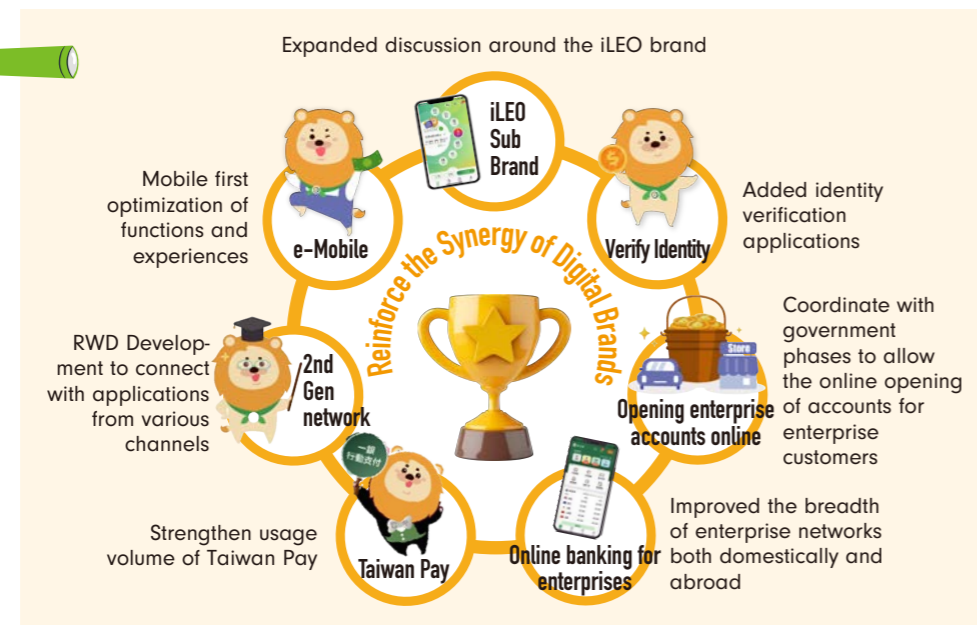
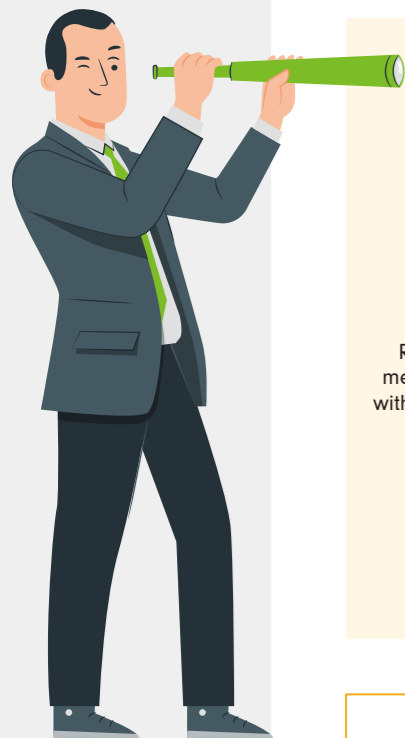
Digital innovation and inclusiveness

GRI : FS7 \ FS8

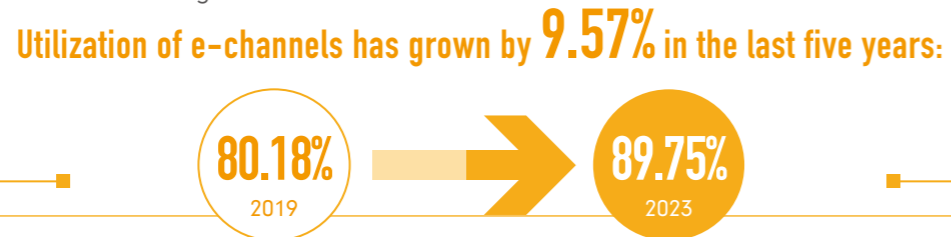
FFHC supports the United Nations Sustainable Development Goal SDG 8.2 for "achieve higher levels of economic productivity through diversification, technological upgrading and innovation" and SDG 8.10 "strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, 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.

2-1 Optimize Digital Channel Platforms and User Experiences

First Financial Holding has been dedicated to the digital native market through a variety of channels, especially the core values of "simple, fast, innovative, and most knowledgeable of customers" promoted by the digital account sub brand iLEO. Since launch, iLEO has generated more than 1.56 million users, and recorded an increase of 35.6% in new accounts in 2023, making it the 5th largest digital account on the domestic market. The iLEO app was downloaded 1.1 million times for a YOY growth rate of 46.1%. In order to continue to heed our customers' voice, First Commercial Bank introduced Net Promoter Score - a real-time questionnaire mechanism - to the iLEO app in September 2022. The Bank also tries to stay on top of customers' needs instantaneously, and continues to strive for swift iterative optimization of each product and service through various feedback channels, such as face-to-face interviews with users and comments left at the app store.



FFHC actively embraces the digital wave, encourages and educates customers to use e-channels, thus reducing counter transactions, and achieving outstanding results:



2-2 Smart Applications and FinTech Innovation

Smart Customer Services

In response to the digital transformation of traditional finance, First Commercial Bank launched smart robot "Little E" to the customer service center. AI technologies such as natural language analysis and machine learning were applied to create a virtual teller capable of comprehensive services, allowing customers to utilize the internet and their mobile device to submit professional inquiries online, by text or voice 24-hours a day, and immediately receive responses through the simple interface and life-like interactions. A cumulative total of 1,115,589 people utilized "smart customer service" by the end of 2023 and received an accurate response rate of 98%. Furthermore, as part of our effort to echo the drive for bilingual financial services, the Bank has also added an English version to its smart customer services, which meet foreign nationals' need for digital banking services.



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 35,000 investors by the end of 2023. The investment balance is nearly NT\$1.358 billion.

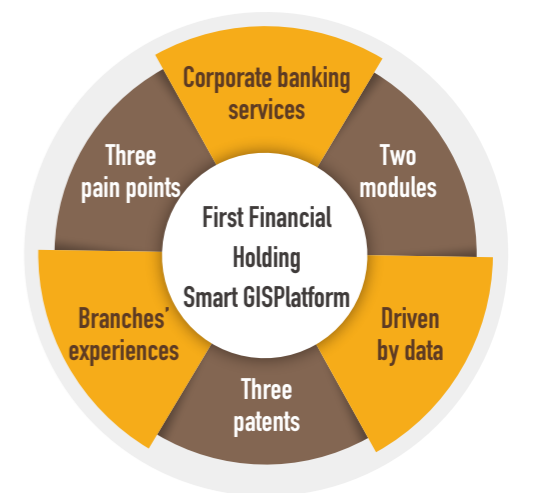


Implementation of blockchain technology in supply chain financing

First Commercial Bank partnered with Test-Rite International to apply the temper-resistant properties of blockchain technology to transmit transaction data such as invoices and payment of Test-Rite International's supply chain financing via blockchain from the enterprise ERP system directly to First Commercial Bank's supply chain financing platform. In addition to reducing human error, saving on operation costs, and strengthening internal controls of data, it accelerated the transmission of transaction data, increased the efficiency of funds dispatch, and shortened the time required for suppliers to obtain financing.

Smart (GIS) dispatch system and customer data collection and management platform

In the continuance of digital development, First Commercial Bank introduced the application of geographical information system (GIS) technology in the field of enterprise lending and launched the "Smart (GIS) Dispatch" and "Customer Data Collection and Management Platform" which combined a patented big data analytics model and internal/external data to visualize customer location and business information on mobile devices. The incorporation of patented big-data analytics models, including optimal visit routes, marketing resource allocation, enterprise care assistance, and new customer development assistance, in addition to solving existing operational pain points, has increased the ability and success rate of frontline sales personnel to independently explore and obtain nearby enterprise customers. By the end of 2023, 13,000 marketing lists were generated using big data modeling, with a total of 545 pocket lists created and 8,070 corporate customers registered. The system earned the Company the "Asia's Leader in Sustainable Finance" award from the International Data Corporation (IDC) at the Financial Insights Innovation Awards (FIA) and the "Taiwan's Best Bank for SMEs of the Year Award" at the ABF Retail Banking Awards 2023.



2-3 Building an Environment for Digital and Innovative Finance

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 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. In 2023, a total of 42,467 credit loan and mortgage limit calculations were conducted through digital channel and 39,588 applications were filed.
- 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 5,981 loan applications on "Micro Enterprise e-Services" in 2023.

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 2023, 180 RPA operation procedures have been officially launched, reducing a total of 1.044 million hours of operating manpower, equivalent to the workload of 521.98 full-time employees.

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 "Compulsory Automobile Liability Insurance" through the mobile device of the First Bank financial consultant or by themselves through the First Bank digital channel.

One-stop opening of accounts

First Securities and First Commercial Bank collaborated to allow new customers to simultaneously open securities and digital banking accounts online while also completing setup of the securities delivery account. In 2023, a total of 1,132 accounts were opened

First Securities' ESG Smart Sustainability Index Data Platform

The platform provides ESG grading information to investors with the help of AI algorithms, including inquiries about individual stocks, compiled data for select sectors, ESG sub-categories, and account inventory. ETF can also be linked to constituent stocks for inquiries about the grades of individual stocks. Inquiries about such information can be made by accessing the two transaction platforms of "FCB e-Winner" and "First Gold Securities-Mobile Winner". It can also be directly linked to the area for placing an order, where the user can access the transaction page to inquire about the real-time quotes of individual stocks and place an order to buy or sell stocks.



2-4 Digital Money Transfers

First Bank's leading position in corporate banking as well as comprehensive overseas network have been used to set up the First Bank International e-Banking (including "Financing e-Bank App - Overseas Branch Internet Banking" and "Financing e-Bank App - Global e-Banking Service"), international business cash flow (e.g. Supply chain financing, sales chain financing), international consumer cash flow (e.g. international third-party payment) and international clearing system.

Digital Financial Services Provided by the Phnom Penh Branch

In addition to providing traditional brick-and-mortar financial services to the local population, the Phnom Penh Branch also provides online banking and apps for mobile banking services, including functions such as "money transfer/remittance to non-designated accounts and eSecure push notification service", uploading the remittance slips of large sums of money via mobile banking apps, and interbank fund transfer. The Branch joined the local Bakong blockchain system in 2023, which improves receipt and payment efficiency as well as security for customers while facilitating inclusive finance.

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 2023, 1,062,151 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 10 electronic payment operators such as "JKOS (JKOPAY)", "iPass (iPass MONEY)", "EasyCard (Easy Wallet)", "PX Mart (PXPay)". 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 "iPass 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. Also, collaboration with iPASS is currently underway for "reverse linking", which allows customers to utilize their iLEO app to link their account with "iPASS MONEY", thereby accelerating the linking process and expanding the content of mobile banking services.

2-5 Accessible Digital Banking Services for Persons with Disabilities

In order to provide basic, equal, reasonable, and convenient financial services to persons with disabilities, First Commercial Bank, First Securities, and First Life established a financial accessibility service section to improve the digital finance gap for customers with disabilities. Moreover, First Securities Investment Trust expects to set up a Friendly Financial Services Section in 2024.

First Commercial Bank Accessible Internet Banking and Mobile Banking (Accessible Financial Services Network)



- Provide 7x24 uninterrupted accessible network and mobile banking services such as transfers, account balance inquiry, interest/currency exchange rate inquiry, and other simple internet banking functionality
- Announcement to all business units to provide accessible services, measures, and facilities
- Account holders with a disability ID may utilize mail, teller visits or accessible financial services online to apply for processing fee discounts for cross-bank ATM withdrawals at any business unit.
- Received AA rating for accessibility

First Securities - Accessible Financial Services Zone



- Provide 24-hour uninterrupted search for online markets, opening accounts online, placing online orders, securities trading app, and other accessible investment services
- The interface allows adjustment of text size, graphical instructions, and discloses a dedicated phone number for detailed explanatory services
- Telephone voice price quotes and transaction services can be used via the internet, allowing persons with hearing and mobility impairments to participate in investment transactions. A voice-assisted guided reading service was added in 2023, offering text-to-speech service.
- Received AA rating for accessibility

First Life Insurance - Accessible Services Zone

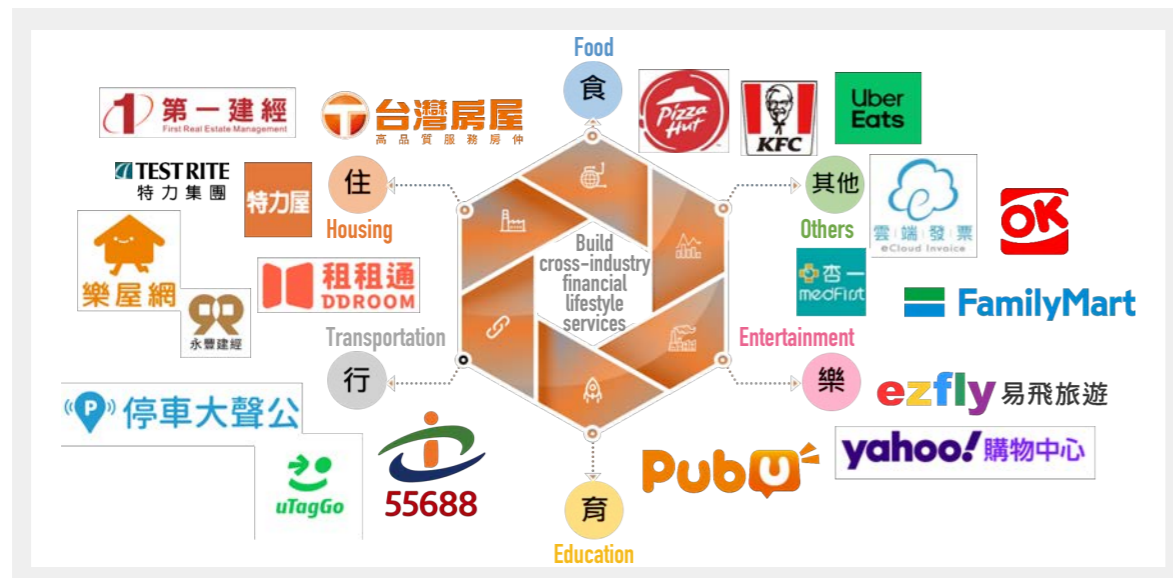


- Provide information on micro insurance products, accessible services and measures, and company introduction
- The official website's "A+ Life" section analyzes customer's policy needs and offers insurance planning services
- Platforms such as "First Life Insurance Online Insurance" and FundRich's "Protection Type Insurance Product Platform" offer accessible channels for obtaining insurance
- Received AA rating for accessibility

First Commercial Bank continues to improve the convenience of using ATMs for persons with disabilities and foreign customers. As of the end of 2023, a total of 542 ATMs across Taiwan offer wheelchair access and of these, 522 ATMs offer environments (such as slopes) that can meet the needs of persons with disabilities. Additionally, 139 ATMs offer voice services for those with visual impairments by simply plugging into the earphone outlet to enter voice accessible mode. All operation locations are equipped with braille, allowing clear identification by touch supplemented with voice guidance so that visually impaired individuals can perform operations by following each step and complete ATM transactions or inquiries independently. Multi-lingual service was deployed on existing ATMs in 2023, offering new interfaces in Japanese, Vietnamese, Indonesian and Thai to improve the inclusiveness of financial services.

2-6 Cross-Industry Alliance and Open API Connection

The continued use of strategic alliances to embed the Group's financial services in food, fashion, accommodations, travel, education, and entertainment by forming cross-industry partnerships to provide applications more accessible to consumers. Utilize the dual model of banking-as-a-service (BaaS) and banking-as-a-platform (BaaS) to satisfy the daily needs of customers, expand digital channels, and practice customer management to build cross-industry alliance ecosystems that synergize.

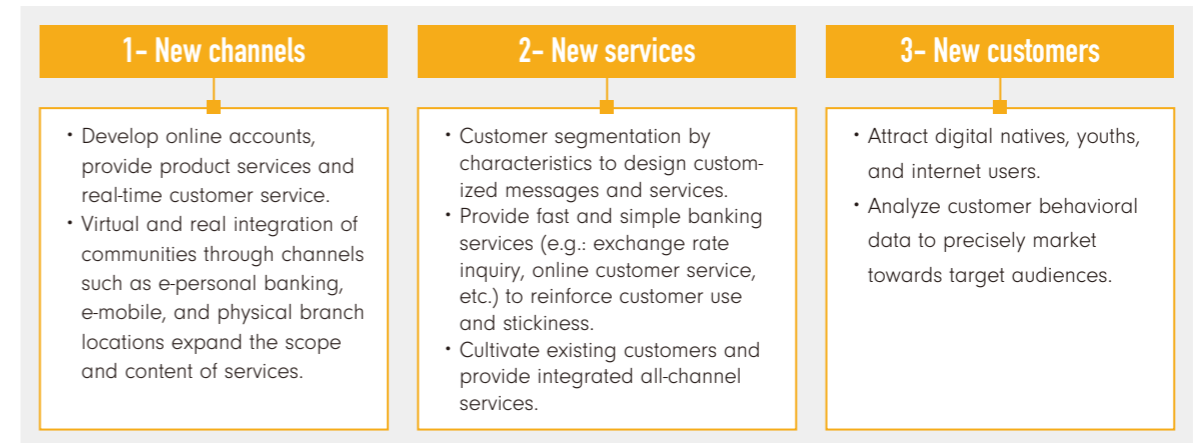
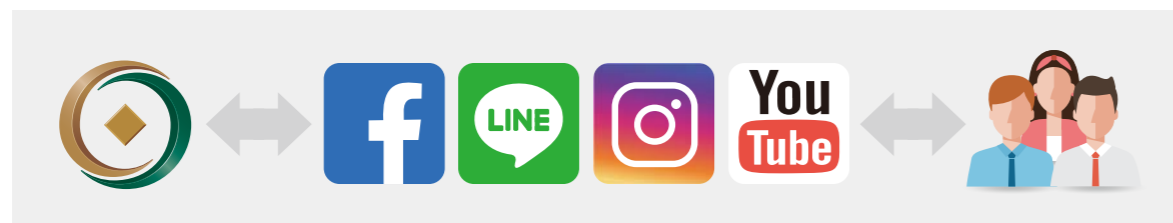


Case

Currently, the iLEO app's life bookmark has been redesigned and upgraded to include three main pages: "Bonus Points", "Discounts" and "Interactivity". In particular, "First Good Life" has been added to the "Discounts" page. Integrated one-stop scenario service spanning various industries and product categories is offered on this portal website, providing four scenarios including green consumption, charity, travel and apartment rental. The move is intended to strive for and promote ESG, environmental sustainability and social well-being, provide necessary information relating to post-pandemic international and domestic travel, and cater to apartment rental information that budget-minded individuals care about. Working together with scenario partners ezfly and DDROOM, the service has integrated cross-industry products, services and digital financial services. As of the end of 2023, "First Good Life" had logged more than 40,000 visits, which translate into more than 20,000 specific visitors. Going forward, optimization will continue so that customers can easily access integrated scenario-based financial information via the iLEO app at one go, which would reduce the time/cost needed for customers to search for information.

2-7 Social Media

First Financial Group views social media as an important bridge of communications with customers and a means to develop new channels, services, and customers.



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



740,000 Number of fans
351 Marketing promotion cases
9,696,000 Reach

First Bank's Instagram account attracts the attention of young people with rich and lively content such as lucky draws, stories and short reels.



37,000 Number of fans

Aside from programs such as "FCB Hot Topics", "FCB Radio", and "Almighty Bank Teller", First Commercial Bank's YouTube channel also cooperates with Internet influencers' channels to reach out to different audiences and introduce the Banks' financial products.



27,000 Number of subscriptions

First Commercial Bank's official LINE account launched a wide variety of iLEO point collection, exchange services, iLEO stickers, and interactive tagging events in order to achieve precision marketing.



6,315,000 Accumulated number of friends
693,000 Personalized services bound
187 Business cases promoted
282,880 Reach

The "Chitchat with FCB on New Stuff" podcast has been launched to delve into sustainability issues such as climate action, health and welfare, quality education, and gender equality.



44,000 Downloads

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



41,000 Number of fans
193 posts
3.40 million Reach

FSITC's official LINE account provided information such as fund promotions, the latest market trends, and industry news for customers to grasp the latest investment trends



15,000 Accumulated number of friends
219 messages
1.39 million Reach

FSITC's YouTube channel shared online videos investment information being focused on by markets and hosted livestreams to help fans grasp the pulse of investment



3,404 Number of subscriptions
23 clips
1.34 million Watch

Talent retention and accessibility benefits

GRI : GRI 2-19 、 201-3 、 401-1 、 401-2 、 401-3 、 404-2
SASB : FN-CF-270a.1

3-1 Competitive remuneration and performance evaluation system

FFHC regularly references professional institutions' survey reports on market remuneration and benefit levels. Our employees' full salary is on par with the P65 level (i.e. better than 65% of our peers on the financial market). The average rate of pay increases as a result of promotions was 2.5% in 2023. The average salary of our full-time employees in non-supervisory positions was NT\$1.397 million, up 4.49% from NT\$1.337 million in 2022. The total employee benefit expenses amounted to NT\$18.73 billion in 2023, up 5.1% from NT\$17.82 billion in 2022.

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	2020	2021	2022	2023	Percentage of change(%)
Number of people		8,056	8,171	8,360	8,473	0.87
Average salary (Thousands NTD)		1,208	1,294	1,337	1,397	4.49
Median salary (Thousands NTD)		1,103	1,180	1,245	1,293	3.86

* : 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.

The Company provides a fair and reasonable employee performance assessment system., in an effort to build a consensus on personal goals imposed by the Company on each employee. The Company would reference each employee's mid-year assessment results to evaluate his/her annual performance at the end of each year. 35% of our employees' year-end bonuses are based on their long-term performance and special contributions. Each subsidiary has also set up its reward systems for the promotion and sales of sustainable financial products and services. ESG educational training accounts for around 5% to 6% in performance assessments. In 2023, 27.8% of group employees' compensation was related to their performance regarding sustainable financial products. The Company has also formulated the "Employees Stock Options Purchase Plan". When the Company conducts a round of cash capital increase, we would allocate shares to each company's employees at prices more favorable than market subscription prices, in commensurate with their pay grades, tenure periods and performance. Tenure and pay grades are also factored in when calculating employee compensation. When evaluating employee promotions, we would also take into account their assessments and award/punishment records from the past nine years. When selecting and promoting management trainees, we would also consider their assessment results from the past five years, in addition to making participation in volunteering events a prerequisite. It is evident that the Group's employee compensation is highly correlated to their long-term performance and our sustainable development strategies. Additionally, we strive to promptly respond to market trends and changes by shaping a culture of agile communications that values teamwork.

Method of Employee Performance Assessment

Applicable to	Implementation frequency	Implementation details	Results
Senior executives (3.2%)*	When necessary	Conduct reviews and assessments based on each company's key indicators; and the reviews include finance-oriented and non-finance-oriented indicators	They would serve as the basis for year-end performance assessments, compensation, and the adjustment and distribution of performance bonuses
Management by Objectives System			
All employees excluding senior executives (96.8%)*	During the first half and second half of each year as well as the end of each year	Performance assessment results serve as the basis for decisions on talent selection, pay increases, and the distribution of performance bonuses	Depending on employees' actual performance, supervisors may help them refine or improve their work through the performance assessment program. Approximately 35% of the annual bonus is rewarded in commensurate with each employee's long-term performance as well as their special contributions
Multi-Dimensional Assessment			
Supervisors (17%)*	When necessary	Assessment angles encompass direct supervisors, subordinates and self-assessment in order to evaluate an employee's management performance and leadership potential	The assessment would serve as the basis of reference for the career development of supervisors
Teamwork Performance Assessment			
Salespersons	During motivational activities and at year's end	It correlates a department's operational performance with the assessments of salespersons so that there is a high level of correlation among individual sales ability, compensation and bonuses, and departmental performance	Departmental performance in a given year would serve as an important basis for the distribution of annual performance bonuses in that year
Agile Communications			
Salespersons	When necessary	Business target assessments are conducted on employees in sales departments, and professional know-how such as product sales techniques are also shared with them. Supervisors would also offer their feedback in accordance with colleagues' individual performance in order to help them achieve the annual sales target.	Review salespersons' performance based on the team sales target; adjust compensation and bonuses in accordance with performance; or provide assistance in refinement or improvement in order to achieve the team goal.

* : The performance evaluation ratio is based on the ratio of all employees.

3-2 Talent Retention Measures

FFHC retains talent through forward-looking benefit packages, and encourages our employees to make long-term savings plans and plan for retirement. Since 2019, First Commercial Bank has been providing the "Establish Employee Savings and Stock Ownership Trust", offering full-time employees who have worked for the Company for more than half a year the choice of participating in this savings or stock ownership trust program. After that, various companies within the Group have conducted their employee stock ownership trust programs across the board since 2024, in which the companies subsidize and contribute a fixed amount of funds to invest in and hold FFHC stocks for long-term ownership in order to enhance cohesion. Employee return ratios from the investment balance of the mandatory pension contribution account are formulated in accordance with the duration of their participation:

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)

FSITC has formulated the "Investment Researcher's Compensation and Penalty Plan", in which fund managers who have consistently met two-year or three-year standards for their performance in fund operations are eligible for long-term performance bonuses distributed in installments. The plan is meant to urge them to pay attention to long-term performance.

Additionally, First Life Insurance also contributes to the employee job retention benefit fund every month, in addition to repurchasing group annuity insurance policies in accordance with their own wishes, as part of the company's efforts to boost its employees' economic autonomy after they retire. As of the end of 2023, 133 employees had signed up for the plan, and NT\$50.05 million had been contributed cumulatively.



FFHC is devoted to promoting the workplace vibe of a happy company, providing a comprehensive system for benefit packages and compensation/bonuses. It encourages employees to vie for better performance through an incentive reward distribution mechanism. Furthermore, we have also established a smooth channel for promotion, and regularly conduct talent selection, assessment and promotion-oriented training exercises for manager trainees at various levels as well as for overseas management. We have built a database for the purpose of compiling data for analysis in accordance with employees' attributes, experiences and characteristics, which serves as an important reference for employees' career development and planning. Except for ordinary new hires who replenish retiring and departing employees, all professional and management talent are mostly cultivated in-house. We also encourage employees to use their off-duty time to pursue on-the-job training and learning. We also subsidize related tuitions in accordance with courses and grades. Employees pursuing a master's degree both at home or abroad can apply for unpaid leave for up to three years. This measure is intended to develop lifelong employment capabilities for employees in order to increase corporate sustainability.

To promote internal talent flows and plan for employee career development, we value employees' on-the-job training, in addition to enhancing the disclosure of information pertaining to internal job openings. We also enforce systemic job rotations in hopes of reducing employee turnover rates. At the end of 2023, the Group's turnover rate stood at 5.65%. However, the turnover rate was 4.79% after deducting those forced to retire in compliance with the Labor Standards Act. As of the end of 2023, 74.73% of our internal job vacancies had been filled.

The Company has raised the starting pay for new hires on multiple occasions in recent years. The 6.5% pay raise is higher than half of our industrial peers. The ratio between our starting pay for entry-level employees and the nation's minimum wage is 1.5:1. We strive to establish a differential bonus system through a transparent and fair mechanism for promotions and performance assessments. The retention rate of new hires was 87.43% in 2023. Pensions are disbursed to retirees in accordance with the "Employee Pension Rules". In 2023, approximately NT\$652 million was contributed to the retirement pension.

Employee Resignations in 2023

End of 2023	Total no. of employees	Resigned female employees				Resigned male employees				Total	
		Less than 30	30-50 years old	Over 51 years old	Retirement at 65 years	Less than 30	30-50 years old	Over 51 years old	Retirement at 65 years	Female	Male
Number of employees in Taiwan	9,711	70	127	39	43	70	111	21	40	279	242
Percentage of total employees (%)	94.24	0.68	1.23	0.38	0.42	0.68	1.08	0.2	0.39	2.71	2.35
Number of employees overseas	594	12	12	7	3	11	10	4	2	34	27
Percentage of total employees (%)	5.76	0.12	0.12	0.07	0.03	0.11	0.1	0.04	0.02	0.33	0.26
Total	10,305	82	139	46	46	81	121	25	42	313	269
Percentage (%)	100	0.8	1.35	0.45	0.45	0.79	1.18	0.24	0.41	3.03	2.61
Percentage of employees of the same gender/age (%)	-	7.8	3.88	3.0	-	14.6	5.57	1.77	-	5.08	6.5

Overview of employee resignation rate and recruitment cost over the past years

Item	Year	2020	2021	2022	2023
Resignation rate (%)		7.26	6.96	7.08	5.65
Resignation rate (%)—Excluding retirees		5.89	5.81	6.03	4.79
Voluntary resignation rate (%)		5.68	5.67	5.92	4.70
Average recruitment cost (NT\$)		2,491	11,708	12,875	9,287
Total no. of employees		9,849	9,969	10,095	10,305

* : Average recruitment cost = (recruitment expenses for the entire year/number of new employees) + training expenses; The Company organized two large-scale recruitment events in 2022, and the adoption of pandemic prevention measures resulted in increased recruitment cost. The Company hired more new employees in 2023 to lower down the cost.

Ratio of open positions filled by internal candidates in past years

Category \ Year	2020	2021	2022	2023
Ratio of open positions filled by internal candidates (%)	84.21	79.53	70.07	74.73
Ratio of management positions filled by internal candidates (%)	100	99.29	99.40	100
Ratio of non-management positions filled by internal candidates (%)	58.75	42.67	32.03	43.37

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

Information on the Group's Pension Contributions over the Years

Unit: Thousand NTD

Category \ Year	2020	2021	2022	2023
New Pension System	317,994	290,930	331,939	347,283
Old Pension System	327,151	334,556	306,310	280,610
Overseas Staff	18,798	17,883	19,576	24,844

* : For more details about the contribution plan and related status, please refer to page P370-372 of the Company's 2023 Annual Report



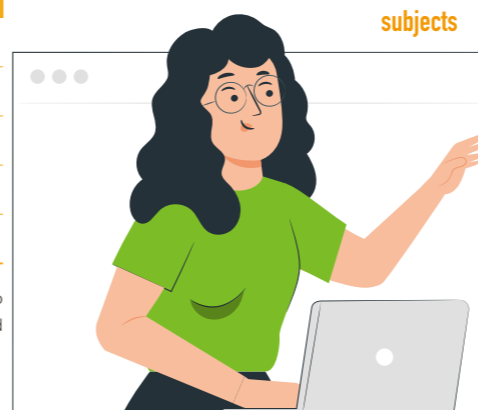
3-3 Employee Commitment Survey

Through the employee commitment survey, the Group has been listening to our employees' feedback on their level of job satisfaction and company recognition as well as suggestions on training and development since 2017, in an attempt to improve and optimize related operational and management systems. The overall level of employee commitment was 91.88% in 2023, setting a new high in three years while indicating that the Group's employees are actively committed to their jobs and willing to contribute to delivering on the Group's objectives and missions. It is also indicative of the fact that, in the face of an ever-changing financial environment, agile communications and an agile management model are effective in solidifying team cohesion, enhancing structural resilience, and creating a successful corporate culture.



Employee Commitment Survey Factors

Survey factors	Job satisfaction	Sense of mission	Sense of happiness	Work-related stress
Questionnaire subjects	<ul style="list-style-type: none"> Able to take care of both work and family Able to obtain a sense of accomplishment from work Able to contribute to the Company 	<ul style="list-style-type: none"> Confident of the Company's future Willing to contribute as much as possible and continue to work for the Company Proud of working for the Company 	<ul style="list-style-type: none"> Satisfied with the Company's overall employee benefits Satisfied with the childbirth and childcare subsidies provided by the Company 	<ul style="list-style-type: none"> Able to carry the existing workload Able to carry existing work pressure



Employee Commitment Survey Results of the Group from the Past Three Years

Item	Year	2021	2022	2023
Number of questionnaires		9,051	9,375	9,557
Number of returned questionnaires		8,928 (Male: 3,581/Female: 5,347)	9,201 (Male: 3,759/Female: 5,442)	9,319 (Male: 3,913/Female: 5,406)
Recovery rate (%)		98.64	98.14	97.58
Overall commitment (%)		91.03	91.74	91.88
Level of commitment of male employees (%)		92.54	92.77	92.98
Level of commitment of female employees (%)		90.01	91.04	91.16

* : >90% represents a high degree of professionalism, 80-90% represents a medium degree of professionalism, <80% represents a low degree of professionalism.

Improvement Mechanism

- Our senior colleagues would lead and guide new hires to help them familiarize themselves with their job descriptions and the corporate culture as quickly as possible. Supervisors would reach out to provide additional care to increase talent retention rates.
- Enhance educational training in competency, and ensure the transparency of job assignments
- Designate employees with high performance and high potential to participate in professional training courses
- Enhance employee benefit packages, and increase employee benefit expenses
- Conduct quarterly labor-management meetings, and maintain good channels of communications

Improvement Results

- The overall turnover rate and the turnover rate among employees under 30 years of age in 2023 were down from 2022.
- The average employee training cost and the total cost in 2023 were up from 2022.
- We have improved our benefit measures for childcare, including maternity (pregnancy checkup) leave and paternity (pregnancy checkup accompaniment) leave programs above and beyond regulatory requirements. A two-day "Artificial Fertilization Leave" was added.
- The Group's total employee benefit expenses amounted to NT\$18.73 billion in 2023, up 5.1% from NT\$17.82 billion in 2022.
- Both the number of labor-management meetings and the number of meeting agenda items in 2023 were up from 2022.

With regard to the shortest company notice for important job changes, the Company complies with related labor regulations, including the "ILO Forced Labor Convention Indicators", Taiwan's "Labor Standards Act", "Employment Service Act", "Act of Gender Equality in Employment", and "Middle-aged and Elderly Employment Promotion Act", to stipulate them in work regulations and related personnel management regulations, which encompass: A week's notice for all manpower deployments necessitated by business needs; For overseas employee assignments, a reasonable notice would be provided to allow for understanding of the regulations, culture, and daily needs of a particular foreign country, as well as business handover details; A forenotice for labor contract termination may be given due to business closure, transfer of ownership, losses, business contraction, changes in the nature of business, or employees' inability to assume their job responsibilities. The period of the forenotice is as follows: (1) A 10 days' forenotice shall be provided to employees who have worked for the Company for more than three months but less than one year. (2) A 20 days' forenotice shall be provided to employees who have worked for the Company for more than one year but less than three years. (3) A 30 days' forenotice shall be provided to employees who have worked for the Company for more than three years.

To maintain good communications and interactions, each company provides a variety of channels for employee communications and whistle-blowing, in addition to protecting whistle-blowers from inappropriate handling for stepping forward. Employees may use the following channels of communications, complaints and whistleblowing.

Employee communication, complaint, and whistleblowing channels

- To strengthen the complaint and communication mechanisms of employees and external entities, the Company and subsidiary companies have established reporting procedures reviewed and passed by the companies' Board of Directors. We also set up hotlines, fax, emails, and other complaint channels and publish them on company websites. The internal audit unit/branch audit manager accept complaints and assign cases to units that have independent power for investigation based on the nature of the cases to effectively process complaints.
- The telephone number and e-mail for employee complaints are posted under the "Stakeholder Communications" section of our corporate website. The "ESG - Sustainability Report" section also features a stakeholder opinion survey that can also be used as a channel for employee communication and complaints.
- The compliance system at each company requires "the compliance officer should provide improvement suggestions for violations of the law or regulations. Where the improvement suggestion is not accepted by the management and leads to major losses for the company, a report should be prepared and submitted at once, the supervisors/independent directors and Audit Committee notified, and the competent authority informed as well."
- A range of transparent, equal and convenient complaints channels have been established including the "President's Mailbox", "Ideas Mailbox", "Employee Support Hotline", and "Chief Auditor's Mailbox" to ensure complaints are handled properly.
- To facilitate the reporting and handling of sexual harassment cases, "Sexual Harassment Prevention Complaints and Disciplinary Regulations" have been formulated and issued at each company along with the telephone, fax and e-mail for filing sexual harassment complaints. The above information is posted prominently on the corporate website and in the workplace. All employees also undergo training on sexual harassment prevention every year.
- The Company does not tolerate workplace bullying or harassment by any of the Company's senior executives. If the Company receives a report of illegal infringement, discrimination, or harassment, the Company shall assist employees in addressing the issue immediately and provide psychological counseling and legal assistance in accordance with the Company's internal rules and regulations.
- A proposal system and themed competitions are used to encourage employee to make suggestions on process improvements. A total of 463 employee recommendations were proposed in 2023 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 114 of them were eventually accepted.
- To ensure open communications between the employer and employees, employee suggestions from each department are proposed for discussion and communication during the regular "Employer-Employee Meeting" and monthly meetings.
- We conduct employee commitment surveys as channels for them to express opinions. We also formulated improvement mechanisms to follow up on the effectiveness of improvements.



3-4 Friendly, Healthy, Happy Workplace

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

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
- Care for hospitalized employees

Consolation payments

- Consolation payment for major disasters and serious illness or injury
- Consolation payment on the three major holidays for retired employees and the family of employees who passed away

Establishment of Employee Welfare Committee

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

Employee dormitories and guest houses

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

Leave regulations that surpass the legal requirement

- 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

Leave regulations that surpass the legal requirement

- Salary is not deducted (excluding the first year of new employees) for 14 days of personal leave (including leave for epidemic prevention care), 30 days of sick leave, and 3 days of menstrual leave.
- The number of leave days for weddings, funerals, maternity, prenatal checkups, paternity, and miscarriage are superior to laws and regulations.
- Two days of volunteering leave
- Two days' of "Artificial Fertilization Leave"

Statistics on applicants for child care leave in 2023

	2023 Total no. of employees on parental leave	2023 No. of applicants for child care leave	2023 No. of returning employees expected (A)	2023 No. of actual returning employees (B)	2022 No. of actual returning employees (C)	2023 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 -	395	123	98	97	89	87	98.98	97.75
Total -	283	26	23	21	18	18	91.30	100
Grand Total	678	149	121	118	107	105	97.52	98.13

Implementation results of employee welfare measures in 2023

Marriage

- We provide NT\$30,000 in marriage allowance as well as 14 days of marriage leave, which is above and beyond regulatory requirements. A total of 206 employees submitted their applications in 2023, and a total of NT\$6.18 million in allowance was approved and disbursed.
- We provide subsidies for our single employees to take part in match-making or dating activities organized by external agencies. A total of 35 employees submitted their applications in 2023, and NT\$41,856 in subsidy was approved and disbursed.

Pregnancy

- We provide a comprehensive program of up to 44 days of paid leave for pregnant employees (better than the Labor Standards Act requirement of only half pay for sick leave and no pay for personal leave). Such leave shall not be factored in their annual performance assessments, nor would it affect their promotions. A total of 295 employees submitted their applications in 2023, and an average of 14.24 days of leave were granted to each applicant.
- Contracted nurses and physicians stationed in the Company would provide pregnant employees with related health guidance and consultations.
- We provide pregnant employees with the "First Pregnancy Pack" and adjust the work environment of pregnant employees when assessed as needed.
- Pregnant employees who need to take a taxi to and from work may apply for transportation allowance with valid receipts during their pregnancy. A maximum of NT\$10,000 is available for each applicant. A total of 62 employees submitted their applications in 2023, and a total of NT\$317,000 was disbursed.

Childbirth & Childcare Subsidies

Childbirth

- We provide 58 days of maternity leave for female employees (better than the regulatory requirement of 56 days), in addition to eight days of pregnancy checkup leave (better than the regulatory requirement of seven days). Pregnancy checkup accompaniment leave and paternity leave for non-attending employees are also eight days (better than the regulatory requirement of seven days). A total of 190 employees submitted their applications across the entire Group in 2023, and the days of leave granted were above and beyond regulatory requirements.
- We provide NT\$100,000 in childbirth allowance for the first baby, and NT\$150,000 for the second baby and beyond. Our employees gave birth to a total of 227 babies in 2023, and NT\$26.31 million in subsidy was disbursed.
- We provide seven days of maternity leave for pregnant employees who suffer from miscarriages less than three months into pregnancy, which is better than the regulatory requirement of five days of leave for miscarriages less than two months into pregnancy.
- Employees who have given childbirth are gifted with a "First Mommy Bag" along with evaluations of their work environment and locations to implement adjustments.
- Starting from 2023, female employees who undergo invasive artificial fertility treatments can apply for "Artificial insemination leave" with full pay for 2 days.

Breast-feeding

- The lactation rooms at our Headquarters Building, Yanping Building, IT Building, Zhongshan Building and Bade Building all obtained the "High Distinction Award" certification in 2023, which is valid for three years. An average of 606 employees accessed these facilities every month.
- We would organize lectures about breastfeeding at the workplace, childcare, and health.

Childcare (Work from Home)

- We provide 14 days of personal leave at full pay, which is better than regulatory requirements. A total of 1,828 employees submitted their applications, and an average of 1.54 days of leave were taken per application.
- We provide our employees with child education subsidies from elementary school all the way to college. A total of NT\$12.267 million in subsidy was disbursed in 2023.
- Employees who needed to work from home due to the need to look after an elder family member, children, or personal health conditions could submit their applications and go about their work via VPN and email for remote connection and operation. They were required to fill in their work logs for the sake of work progress management. All employees who applied for WFH have returned to their posts now.
- We have signed a corporate daycare agreement with a well-known franchise, providing employees with preferential and safe child daycare service.
- We would organize lectures about childcare for working parents/parent-child health.
- We strive to safeguard the promotions, performance assessments and benefits of employees on suspended childcare leave without pay. In 2023, 149 employees applied for suspended childcare leave without pay, and 97.52% of them subsequently returned to their posts. The retention rate of employees who have returned from suspended childcare leave without pay and stayed on their job for more than one year is 98.13%.

Leisure and Care Measures

Vacation subsidies and recreational activities

- We encourage our employees to use their leave days and vacations to travel and engage in leisure activities. A total of NT\$47.54 million in subsidy was disbursed in 2023.
- We have organized 20 sports and recreational clubs, and 2,899 employees and dependents have signed up for them. We also organize activities such as singing, table tennis/tennis/softball competitions. A total of 12,514 people took part in such activities in 2023, and the total subsidy amounted to NT\$8.121 million.
- We carried on with our volunteering leave program in 2023. One day of volunteering leave would be granted for 3 cumulated points. A total of 16 employees were eligible.
- We make it a rule to organize social activities for our retired employees every year.

Volunteering leave

- We provide each employee diagnosed with COVID-19 with an allowance of up to NT\$1,600 to purchase the "Home Care Quarantine Pack". We received a total of 1,173 applications in 2023 for a total amount of NT\$1.877 million.

Statistics on applicants for child care leave in 2023

Item	Year	2020			2021			2022			2023		
				Total			Total			Total			Total
Reinstatement rate (%)		87.64	90.00	87.88	85.19	92.31	85.95	97.44	91.30	96.43	98.98	91.30	97.52
Retention rate (%)		89.19	100	90.00	83.33	80.00	82.95	95.60	100	96.12	97.75	100	98.13

Social Impact

GRI : 201-1、203-1、FS1、FS7、FS8、FS14、FS16
SASB : FN-CB-240a.4

4-1 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 2023 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	2021	2022	2023
Social Care			
Commercial benefits			
"GLORY+ World Cards" in circulation and the proceeds	3,715 cards/1,703	5,390 cards/1,902	8,904 cards/2,676
Proceeds from "financing projects for the reconstruction of dangerous and old buildings"	6,137	34,895	54,666
The senior citizens' easy-care trust and disabled people's care trust	55	61	96
Proceeds from reverse mortgage "Comfort Loan"	440	768	1,313
Medical biotechnology or long-term care loan program income	887	990	4,538
Income from "Worker Relief Loan" and "Micro-Enterprise e-Services"	29,242	29,761	15,270
Income from First Time Home Buyer Mortgage	48,579	55,703	78,911
Proceeds from loans for small and medium enterprises	1,350,050	2,038,078	2,147,812
Premium income from micro insurance products	11	12	15
Number of new accounts added under public interest account opening program	-	4,655 accounts	3,634 accounts
Number of beneficiaries in the financial seminars in remote areas, campuses, and communities	8,519 persons	5,349 persons	4,133 persons
Amount of donations from customers for charity organizations made through First Bank credit cards	64,899	77,286	78,153
Amount of donations allocated to public welfare organizations/community integrated service centers (stone soup) from digital account application and life insurance purchasing	50.18	90.03	46.72
Social/environmental benefits			
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	2,228 persons/ 441	3,004 persons/ 478	3,145 persons/ 535
Purchase of gifts for the charity year-end party and income for the performance of disadvantaged groups	152	133	155
Number of beneficiary households of donations to the Food Bank and amount	1,410 households/ 177	1,067 households/ 135	1,499 households/ 129
Number of beneficiaries in overseas charitable activities and amount of donations	400 persons/41	985 persons/45	1,760 persons/116
Number of beneficiaries in domestic volunteer clinic activities and amount of medical expenses saved	608 persons/9.1	740 persons/11.1	1,120 persons/16.8
Number of beneficiaries and amount contributed in Helping Villages with no Doctors program	4,000 persons/211	2,300 persons/230	4,265 persons/312
Resolved social and environmental issues			
<ul style="list-style-type: none"> 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. Help Taiwan to march towards a society where gender equality is valued and diversity is respected, so that people of different genders can all seek appropriate development. 			
Driving force			
Upholding the spirit of the financial service industry, we provide a variety of financial services via a diversified digital platform and through loans to seniors and members of underprivileged groups. 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 provide equipment for medical stations in mountainous and isolated areas, and therefore help resolve the lack of resources for disadvantaged groups and rural residents. This is one of the ways we hope to spread the impact of our company as a member of the financial industry to every corner in Taiwan.			
Impact			
We promote financial inclusion and SDGs, look after young home buyers, protect the assets of seniors in today's aging society, and donate resources to underprivileged groups and people living in isolated areas. We strongly support small and medium enterprises, and provide First Time Home Buyer Mortgages and Comfort Loans to young customers. The amount of ESG-backed retirement trusts for the elderly and disability trusts for customers with physical or mental disabilities reached NT\$25.349 billion, and we contributed a total of approximately NT\$792.92 million to the members of underprivileged groups and people living in isolated areas during 2023.			

Amount Unit: ten thousand

Solution	2021	2022	2023
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	213,932 cards/ 4,628	265,397 cards/ 6,198	287,192 cards/ 6,283
Related proceeds from urban renewal financing projects	21,009	38,133	53,831
Green loan proceeds	131,516	217,506	261,882
Investment proceeds in green bonds	14,000	35,500	54,000
"Six Core Strategic Industry" loan income*1	207,862	1,167,994	1,257,655
Profits from Renewable Energy Creation Loans*2	2,068	4,573	5,950
Proceeds from investing in solar power plants	829	1,443	14,942
Tree planting marketing activity adds Living Green Card number and foreign exchange deposits (USD)	-	800 cards/ 156,000	1,000 cards/ No conducting Favorable Interest Rates for Time Deposits in US Dollars Campaign to Coincide with Arbor Day
Social/environmental benefits			
Number of beneficiaries of environmental education	157 beneficiaries	777 beneficiaries	2,496 beneficiaries
Number of trees planted and annual carbon absorption volume	10 trees/ 0.1 MT CO2e	2,900 trees/ 29 MT CO2e	2,005 trees/ 20 MT CO2e
Number of LED lighting equipment installed in the Green Light Program and the reductions in electricity consumption, electric bill, and carbon emissions each year	2,599 sets / 218,000 kWh / 87.2/ 110.7 MT CO2e	7,085 sets/ 620,000 kWh/ 248/ 303 MT CO2e	4,686 sets/ 370,000 kWh/ 158/ 201 MT CO2e
Carbon emissions reduction in investments in solar power plants	56,500 MT CO2e	66,500 MT CO2e	47,000 MT CO2e
Landowners' proceeds from urban renewal financing projects	2,445,940	3,858,017	3,002,735
Carbon emissions reduction in urban renewal financing projects	946.1 MT CO2e	847.9 MT CO2e	1,091.2 MT CO2e
Rebates from Green Public Welfare Credit Cards (Leezen Card, Yilan Card, Living Green Card, and Taoyuan Card Note)	1,787	2,101	2,326
Green volunteer participation and number of beneficiaries	1,221 beneficiaries/ 3,447 beneficiaries	918 beneficiaries/ 3,825 beneficiaries	810 beneficiaries/ 2,496 beneficiaries
Volunteer service satisfaction rate (%)	89.53	90.06	91.82
Purchase amount of organic vegetables and fruits	36	33	75
Resolved social and environmental issues			
<ul style="list-style-type: none"> Insufficient crop yields, farmers apply chemical fertilizers and pesticides to increase yields must encourage organic agriculture to slow down the catastrophic damage to the land. The reserves of natural resources such as crude oil and natural gas are limited, and they are bound to face the problems of energy depletion and insufficient sustainable energy. 			
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\$1,129.302 billion in 2023, accounting for 68.24% 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 20 remote elementary schools in the installation of 4,686 sets of LED lamps. 2,005 trees were planted in 2023 in a collaboration between the Bank's credit card marketing campaigns and the Dongshih Forest District Office, Forestry and Nature Conservation Agency, in an effort to realize green outreach. Our One-stop Service for Urban Renewal financial service helps residents to reshape their homes and increase their house value, while also creating more green buildings in response to the government's promotion of environmental-friendly and low-carbon cities.			

*1 : Starting in 2022, we have changed our existing "5 Plus 2 Industry" (intelligent machinery, Asian Silicon Valley, green energy technology, biomedical industry, defense industry, new agriculture, and circular economy) loan program to the "Six Core Strategic Industry" (including information and digital technology, excellent information security, Taiwan precision health, green power and renewable energy, defense and strategic industries, and consumer products and defense readiness) loan program.

*2 : Our existing "Renewable Energy Creation Loans" were renamed "Renewable Energy Sustainability Loans" in 2022.

Amount Unit: ten thousand

Solution	2021	2022	2023
Commercial benefits Proceeds from loans for the cultural and creative industry	42,837	68,869	82,051
Artistic Cultural Creation Number of borrowers of loans to cultural and creative industry	4,335 borrowers	4,364 borrowers	3,819 borrowers
Number of borrowers of loans to cultural and creative industry that specialize in film and television	231 borrowers	245 borrowers	225 borrowers
Social/environmental benefits Total number of participants and income in hospital and large-scale concerts (Total online views and sessions)	No sessions (91,101 participants/ 4 sessions)	1,800 participants/ 1 session (90,000 participants /6 sessions)	5,600 participants/ 9 sessions (No sessions)
Total number of participants and sessions of art and cultural exhibitions (total online views and sessions)	2,500 participants /3 sessions (84,842 participants /4 sessions)	9,000 participants /9 sessions (18,173 participants /1 session)	5,000 participants/ 5 sessions (No sessions)

Resolved social and environmental issues

- Provide cutting-edge singers, musicians and vulnerable groups to perform on stage.
- Inject funds necessary for industrial development through financing and extending credit to the culturally creative industry, and assist with related transition and development.

Driving force

Assist the development of the culturally creative industry, promote public welfare projects related to arts and culture education, expand the horizons of the Taiwanese people towards arts and culture, build a legacy for Taiwan's traditional arts and culture, enhance the cultural competence of customers and employees, and boost customer loyalty through financial products or services.

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. From 2020 to 2023, we accepted 114 cases, with a total amount of NT\$1,193 millions. 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 2023 reached NT\$30.949 billion. Moreover, we launched various loan programs for the cultural and creative industries, including "Credit Loan for Cultural and Creative Industry Upgrades" and "Loans for Young Entrepreneurs and Start-ups in the Cultural and Creative Industries". We continue to hold physical and online concerts and local creative arts exhibitions, which directs resources to cultural and art activities and cultural creative industries, and promotes cultural development.

Amount Unit: ten thousand

Solution	2021	2022	2023
Commercial benefits Hiring athletes as official employees and contribution of employees to the Bank's profitability	18 employees/ 4,215.6	19 employees/ 4,592.3	19 employees/ 5,210.9
Social/environmental benefits Awards won by the First Bank men's table tennis team in Taiwan and abroad (number of medals)	9 gold medals, 17 silver medals, 25 bronze medals	16 gold medals, 15 silver medals, 24 bronze medals	5 gold medals, 6 silver medals, 19 bronze medals
Rewards won by the First Bank table tennis team in Taiwan and abroad	No award money provided for winners	42	230
Number of participants in the national tennis and table tennis tournaments	Canceled due to the pandemic		1,893 employees

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

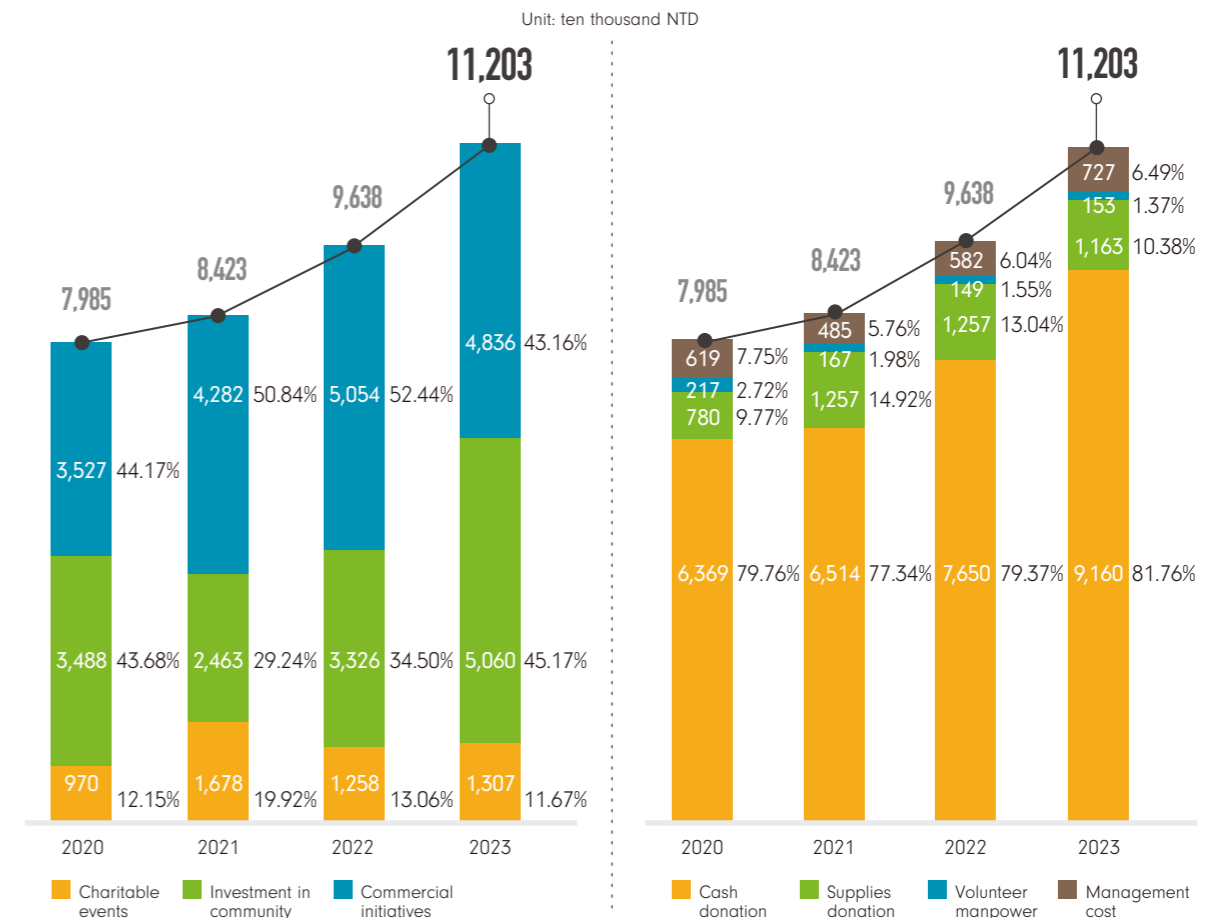
We have been sponsoring and organizing all kinds of sports activities for more than 20 years. By training potential young table tennis players, we have cultivated a number of national players, laying a solid foundation for Taiwan's table tennis development. Internally, we have created a sporting culture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

4-2 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\$112.03 million in the four major charitable strategies in 2023. We also used the LBG model to evaluate the proportion of investments in the past four years.

Event type

Type of resources committed



4-3 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 2023, a total of 159 charity activities were held, including 66 loving volunteer activities, 37 green volunteer activities, and 56 financial knowledge promotion activities on campus and in the community. Between 2011 and 2023, volunteers participated in events for a total of 27,043 times, benefiting over 235,175 people and clocking in a total of 109,521 hours of service. To learn about the participants' satisfaction rate of volunteer activities, we also distributed 8,046 surveys and recovered 98.46% of the surveys. 91.82% of the participants have expressed their satisfaction with the events.

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

Year	Hours	Participants	Beneficiaries
2011~2017	61,252 hours	14,909 persons	43,538 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
2022	5,199 hours	1,312 persons	109,270 persons
2023	5,494 hours	1,484 persons	17,153 persons
Cumulative total	109,521 hours	27,043 persons	235,175 persons

Northern Region

Caring volunteers: **37** sessions

- Andrew Charity Association (4 sessions)
- Jen Ji Shiang Social Service Institute, Taipei City-Nan Ji Chang LOHAS Garden
- Ti-Hwei Children's Home
- The Pearl S. Buck Foundation, Taipei, Taiwan
- Hang-An Social Welfare and Charity Foundation
- Honear Long-term Home Care, Honear Long-Term Care Co., Ltd.
- Hualien County Mingli Elementary School
- Hualien County Wanrong Junior High School
- Taipei City Datong District Social Welfare Service Center
- Taipei City Hospital Zhongxing Branch
- Wiselove Public Welfare Alliance
- Autism Society of Taiwan
- Love and Happiness Smart Heart Energy
- St. Anne's Home, Beunen Foundation
- Special Education Care Association, ROC (Taiwan)
- Ark Association
- "Get Out and Give" Blood Drive (2 sessions)
- Money Management Seminars for Retirees (8 sessions)
- Xinyi District Integrated Community Care Center
- Money Management Classes
- Bankers on Campus (3 sessions)
- Step30 International Ministries
- Financial Literacy Seminar for Regional Communities (2 sessions)

83
Events in
2023

Financial education activities in schools: **26** events
Green Volunteers: **20** events

- Linkou Journey to the West Organic Farm (16 sessions)
- Beach cleanup at Waziwei, Bali
- Chutzu Lake, Yangmingshan (2 sessions)
- Helping small farmers at Jinshan to harvest 1,000 kg of sweet potatoes

Taoyuan-Hsinchu-Miaoli Region

Caring volunteers: **10** sessions

- Zhuxin Life Education Association
- Taoyuan YWCA of Taiwan
- Hsinchu County Jia Hsing Elementary School (2 sessions)
- Hsinchu Renai Children's Home
- Chensenmei Social Welfare Foundation
- Loving Home of the Sin Fu Happiness Foundation of Taoyuan City
- Bright Feather Laundry Career Center, ROC Disabled Welfare Skills Association
- Awareness seminar against investment fraud
- Outreach and investment checkup seminar

16
Events in
2023

Financial education activities in schools: **5** events
Green Volunteers: **1** event

- Pig Nose Beach, Shalun Section

Yunlin-Chiayi-Tainan Region

Caring volunteers: **5** sessions

- Shanmei Elementary School, Chiayi County
- Tainan Chong Xue Elementary School
- Legacy Think Tank Association of R.O.C.
- Outreach and investment checkup seminar (2 sessions)

14
Events in
2023

Financial education activities in schools: **3** events
Green Volunteers: **6** events

- Tenha Organic Farm, Tainan (4 sessions)
- Area 10 of Budai Salt Pan Wetland, Chiayi (2 sessions)

Taichung-Changhua-Nantou Region

Caring volunteers: **4** sessions

- Sinapalan Elementary School, Nantou County
- Tianwei Junior High School, Changhua County
- Financial Literacy Seminar for Regional Communities
- Outreach and investment checkup seminar

19
Events in
2023

Financial education activities in schools: **9** events
Green Volunteers: **6** events

- LadyBird Organic Farm (4 sessions)
- Dongshi Forest District Office (2 sessions)

Kaohsiung-Pingtung Region

Caring volunteers: **5** sessions

- Jin Tan Elementary School, Linyuan District, Kaohsiung City
- Kuang Chun Junior High School-Family
- Financial Literacy Seminar for Regional Communities (2 sessions)
- Outreach and investment checkup seminar

12
Events in
2023

Financial education activities in schools: **4** events
Green Volunteers: **3** events

- Kaohsiung An Hsin Home Organic Education Farm (4 sessions)

Caring volunteers **66** sessions

(including 2 sessions in Phnom Penh, 2 sessions in Vientiane and 1 session in Ho Chi Minh City)

Green volunteers **37** sessions

Financial education activities in schools **56** sessions

(including 4 sessions in Kinmen and 6 sessions in Lienchiang)

In 2023, there were a total of **159** charitable event sessions.

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	2021	2022	2023
Financial education and promotion in remote areas, schools, and communities	Session: 50 Number of Participants: 3,586	Session: 55 Number of Participants: 4,965	Session: 59 Number of Participants: 3,909
Volunteer services incorporated with the promotion of retirement trusts and disability trusts for customers with physical or mental disabilities	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 Beneficiary: 290	We have sent personnel to the Taichung Wang You Tsao Association and Hsinchu County Disabled Persons Assistance Association to teach about disabilities care trusts, which provide all-round safeguards to disadvantaged residents. Session: 2 Beneficiary: 330	Visited Jen Ji Shiang Social Service Institute to promote elder care trust and the concept of using your house to finance retirement life, providing underprivileged people with more comprehensive protection. Session: 1 Beneficiary: 200
"Investment Primary School - Wealth Management Number One"	Online: 1 (Taipei Autism Children Social Welfare Foundation) Number of Participants: 35 students	Online: 3 (Taipei Autism Children Social Welfare Foundation) Number of Participants: 54 children	Online: 1 (Special Education Care Association, ROC (Taiwan)) Number of Participants: 24 children
Investment checkup seminar in rural communities	Session: 5 Number of Participants: 89	Session: 5 Number of Participants: 111	Session: 5 Number of Participants: 202
Gender equality education and anti-drug advocacy	Session: 32 Number of Participants: 2,591	Session: 45 Number of Participants: 5,113	Session: 44 Number of Participants: 5,693

■ Online financial education

Services	2021	2022	2023
Online wealth management workshop	Session/Online: 33/53 Number of Participants: 1,893	Session/Online: 13/24 Number of Participants: 1,124	Session/Online: 17/14 Number of Participants: 1,093

First Podcast Show about ESG by a State-owned Bank-"Chitchat with FCB on New Stuff"

First Commercial Bank adopts a multitude of media channels to promote the ESG sustainability concept, becoming the first state-owned bank in Taiwan to launch an ESG podcast-"Chitchat with FCB on New Stuff"-via the voice-based podcast platform. The podcast uses an interesting, in-depth, yet easy-to-understand approach to communicate new information about sustainability issues to the general public. A total of 16 episodes were uploaded in 2023, which were downloaded 44,644 times. The show calls on society and the public to care about sustainable development together, so that we can build a sustainable ecosphere hand-in-hand.



In an unprecedented move in the financial industry, First Commercial Bank, an ESG front runner, partners with celebrity singer WINNI to roll out the music video "Act Now Together with FCB"

Setting a precedent in the financial industry, First Commercial Bank partnered with WINNI, dubbed as the "ideal Taiwanese girlfriend" to film a brand image video titled "Act Now Together with FCB". Through singing, dancing and catchy lyrics that stick in listeners' minds, we invite everyone to respond to the call for environmental sustainability. The video has accumulated 750,000 views on YouTube.

Social care

Supporting the underprivileged

- 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 1,065 economically disadvantaged schoolchildren and those suffering from drastic family changes so that they could settle down and study. A total of NT\$1.37 million was donated.
- We donated NT\$2.5 million to the Charity Education Fund of Financial Service Industry. We supported 1,549 students from financially disadvantaged families. We have donated NT\$22.5 million over nine years and assisted 14,521 students from such needy families.
- We have continued to execute the "Outreach Program for Disadvantaged Schoolchildren" in corporation with the PLANET Educational Charitable Trust for 13 consecutive years. We continue to adopt disadvantaged schoolchildren from Ankeng Elementary School, Chung Cheng Elementary School and Shuangcheng Elementary School in Xindian District as well as Er-Chong Elementary School in Sanchong District, New Taipei City. We have also newly added Xinhe Elementary School in Xindian District to our adoption list, providing spiritual consultation and various courses. A total of 4,479 schoolchildren have benefited over 13 years as a result.
- We partnered with the Foundation of Helping Underprivileged Students of Taipei City to promote microinsurance, in addition to holding orientations at village chief's offices and organizations for indigenous people, in an effort to help underprivileged people build a safety net for insurance. A total of 406 disadvantaged people benefited in 2023.
- We made donations to the breakfast program of "Tannan Elementary School" in a remote area of Nantou County, providing breakfast for 98 disadvantaged schoolchildren for the entire year.
- We provided fellowships to 25 outstanding disadvantaged students from National Ilan University, National Dong Hua University, National Taitung University, National Chi Nan University, National United University and National Pingtung University, easing their financial burdens while helping them to study with peace of mind.



Dream Bus

We built the first painted mid-sized bus incorporating public welfare in the financial industry. We donated fine children's books recommended by the Ministry of Culture, stationery gift packs, iLEO good luck bookmarks and necessary supplies to schools in remote areas, including "Jia Hsing Elementary School" in Hsinchu County, "Sinapalan Elementary School" in Nantou County, "Shanmei Elementary School" in Chiayi County, and "Mingli Elementary School" in Hualien County. 27 volunteers participated in the four sessions held in 2023, benefiting around 161 individuals.



Health and gender education

- Held 9 life education talks and invited people with disabilities and disadvantaged children to share tips on how to approach life with an optimistic attitude, benefiting a total of 1,706 schoolchildren. (First Cultural Education Train)
- Promotion of gender equality concepts through financial education awareness activities. A total of 39 sessions were held, benefiting approximately 2,136 people.



Charitable donations

- Donated a total of five dental chairs in sponsorship deals to public health centers in Dongshih Township and Fanlu Township in Chiayi County, as well as to Cheng-Gong Elementary School (Sigang District), San-Gu Elementary School (Cigu District) and Cenglin Elementary School (Yujing District) in Tainan City; supported residents in remote rural areas and provided schoolchildren with safer and more comprehensive dental diagnosis and treatment, in addition to enhancing the promotion of health education.
- Sponsored the Greater Taichung Dental Association to upgrade the equipment for the Taichung Guguan Medical Station for Touring Dentists to help improve medical safety at villages with scarce medical resources and provide higher quality services.
- Fulfilled our corporate social responsibilities by donating NT\$4 million to Turkey to help people affected by strong earthquakes to overcome their hardships.
- 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 NT\$467,000 in 2023.
- Supported local fruit growers in Taiwan by purchasing 2,000 boxes of atemoyas, 1,500 boxes of pineapples, 400 boxes of mangoes, and 400 boxes of pomelos, which were shared with social welfare organizations and schools in remote areas that have received long-term support from the Bank, as well as with employees and customers. The move had a multiplier effect on public benefit, and helped maintain a balance between supply and demand for local agricultural products.
- Sponsored the Puren Youth Care Foundation's and SunnyHills' "Mid-Autumn Festival Charity Project" by purchasing 300 boxes of pineapple cakes and donating them to schools with table tennis teams that have received long-term support from First Commercial Bank and the First Bank Cultural and Education Foundation, as well as to adopted elementary schools and special-talent athletes. This action applied a multiplier effect to public benefit, and enhanced the Bank's image of enthusiastic participation in activities of public interest.
- In response to the Ministry of Economic Affairs' Buying Power Social Innovative Products and Services Procurement Incentive Mechanism, the Bank purchased about NT\$2.69 million worth of social innovative organizations' products via the innovative "Social Innovation Database" platform of the Small and Medium Enterprise Administration, MOEA.



Volunteers delivering heart-warming care

- Held 122 charitable volunteer activities, including accompanying seniors living alone and underprivileged demographic groups, as well as financial education campaigns, etc.
- Our Phnom Penh branch, Vientiane branch and Ho Chi Minh City branch partnered with their customers to travel to communities, schools and social welfare institutions in remote areas. Five overseas volunteer events benefited around 1,760 people. A total of 10,780 underprivileged individuals overseas have benefited since 2016.
- We worked with Mennonite Christian Hospital and Taipei Medical University Hospital Feng Hsing Medical Team for the 8th straight year to provide care for residents in isolated areas in Hualien and Penghu, and sponsored 20 and 25 free clinics for Mennonite Christian Hospital and Taipei Medical University Hospital Feng Hsing Medical Team, respectively. We added Hualien Mennonite Christian Hospital's "Unwavering Medical Dreams" assistance program to our sponsorship list in 2023. We provided donations to finance printing equipment for 3D modeling to help patients with physical disabilities to access better medical care.



Light up the Life First Dream Stage

We partnered with the Taipei City Hospital Zhongxing Branch for the first time to host a charitable outreach concert, providing disadvantaged demographic groups with a performance stage while allowing gifted individuals with physical and mental disabilities to showcase their talent and confidence, and realize their dreams to perform in public. 75 concerts have been held over 13 years, as 80 groups of individuals with visual, hearing impairments, physical and intellectual disabilities and children from far-flung areas were invited to present diverse performances, including singing, dancing, percussion, jazz, cheerleading and lion dance. These performances have drawn an aggregate of more than 10,000 people.



Bio-diversity Ecological Conservation

- We organized 37 Green Volunteer events to support organic farms, protect the coastline, plant trees for carbon reduction, "adopt" contract growers by providing financial support, and assist wetlands conservation. We contributed a total of NT\$1,870,000 and harvested and purchased 1,992 kg of organic fruits and vegetables. We also adopted contract farmers growing nearly 1,200 kg of "Tainung No. 66" organic red sweet potatoes.
- To echo Arbor Day, we planted 2,005 saplings in Taiping District, Da'an District and Qingshui District in Taichung City, helping to reduce 20 metric tons in CO₂e emissions.
- We hosted 4 "I Love Beautiful Oceans" beach cleanup sessions, in which 103 volunteers picked up a total of 475.5 kilograms of fishery waste, general waste, and driftwood.
- We contributed NT\$600,000 to the "Kaohsiung Wild Bird Society" in sponsorship money, and jointly helped preserve 343 hectares of Budai salt pans wetlands. We hoped to create a human- and bird-friendly environment, and increase bio-diversity. In total, we attracted around 1,215 people to participate in bird watching events at fixed points in 2023. Aquatic birds are surveyed to number nearly 40,000, making it the area with the most migratory birds in Taiwan.



Share the Love with Green Light

We used 2% donations from transactions made with the First Bank Living Green Card to work with suppliers and customers in assisting 20 elementary schools in remote areas of Hsinchu County and Pingtung County to install 4,686 sets of LED lighting equipment, which are estimated to reduce electricity use by nearly 400,000 kWh, cut electricity costs by approximately NT\$1,580,000, and reduce 201 metric tons of CO₂e emissions each year.



Green Cooperation

For the second straight year, we took part in the International Nature Restoration Action Association's "Cultivate Fertile Rice Fields with Good Air in Taiwan" public welfare action plan to help halt the practice of burning rice straws, in addition to adopting 100 hectares of land in Hualien, which is expected to reduce 900 metric tons of CO₂ every year. We hope to jointly promote the use of straw decomposition bacteria in place of burning rice straws, help farmers implement the sustainable cycle of returning rice straws to rice fields, and solve the air pollution problem.



First Financial Green Living Fun



We held the sixth edition of the "First Financial Green Living Fun" carnival at Da'an Forest Park, where iLEO Dream Bus was deployed for Facebook check-in. The event featured a wide array of booths offering complementary water refill, the collection of used toys, DIY events for recycling, and the chance to plant trees in attendees' names for sponsoring the declaration of sustainability with signature. The "Chitchat with FCB on New Stuff" podcast channel was also promoted on-site, as we invited participants to subscribe and helped push the channel's popularity ranking to 5th overall while drawing rave reviews. Tens of thousands of people took part in the carnival, which helped to make it a large (10,000+ people) landmark event promoting green living.

In-depth tour to explore two buildings

The Bank held the second in-depth tour to explore both the "Sustainable Financial Building" and "Green Financial Education Building", drawing a total of 39 participants. With these tours, the Bank has been able to communicate the Group's illustrious history as well as the idea of promoting environmental sustainability, thereby enhancing cohesiveness among employees while deepening their sense of recognition for ESG ideas.



Musical Feast

We partnered with the Evergreen Symphony Orchestra to host three "Golden Songs Festival for Dazzling Times" concerts at the Kaohsiung E-DA Royal Theater, National Taichung Theater and Taipei International Convention Center. These concerts featured cross-over performances by combining Pili puppet shows, Danceworks' tap dance, Taipei Male Choir and symphony, and invited established male and female singers to perform on stage. By integrating culturally diverse visual and audio effects, they represented a rich and diverse artistic and cultural feast to people. More than NT\$7 million was invested in these concerts, which drew around 5,000 audience members.



Support for local arts



The first and second floors of the FFHC headquarters building were transformed into an art space in 2011, where local artists are allowed to exhibit their art for free. The move lent support and injected vitality to local arts, providing employees and customers more chances for art appreciation. A total of 131 art and cultural exhibitions have been held as of the end of 2023, attracting over 131,000 visitors.

Promotion of anti-drug education

We held the "New-Generation Strategic Alliance Against Drugs & Anti-Drug Theatrical Exhibitions and Plays" and the "Red Strawberries Say No to Drugs" campus tour events at five schools in Tainan and Taoyuan areas together with our customers—the Grace Hsiao Dance Troupe and Taiwan Sunshineless Association—to teach youths to say no to drugs. These campaigns benefited approximately 3,557 students.



Deep Campus Penetration

- We encouraged young students to pursue their music creation dreams by collaborating with the iconic and influential "NCCU Golden Melody Awards" and "TKU Jin-Shaow Awards" to hold intervarsity singing and music creation competitions. We also planned and set up the "First Bank Internet Popularity Awards". The competitions at these two universities drew a total of 460 groups from around the country.
- We sponsored a singing contest in indigenous languages at National Dong Hwa University, which drew around 230 university students from across Taiwan. The Bank worked with the contest and provided the prize money as the title sponsor, in an effort to jointly create a friendly environment for indigenous languages.



Sports competitions

Supporting Physical Education

- Since 2019, we have been providing monthly food allowances to promising disadvantaged students and disabled athletes, which is helping them realize their potential as future stars and bring glory to Taiwan on the international stage. A total of 7 athletes received the allowances in 2023.
- In 2023, the Bank sponsored the baseball team of Chongxue Elementary School in Tainan City, the weightlifting team of Tianwei Junior High School in Changhua County, and the taekwondo team of Wangrong Junior High School in Hualien County. We provided nutritional supplements and training gear and equipment to improve their athletes' competitiveness, which benefited approximately 48 athletes.



Table tennis training

We established a men's table tennis team in 2011, and the team won a total of 5 gold, 6 silver, and 19 bronze medals in 2023. We also continued to provide training fees for eight schools, including Mingde Elementary School in New Taipei City, which benefited 382 players.



National Tennis Championship

We hosted the 13th "First Bank Table Tennis Championship", which drew nearly 100 teams from around the country to compete. The sporting event, which provided elite table tennis players with a platform to hone their skills and share and exchange experiences, is intended to cultivate more up-and-coming table tennis stars.



Unified Invoice Cup Road Running Race

We participated in the "Ministry of Finance 2023 Unified Invoice Cup Road Running Race", which started at the Central Park in Taichung City. The event attracted approximately 18,000 participants.



First Financial Holding Maxxis Tennis Championship

We have organized national tennis championships for 12 consecutive years together with the Maxxis Group. It is the largest and most iconic tennis competition in Taiwan featuring the highest prize money. It includes teenager groups (ranking competitions for 12, 14, and 16 year-olds), college student B groups, and public and senior groups. A total of 804 people competed in 2023.

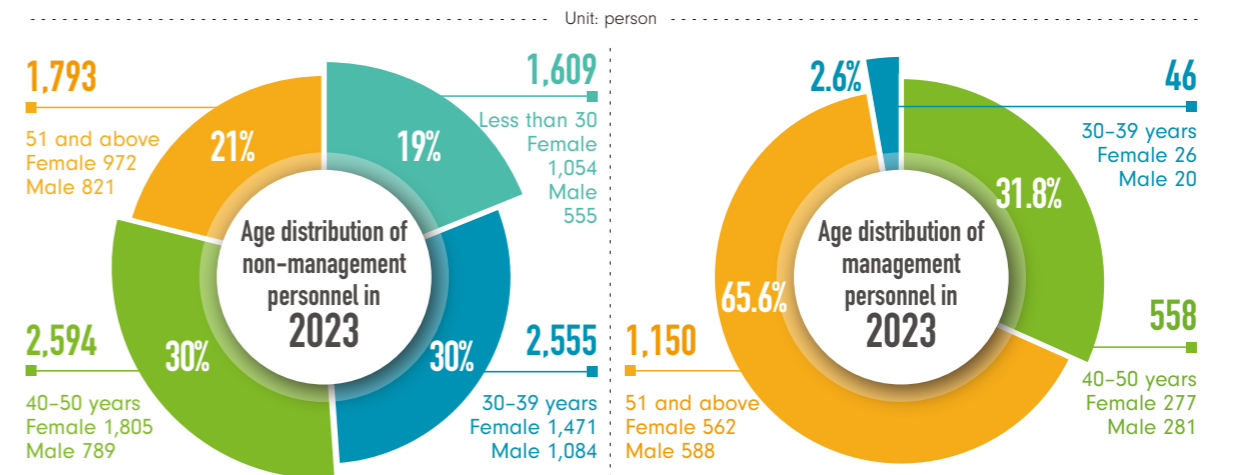
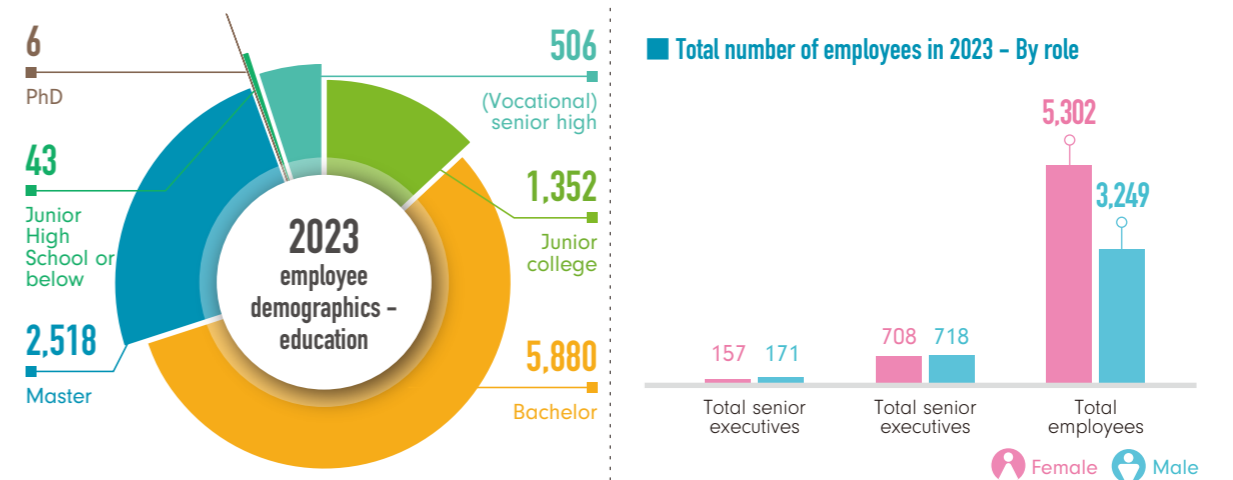


Diverse Talent Recruitment and Skill Cultivation

GRI : 2-7、2-8、202-2、401-1、404-1、404-2、404-3、405-1

5-1 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. As of 2023, the number of full-time employees in the group is 10,305 (594 foreign personnel (including 123 new employees)), 6,167 female employees, 4,138 male employees, female to male ratio of approximately 6:4, managerial personnel account for 17.0%, female managerial personnel account for 49.3%, the proportion of female managers and employees is higher than their male counterparts; The proportion of senior management hired from domestic residents was 100%. Additionally, there were a total of 506 non-employee workers (includes staffers, security, maintenance, and cleaning personnel) at the Group in 2023.



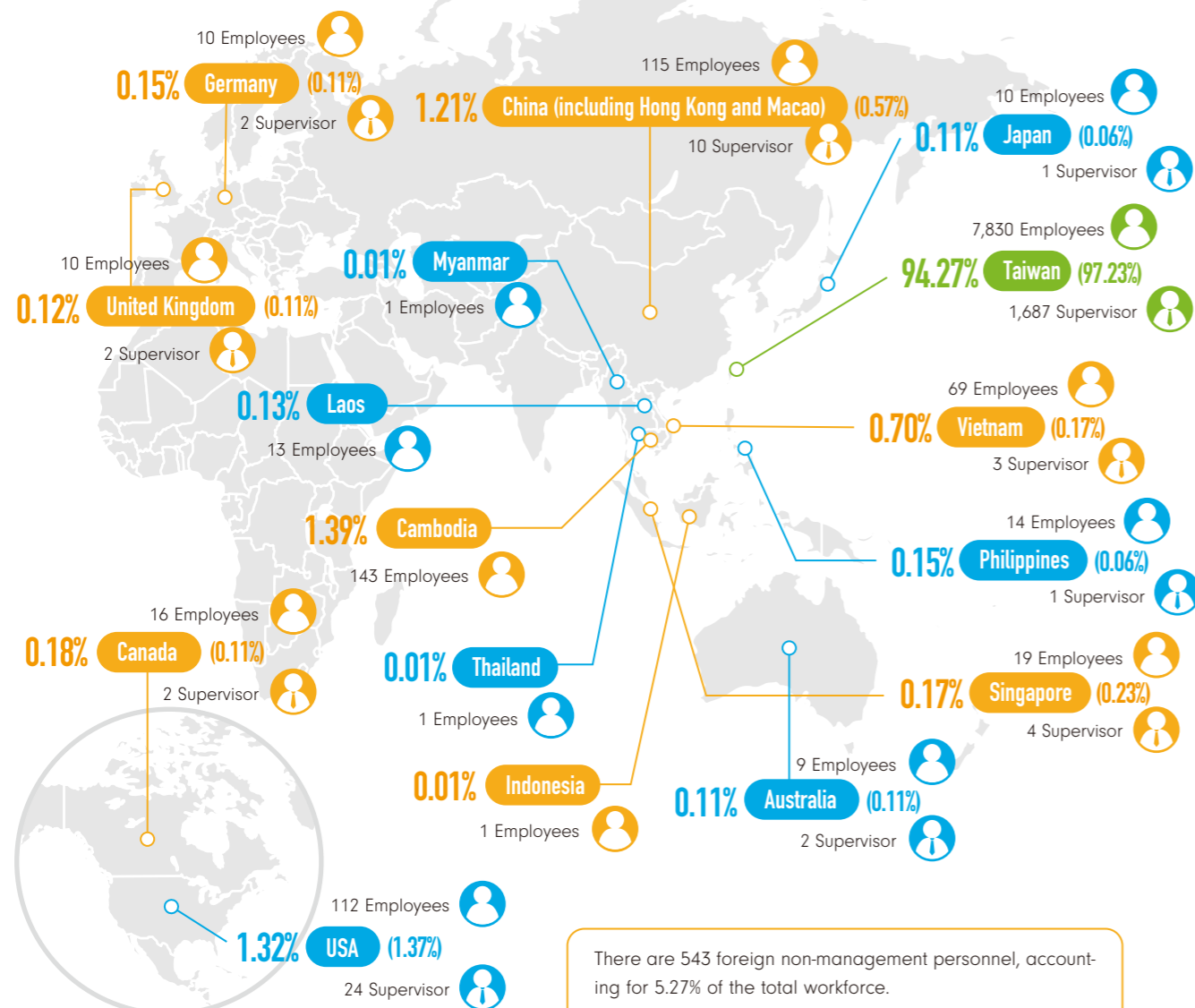
2023 Statistics of Non-Employee Workers

Type	Staffers	Security	Maintenance	Cleaning
Sub-Total	186	225	77	18
Ratio	36.7%	44.5%	15.2%	3.6%
Total	506			

* : This statistic refers to the personnel dispatched from Headquarters who are non-employee workers covered by the occupational health and safety management system.

Location distribution of foreign employees 2023

unit: people



There are 543 foreign non-management personnel, accounting for 5.27% of the total workforce. There are 51 foreign management personnel (including junior and senior managers), accounting for 2.91% of all management personnel of the Group.

Employee Composition Statistics of the Group

Unit: People

Region	Level of employee	Permanent employees	Temporary employees
Taiwan	Permanent employees	5,685	3,987
	Temporary employees	27	10
	Full-time employees	5,685	3,987
	Part-time employees	1	1
Overseas	Permanent employees	450	140
	Temporary employees	0	0
	Full-time employees	450	140
	Part-time employees	4	0

* : There are 0 employees without guaranteed hours. This refers to how there are no employees with guaranteed minimum or fixed work hours such as employees on zero hour contracts and standby.

5-2 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. In coordination with the global strategy of dedicating recruitment efforts in the ASEAN region, the search for talent also continues in overseas locations across the U.S. and Europe. The addition of an overseas group when hiring reserve managers has resulted in the active recruitment of talent with language skills such as English, French, German, and Spanish into the operations team to implement an elite talent cultivation policy based in diversity.

On the other hand, the Company focuses on the observable professional capabilities of employees as well as their internal personality traits to predict the future job performance of employees. As such, a variety of digital tools have been introduced for this purpose, such as: AI video interviews and talent assessment systems to improve the efficiency of talent selection and act as a basis for refining human resource development. In order to understand the leadership potential of employees, the bank introduced the Career Personality Aptitude System (CPAS) for the selection of deputy manager reserves in 2014. The result of aptitude tests provides an objective assessment of managerial capabilities and were given to interviewers for reference and improving the identification of professional ability as managers. Starting in 2016, the test was also implemented into the selection process of core reserve talent (MA).

Status of diverse talent recruitment in 2023

Target	Goals	Planning	Execution Results
Finance talents	We use work-study and internship programs to quickly connect outstanding students with real experience in the financial industry.	<ul style="list-style-type: none"> "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 	<ul style="list-style-type: none"> We recruited 41 summer interns in 2023 and we have provided more than 537 students with part-time job opportunities since 2011. In 2023, 2 students took part in the "Career Counseling Program for Students in Senior High School and Below" of the Ministry of Education and were hired as full-time employees.
Cross-border talents	As the subsidiary First Bank expands their overseas presence, the demand for outstanding expatriate talent is increasing, leading to the continuous development of international talent.	<ul style="list-style-type: none"> Strengthen training mechanisms for overseas trainees Overseas Trainee Program Briefing Session Recruitment of Management Associates (MA) for the "Overseas Team" 	<ul style="list-style-type: none"> 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 407 overseas trainees. The "Overseas Trainee Program Briefing Session" was held in April 2023, and a total of 295 employees signed up to participate as a potential overseas talent pool. In 2023, the MA training program added an "Overseas Team". It provides a salary and welfare system that ranks among the best in the financial industry to increase employees' willingness to be assigned abroad.
Digital talents	To understand digital finance development, help our employees improve their digital skills, and actively recruit skilled employees with scientific, mathematical, and information backgrounds.	<ul style="list-style-type: none"> Financial technology and other professional talent recruitment Assign MAs to participate in digital projects 	<ul style="list-style-type: none"> We recruited 43 FinTech talents in 2023. They include specialists in big data analysis, social media management, digital channel planning, and information security. Assign MAs to digital account promotion, collaboration with different industries on open banking innovation, analysis of customer behaviors in digital channels and marketing activities, and digital recreation to strengthen digital talent cultivation.
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.	<ul style="list-style-type: none"> Industry-academia partnerships with universities Financial Practices Lecture 	<ul style="list-style-type: none"> Co-organized industry-academia training programs with 13 universities. A total of 423 interns were recruited from 2019-2023 to participate in the practical operation of financial businesses and 281 were retained as full-time employees. In 2022, the recruitment of digital information and customer service interns was established to expand the diverse talent recruitment channels. Partnered with the National Taipei University of Business to launch a "Special Program in Financial Practices" where lecturers with professional experience were appointed to teach young students about financial practices.

The Group recruits new employees each year, embracing multicultural diversity without restrictions on school, major, age, class, or gender. In 2023, we recruited a total of 929 new employees, with a female-to-male ratio of approximately 6:4. Our overseas operations also prioritize providing employment opportunities to local residents, highlighting our group's commitment to cultural diversity and inclusion. In 2023, all subsidiaries employed people with disabilities at rates that met or exceeded the standards set by regulatory authorities, and they received the same salary and benefits as regular employees.

Overview of employee diversity in past years

Unit: Persons

Year	Item	Persons with physical and mental disabilities	Indigenous People	No. of Nationalities
2019		98	7	15
2020		99	7	14
2021		95	6	14
2022		87	7	14
2023		94	7	14

Statistics of new recruits and total number of employees in 2023

End of 2023	Total no. of employees	Female (new recruits)			Male (new recruits)			Total	
		Less than 30	30-50 years old	51 and above	Less than 30	30-50 years old	51 and above	Female	Male
Number of employees in Taiwan	9,711	260	139	34	189	169	15	433	373
Percentage of all employees (%)	94.24	2.52	1.35	0.33	1.83	1.64	0.15	4.20	3.62
Number of employees overseas	594	53	28	7	19	15	1	88	35
Percentage of all employees (%)	5.76	0.51	0.27	0.07	0.18	0.15	0.01	0.85	0.34
Total	10,305	313	167	41	208	184	16	521	408
Percentage of all employees (%)	100	3.04	1.62	0.4	2.01	1.79	0.16	5.06	3.96
Total number of colleagues with the same gender/age out of total employees	-	1,054	3,579	1,534	555	2,174	1,409	6,167	4,138
Percentage of employees of the same gender/age (%)	-	29.7	4.7	2.7	37.5	8.5	1.1	8.45	9.86

Statistics of new recruits in past years

Unit: person

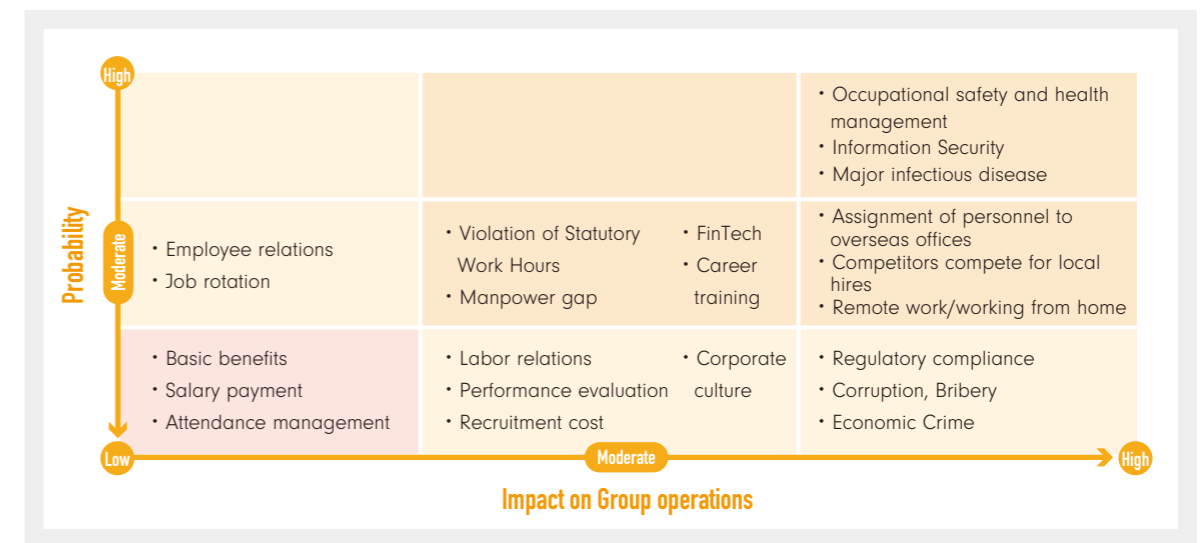
Year	Number of employees in Taiwan		Number of overseas employees		Total
	Female	Male	Female	Male	
2020	538	386	78	20	1,022
2021	489	319	79	31	918
2022	441	354	102	47	944
2023	433	373	88	35	929



5-3 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 2023, 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.

Human Resource Management Risk Map



In 2023, due diligence investigations were conducted to identify the occurrence rate and impact level of major issues such as "occupational safety and health management", "information security", and "major infectious diseases" to establish and implement plans that can mitigate relevant risks and their impact on this Group, such as: In response to natural disasters such as earthquakes and fires and geopolitical risks of overseas operating locations, the task group method is used to form crisis management teams that seek solutions to prevent the risk of interruption to operations in the event of a crisis or disaster.

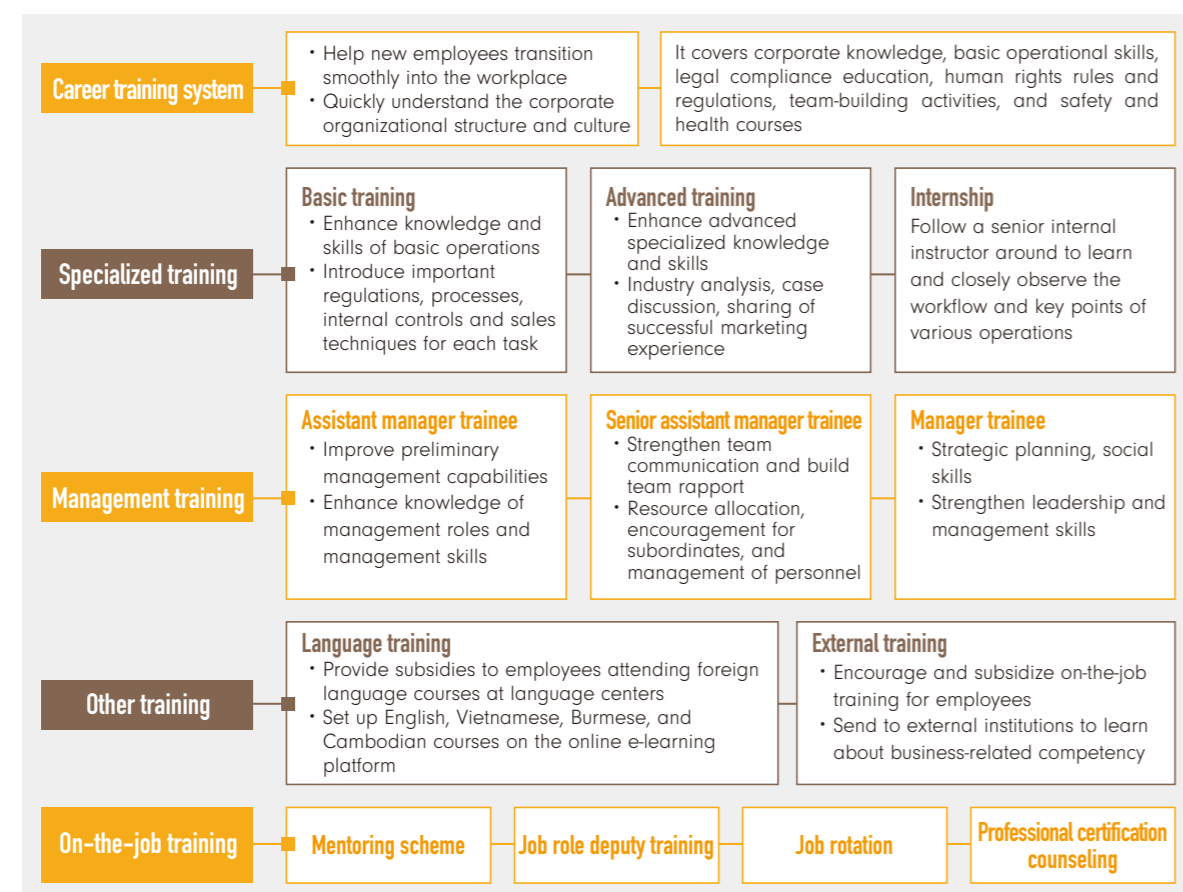


5-4 Complete development system

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.

Regarding employee training, active participation in training courses and obtaining certifications required for relevant business operations are encouraged, as well as the submission of innovative work proposals. Professional certifications are considered a bonus item in the annual performance evaluations, and adopted innovative proposals are rewarded with bonuses. The Group also organizes a variety of professional training, online training, internships, language training, internal certification testing and management competency training. To acquire new financial knowledge and understand the latest industry developments, personnel are frequently sent to attend training courses organized by professional training bodies.

■ Career training system



■ Bonuses awarded for innovative employee proposals over the years

Unit: case/NTD

Employee proposals	2020	2021	2022	2023	Total
Total proposals	196	147	322	463	1,128
Number of awards and prizes	76/24,000	74/23,000	126/40,400	114/34,200	390/121,600

5-5 Talent training program

We use the performance evaluation matrix to identify employees with high performance or potential then tailor "Individual Development Plans" to their professional background, language skills, and competency analysis. We continue to work with external professional training institutions to provide financial knowledge and skill training, which includes First Bank collaborates with the Academy of Banking and Finance and the Taipei Foundation of Finance to conduct professional training in areas such as foreign exchange derivatives, trust, regulatory compliance, anti-money laundering, and training for overseas reserve personnel. Additionally, we organize various professional training and language courses to enhance language skills, business acumen, and diverse management capabilities, preparing a pool of overseas professional talent. 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.

To assess the effectiveness of training, the group's subsidiaries use the Kirkpatrick Model and Human Capital ROI to evaluate changes in employee behavior, attitudes, and job performance after completing training programs.

Evaluation level	Evaluation method	Description
Response level (Level 1)	Questionnaire	Ask students to fill out the course satisfaction survey after training, and encourage them to suggest improvements to the course
	After course evaluation	Arrange a test immediately after the course to evaluate learning results.
Learning level (Level 2)	Mock exercise	Conduct of scenario play, enhancing effectiveness through simulation practice
	Project presentation	Arranging students to conduct presentation and analysis of actual cases to enhance their application capabilities
Behavior level (Level 3)	360-degree evaluation	Evaluate the performance of new employees 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)	Performance evaluation	Evaluating training effectiveness through operating performance growth.
Remuneration level (Level 5)	Return on investment evaluation	Evaluate training effectiveness through return on investment (ROI = (financial benefit - training cost)/training cost).

■ Training effectiveness statistics table of the Kirkpatrick Model over the years

Training program to link ESG and operations				
Objective: Implement ESG concepts in core financial operations to exert sustainable impact.				
Benefits: Enhance employees' knowledge of sustainable finance and business capabilities, increase social participation, and boost the proportion of green financing business.				
Number of participants: 8,627 people, accounting for 100%				
Kirkpatrick Evaluation Level	2020	2021	2022	2023
Reaction level L1: Number of personnel trained in ESG program	1,814	1,853	1,616	20,648
Learning level L2: Number of participating volunteers at events	2,019	1,559	1,312	1,484
Behavior level L3: Satisfaction level of volunteer services (%)	92.28	89.53	90.06	91.82
Results level L4: Green financing balance (NT\$ hundred million)*	4,692.91	5,291.16	6,880.73	7,707.07
Rewards level L5: Balance of green financing loans as a percentage of the balance of enterprise financing loans (%)	53.76	54.36	61.92	68.24

* : The green financing balance refers to the (sum of renewable energy sustainable loans + green industry and green enterprise preferential financing projects + ESG infrastructure financing + sustainability-linked credit projects + preferential financing for the six core strategic industries).

Management Trainee Succession and Training Program

Objective: Improve the leadership and management functions of managers to achieve business goals.

Benefits: Arrange courses to strengthen leadership skills to enhance talent retention and reduce operational risks.

Number of participants: 543 people accounting for 7.7%

Kirkpatrick Evaluation Level	2020	2021	2022	2023
Reaction level L1: Average satisfaction score for training courses (%)	94.6	94.1	94.2	95.8
Learning level L2: Examination pass rate (%)	100	100	100	100
Behavior level L3: Key talent retention rate (%)	100	100	100	99.81
Results level L4: Operational risk ratio (%)	4.56	4.57	4.23	4.67
Rewards level L5: Estimated return on investment (ROI) for training	114.4	109.5	109.9	181.2

* : Operational risk ratio = (Operational risks/Total risk-weighted assets) *100%

* : Estimated return on investment (ROI) for training = $\frac{[Revenue - (operating expenses - (salary cost + benefit cost))]}{(salary cost + benefit cost)}$

Digital Banking Talent Transformation Program

Objective: Strengthen employees' expertise in digital finance products and services, as well as marketing capability.

Benefits: We acquired 164 patents on FinTech inventions and new models and 3,721 employees passed the "FinTech knowledge certification". Transaction fee earnings and enhanced digital marketing effects by improving the smart customer service system, digital welcome system and new functions in the mobile sales platform app.

Number of participants: 3,721 people accounting for 43.1%

Kirkpatrick Evaluation Level	2020	2021	2022	2023
Reaction level L1: Average satisfaction score for training courses (%)	92.9	87.8	91.8	91.2
Learning level L2: Examination pass rate (%)	100	100	100	100
Behavior level L3: Digital channel utilization rate (%)	83.85	87.29	88.33	89.75
Results level L4: Percentage of income from digital transactions (%)	7.49	8.12	6.99	7.03
Rewards level L5: Estimated return on investment (ROI) for training	1,077	2,044	1,275	1,534

* : Digital transaction income = Processing fees and interest income from electronic transactions.

Overseas Trainee Program

Objective: Accelerate the cultivation of necessary business expertise for overseas talents.

Benefits: Improve the business capabilities of overseas personnel, reduce their turnover rate, and increase overseas profits.

Number of participants: 57 people, accounting for 0.8%

Kirkpatrick Evaluation Level	2020	2021	2022	2023
Reaction level L1: Average satisfaction score for training courses (%)	93.6	91.7	92.6	95.0
Learning level L2: Examination pass rate (%)	100	100	100	100
Behavior level L3: Overseas trainee turnover rate (%)	1.35	4.8	2.5	3.1
Results level L4: Target achievement rate for new borrowers (%)	60.78	58.1	54.2	94.86
Rewards level L5: Operating margin growth rate of overseas units (%)	49.59	14.72	0.52	-18.85

* : The negative growth in the gross profit growth rate of overseas units in 2023 was due to the decrease in gross profit from foreign currency credit cases handled by the designated foreign exchange unit (DBU) acting as an agent for the overseas banking unit (OBU).

Securities Salesperson Transformation Program

Objective: Guide salespeople in their transformation into all-rounded financial management advisors in response to digital developments.

Benefits: To enhance marketing synergy and improve insurance sales capabilities, in 2023, a total of 168 securities brokers obtained investment-type insurance licenses, resulting in an 11% growth in the return on investment for co-marketing insurance products.

Number of participants: 337 people, accounting for 100%

Kirkpatrick Evaluation Level	2020	2021	2022	2023
Reaction level L1: Average satisfaction score for training courses (%)	80.6	86	84	84
Learning level L2: Examination pass rate (%)	100	100	99	100
Behavior level L3: Salesperson investment-type insurance license acquisition rate (%)	71.76	70.95	77.57	77.06
Results level L4: Percentage of income of insurance products (%)	0.30	0.20	0.30	0.21
Rewards level L5: Return on investment (ROI) evaluation for insurance products through co-marketing	460.63	473.76	478.91	490.63

* : Insurance product income = Service fee income for sales of insurance products.

Professional Insurance Talent Training Program

Objective: Strengthen professional insurance to enhance marketing momentum.

Benefits: First Life Insurance added 7,724 accounts in 2023 while customer satisfaction level increased by 1.6%.

Number of participants: 100 people, accounting for 100%

Kirkpatrick Evaluation Level	2020	2021	2022	2023
Reaction level L1: After-course satisfaction questionnaire recovery rate (%)	90.6	91.5	93.82	94.0
Learning level L2: Examination pass rate (%)	100	100	100	100
Behavior level L3: Customer satisfaction survey (%)	83.9	79.3	81.3	82.6
Results level L4: Growth rate of the number of policyholders (%)	10.9	12	10.7	6.3
Rewards level L5: First Life Insurance EPS (NT\$)	1.14	1.3	0.12	0.81

5-6 Employee Training and Development

To enhance employee learning efficiency, 229,896 employees participated in internal and external training courses in 2023, with an average training time of 59 hours. Among these,

- in response to the Financial Supervisory Commission's bilingual policy and the goal of establishing bilingual branches, a foreign language training program was implemented. By the end of 2023, a total of 3,250 employees had passed English proficiency tests such as LTTC, IELTS, TOEFL, TOEIC, BULATS, and GEPT. Additionally, 356 employees passed the JLPT and LTTC proficiency tests in Japanese, Spanish, Korean, and German.
- To enhance knowledge and sensitivity regarding anti-money laundering (AML) and combating the financing of terrorism (CFT), employees are encouraged to obtain the Certified Anti-Money Laundering Specialist (CAMS) certification and the AML and CFT professional certification. By the end of 2023, a total of 1,466 employees across the group had obtained the CAMS certification, and 3,335 employees had obtained the AML and CFT professional certification.
- To strengthen digital finance literacy, we arrange external FinTech training courses and seminars for employees. As of the end of 2023, we organized 9,393 hours of internal FinTech courses for a total of 2,556 participants.

* : For the professional certificates/licenses and number of licensed FFHC employees, please refer to pages P201-202 of the Company's 2023 Annual Report.



Bilingual Talent Development Program

Training Recipients All employees

Training Content In 2023, a total of 1,437 subsidies amounting to NT\$7.72 million were provided for online English learning platforms, English proficiency improvement competitions, English tutoring for managers, and practical conversation training for bilingual branches.

Incentive Measures

- In 2022, the "Reclassification Guideline for the Promotion of Bilingual Personnel" was added, allowing staff at level 6 positions to be promoted directly if their language score is above TOEIC 840.
- We continue to conduct industry-academia cooperation internship programs with 13 schools, including National Taipei University of Business. Interns who are accepted and achieve a TOEIC score of 650 or higher can be employed at level 6 positions.

Operating performance Starting in 2021, 25 bilingual branches are established each year, with the goal of making all domestic branches bilingual by 2028 to provide friendly, comprehensive, and efficient financial services.

Quantitative indicator

- As of the end of 2023, 87 bilingual branches (including 12 branches offering Chinese, English, and Japanese services) have been established.
- The ratio of employees who have completed English proficiency testing increased from 30.87% at the end of 2020 to 40.74% at the end of 2023.

Average employee training hours and training expenses in past years

Item	2020			2021			2022			2023		
	Person	Icon	Total	Person	Icon	Total	Person	Icon	Total	Person	Icon	Total
Total attendances in training for managers	21,105	19,315	40,420	22,880	20,831	43,711	26,159	23,699	49,858	25,145	24,337	49,482
Total training hours for managers	66,194	59,823	126,017	61,117	54,265	115,382	70,006	64,769	134,775	70,728	72,709	143,437
Average training hours per manager	77.24	73.22	75.28	70.01	64.91	67.51	80.10	75.23	77.68	81.77	81.79	81.78
Total attendances in training for non-managers	90,480	52,325	142,805	98,881	57,315	156,196	124,178	71,509	195,687	113,849	66,565	180,414
Total training hours for non-managers	274,417	159,580	433,997	260,043	157,798	417,841	326,115	190,059	516,174	291,306	173,299	464,604
Average training hours per non-manager	54.33	51.08	53.09	50.56	50.63	50.59	62.86	59.92	61.74	54.94	53.34	54.33
Average employee training hours	56.86			53.49			64.48			59.00		
Average employee training cost (NT\$)	5,647			5,610			6,014			7,577		
Total training expenses (NT\$10,000)	5,561			5,593			6,071			7,808		

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

*2 : Training include physical and online courses.

Return on human capital investment of First Financial Holding in the past 4 years

Item	Year	2020	2021	2022	2023
Consolidated net income (a) (NT\$1,000)		19,619,728	23,433,444	24,486,604	28,262,256
Operating expenditure (b) (NT\$1,000)		24,730,173	26,274,683	27,787,186	30,381,928
Employee benefits expenditure (c) (NT\$1,000)		16,131,065	17,331,619	17,818,913	18,730,480
Human Capital ROI (a-(b-c))/c		0.68	0.84	0.81	0.89
Total no. of employees		9,849	9,969	10,095	10,305

Protections for Human Rights and Gender Equality

GRI 2-30、202-1、202-2、402-1、405-1、405-2、406-1、407-1、410-1

6-1 Policy and Commitment to Human Rights

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.

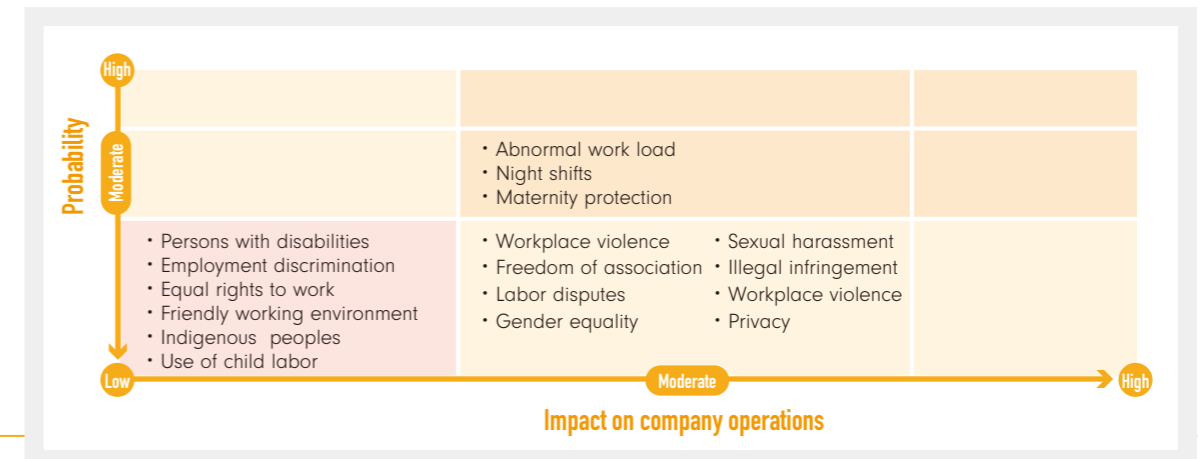
6-2 Due Diligence and Risk Management of Human Rights

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

Human rights due diligence procedures



Risk Matrix for Human Rights Issues



In 2023, we implemented prevention and mitigation measures for human rights issues, such as "abnormal workload", "night shift rotation", and "maternal health protection", 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. Additionally, the "Maternal Employee Health Protection Plan" is implemented to perform risk assessment, hazard control, risk management, and work adjustments and in-house physicians and full-time nurses are assigned to provide care and health education over the telephone to pregnant employees.

Human Rights Risk Assessment and Management

Human Rights Risk Factor	Risk identification (%)	Overall Risks (%)	Tangible Actions Taken	Probability of Impact (%)	Total Impact (%)
Diversity, inclusiveness, and equal opportunity (e.g., ban on the use of child labor, ban on employment discrimination, equal work rights, and friendly working environment)	0	6.79	<ul style="list-style-type: none"> All companies appoint the full number of employees with disabilities based on legal requirements. To ensure no child labor is used, applicants are required to provide their correct date of birth and signature on their resume during the recruitment process and present identification documents on their start date. Set up friendly facilities for employees with disabilities. 	0	0.14
Freedom from compulsory labor (e.g., abnormal work load or night shifts)	2.93	6.79	<ul style="list-style-type: none"> Implement the "Abnormal Workload-triggered Diseases Prevention Plan". Establish procedures for daily overtime work applications and management reminders in the system to 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. Implement regular inspections on overtime work and enhance audits based on the overtime work conditions of each unit. 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). Risk assessments are conducted for employees engaged in "shift work, night work, and long working hours". According to the risk levels, appropriate health management measures or promotion activities are provided, and the health improvements of high-risk employees are tracked. Implement the "Human-Factor Hazard Prevention Plan", and require employees to regularly fill in the Employee Musculo-skeletal Symptom Self-Assessment and evaluate and track the management. 	0.14	0.14

Assessment results:

- The Company did not hire child labor less than 16 years old and no employment discrimination occurred.
- We identified 14 high-risk employees in the "Abnormal Workload-Triggered Diseases Prevention Plan" and assigned physicians to conduct interviews, provide health advice, and continue to track improvements.
- Statistics of human-factor hazards show that there are 138 colleagues with suspected harm. A doctor was requested to understand the symptoms and reasons for occurrence in individual cases to provide appropriate recommendations for improvement. In total, 133 colleagues received improvement, 1 refused concern, 1 went on parental leave, 1 retired, and the conditions of 2 remaining colleagues are being tracked.
- A total of 9 employees applied for flexible work hours in 2023 due to their childcare and family care needs.

Human Rights Risk Factor	Risk identification (%)	Overall Risks (%)	Tangible Actions Taken	Probability of Impact (%)	Total Impact (%)
Maternal health protection	2.13	6.79	<ul style="list-style-type: none"> 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 during pregnancy and after giving birth as well as remind pregnant employees of childbirth subsidies and related information. Set up a breastfeeding room and provide flexible breastfeeding measures. Organize maternity health protection (including childcare) seminars. Provide subsidies and concern measures for child birth and child care. Make appropriate adjustments to jobs. 	0	0.14

Assessment results:

- In 2023, the breastfeeding rooms of the headquarters building, Yanping building, information building, the Bade and Zhongshan buildings of the credit card division each obtained the Excellent certification, valid for 3 years. A cumulative average of 606 colleagues use the facilities each month.
- In 2023, all individuals assessed for maternity health protection were found to be free of hazards.
- In 2023, we provided maternity health protection care services to 363 employees over the telephone.
- In 2023, a total of 3 seminars were organized for breastfeeding in the work place and childcare.

Good labor relations (e.g., workplace safety, freedom of association, labor disputes, and complaints mechanisms)	1.66	6.79	<ul style="list-style-type: none"> 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 workplace safety awareness from time to time. Publish posters for complaint channels on bulletin boards. Provide a diverse range of activities and implement work and life balance. 	0	0.14
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Assessment results:

No relevant cases of sanctions due to labor-management disputes and complaints.

Gender equality and illegal infringement (e.g., sexual harassment, privacy rights, and workplace violence)	0.07	6.79	<ul style="list-style-type: none"> 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. We 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. We 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	0.14
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Assessment results:

In 2023, the 5 cases of sexual harassment and 1 case of illegal infringement were adequately processed and concluded.

*1 : Risk identification ratio = Number of people in the risk identification/Number of employees of the Group (10,305 people)

*2 : Impact occurrence ratio = number of people affected by the impact/number of employees of the Group

Human Rights Risk Assessment Ratio in Past Years

Year	2020	2021	2022	2023
Risk value (%)	6.93	6.79	6.97	6.79
Impact value (%)	0.10	0.17	0.14	0.14

FFHC adheres to and ensures 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 no discrimination on the rights enjoyed by employees on the basis of race, gender, employment type, promotion or other situations. All have the right to equal pay for equal work, freedom from sexual harassment, and job security for female employee during pregnancy. The Group's directors, supervisors, managers, and employees must follow 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. In addition to regularly organizing sexual harassment prevention education and training, we provide a full description of the human rights system on work rules, HR management rules, employee compensation and benefits during new employee training courses. Union personnel are also invited to speak about employee rights relating to the Occupational Safety and Health Act. In 2023, no violations of indigenous peoples' rights and discrimination occurred. The companies have not made any mergers or acquisitions or signed major investment agreements.

In 2023, a total of 19,574 employees at domestic and international operating locations participated in human rights protection training courses, with a total of 14,410 training hours, achieving a 100% participation rate. Additionally, the Company's human rights policies were communicated to partner security companies, ensuring that security personnel understood these policies through pre-service and in-service training. In 2023, 12 human rights education training sessions for security personnel were conducted, each averaging 0.5 hours, with a 100% completion rate.

Human rights protection training in past years

Item	Year	2020	2021	2022	2023
Total hours		15,276	15,195	13,620	14,410
Total number of people		19,473	18,958	20,026	19,574
Employee training rate (%)		100	100	100	100

6-3 Gender Equality

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's internal regulations clearly stipulate adherence to gender equality and anti-discrimination principles. Additionally, no acts of sexual harassment or gender discrimination are permitted while performing duties. 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.

FFHC 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 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 2023, the Company received the recognition of Taipei City Government through the "Workplace Gender Equality Index" - Gold Award. For more information on gender equality measures for maternal employees, please refer to 3-4 Friendly, Healthy and Happy Workplace.

Childbirth allowance and subsidies

Increased benefits: Up to NT\$310,000 for marriage and childbirth

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




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 a leave if 10 minutes late for work
- No need to apply for a leave if leaving work 10 minutes early
- Employees can start work an hour earlier or leave work an hour later
- Employees can work an hour less
- Leaves are taken on an hourly basis



Paid leave and number of paid leave days surpass legal requirements

Paid leave	FFHC	Legal Requirement
• Personal leave 14 days	Marriage leave 14 days	8 days
• Sick leave 30 days	Compassionate leave Up to 21 days	Up to 8 days
• Family care leave 7 days	Miscarriage leave 7 days for less than 3 months	5 days
• Menstrual leave 1 day/month	Maternity Leave 58 days	56 days
• Artificial insemination leave 2 days	Prenatal checkup leave, spousal prenatal checkup leave, and paternity leave 8 days	7 days
• Tocolysis Leave 44 days		
• Volunteering leave 2 days		

Pregnancy-Friendly Leave

Maternity Leave

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

Artificial insemination leave

Female employees undergoing invasive artificial fertility treatments are provided with 2 days of paid leave.

Prenatal checkup leave, spousal prenatal checkup leave, and paternity leave

8 days of leave for prenatal checkups and spousal prenatal checkups are provided. (law grants 7 days)

Tocolysis leave + miscarriage leave

- 44 days of paid sick leave and personal leave are provided. (whereas the law grants half-paid sick leave and unpaid personal leave)
- 7 days of maternity leave are granted to employees who miscarried within 3 months of pregnancy (whereas the law grants 5 days)

6-4 Compensation Structure with Equal Pay for Equal Work

All starting salaries of the Group are higher than the minimum wage stipulated in the Labor Standards Act. The ratio of starting salaries for males and females is 1:1, with equal pay being offered for equal work. The Company abides by the principles of fairness and reasonableness to ensure that employee salaries do not differ based on gender or other factors. In 2023, when comparing the overall compensations for male and female employees with men's salary (100%) as baseline, the average salary of female senior executives is 104% while average compensation is 110%; 105% and 107% for female management personnel; and 98% and 100% for female non-management personnel.

Comparison Table of Remuneration Over the Years

Item	Year	2021		2022		2023	
		♂	♀	♂	♀	♂	♀
Average salary of the President *1, 2		100%	100%	100%	100%	100%	100%
Average remuneration of the President *3		100%	100%	100%	100%	100%	100%
Average salary of senior managers *4		109%	100%	103%	100%	104%	100%
Average compensation of executives		110%	100%	106%	100%	110%	100%
Average salary of management personnel *5		106%	100%	102%	100%	105%	100%
Average compensation of management personnel		107%	100%	103%	100%	107%	100%
Average salary of non-management personnel		97%	100%	96%	100%	98%	100%
Average compensation of non-management personnel		100%	100%	99%	100%	100%	100%

*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.
 *2 : Definitions of salary: Salary refers to the monthly base salary, position allowances, various other allowances, compensation for overtime work, etc.
 *3 : Definitions of compensation: Compensation refers to the salary + other incentives (e.g., Employee compensations, bonuses, retirement benefits, severance pay, and incentives of material value).
 *4 : Definitions of senior managers: Refers to the ones stated in "managerial officers" specified in Tai-Cai-Zheng-3 No. 920001301 letter dated March 27, 2003, which includes overseas branch managers.
 *5 : Definitions of management personnel: Refers to senior managers and management personnel other than senior managers.

FFHC implements gender equality with female directors and female independent directors accounting for 53% 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, life insurance, and AMC subsidiaries is chaired by a female chairperson, and the Presidents of FFHC and its securities subsidiary are all women. The percentage of female employees in the Group is higher than that of men. As of the end of 2023, women account for 47.9% of the Group's 328 senior managers, and 36.9% of women hold job positions with potential for salary increase. In addition, 486 female employees or 43.0% of employees of the Company have positions relevant to Science, Technology, Engineering, and Mathematics (STEM).

■ Proportion of Female Executives and Employees in Past Years

Item	Year	2020	2021	2022	2023
Percentage of overall female employees (%)		60.0	60.4	60.1	60.1
Percentage of overall female managers (%)		51.2	51.1	50.4	49.3
Percentage of junior female managers (%) ^{*1}		51.3	50.9	50.4	49.7
Percentage of senior female managers (%)		50.9	51.9	50.2	47.9
Percentage of female employees in revenue generating management positions (such as sales) (%) ^{*2}		53.2	40.1	48.5	36.9^{*4}
Percentage of women in related STEM positions (%) ^{*3}		38.8	43.1	43.8	43.0

*1 : Number of junior female managers/Total number of junior managers

*2 : Number of female managers in positions with potential for salary increase/Total number of managers in positions with potential for salary increase (excluding support departments such as human resources, information, and legal affairs)

*3 : Starting in 2020, the percentage of women in related STEM positions is disclosed. STEM refers to science, technology, engineering, and mathematics. We recruit STEM-related employees based on their professional skills and do not set gender-based thresholds for recruitment.

*4 : In recent years, the number of female managers retiring has increased, leading to a relatively higher proportion compared to male managers.

6-5 Freedom of Association

The Company has set up diverse and confidential employee communication channels to build harmonious employee and employer relations and enhance both the development of the Company and employer welfare. The Employer-Employee Meeting consists of an equal number of labor and management representatives. Regular meetings are held to discuss employer-employee issues such as improvements to working conditions and benefits. In 2023, there were no penalties resulting from labor dispute complaints. The number of employer-employee meetings held and the number of proposals discussed over the past four years are summarized in the table below.

■ Statistics on Employer-Employee Meetings Over the Years

Item	Year	2020	2021	2022	2023
Number of meetings		32	30	31	33
Proposals		70	71	68	86
Labor disputes (cases)		0	0	0	0

The Group's domestic and international operating locations ensure employees' freedom of association. At the end of 2023, First Bank signed its fifth collective agreement, covering union activities, employment, transfers, dismissals, working hours, holidays, leave, compensation, benefits, safety, health, occupational injury compensation, retirement, and survivor benefits, fully protecting employee rights. The agreement includes vacation systems, retirement systems, and profit-sharing clauses that are more favorable than labor laws. It specifies that in the event of significant operational changes such as mergers, reorganizations, transfers, or splits, the process must be transparent. Major decisions must be immediately communicated to the union and employees after employer-employee meetings. Clauses related to health and safety make up 27.8% of the agreement. If employees are not retained or do not agree to be retained, they are provided with severance pay according to the law and additional preferential compensation. Currently, approximately 89% of employees are covered by the collective agreement. In 2023, six meetings were held. Additionally, both First Securities and First Financial AMC signed their collective agreements in November 2018. These agreements also include provisions that protect employee rights in the event of significant operational changes. Clauses related to health and safety account for more than 15.8% of the agreement. Currently, there are no significant unresolved disputes between employees and the employer.

■ Statistical Table on Number of Employees who are Members of the Union Over the Years

Item	Year	2020	2021	2022	2023
No. of employees who are a member of the union		7,500	7,500	7,516	7,669
Percentage of employees who are a member of the union (%) ^{*1}		97.94	96.84	94.22	89.11^{*2}

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

*2 : Reduction in members was due to an increased number of retired employees and decreased number of new recruits who became a member.

6-6 Sexual Harassment Prevention

To create a friendly workplace, FFHC has announced and implemented the "regulations on sexual harassment prevention, complaints and investigation". A dedicated phone line, fax, and email address for reporting sexual harassment have been established, with designated personnel responsible for handling complaints. Additionally, information on sexual harassment prevention is promoted on the Company's website and through electronic bulletin boards of business units. Each company also incorporates courses on sexual harassment prevention and handling procedures, as well as gender equality and case studies on sexual harassment prevention, in the training for new employees or in regular regulatory education and training. Sexual harassment prevention and Act of Gender Equality in Employment courses are 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 appointed to attend training programs hosted by external agencies, including professional training courses on skills for investigating sexual harassment claims and relevant seminars.

A "Sexual Harassment Complaints Committee" with 9 committee members and a majority of female members have also been established. 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. A confidential investigation must be launched within 7 days of a complaint being received. The result of the investigation must be presented to the related party, and a report submitted to the committee for review. The case must be finalized within 2 months. Based on the committee's decision, appropriate disciplinary actions are given to the perpetrator, including reassignment from their original position and administrative penalties. The victim's wishes are respected, and appropriate job arrangements are made for them. Additionally, psychological counseling services from the Teacher Chang Foundation are provided. A lawyer will be hired to provide assistance in cases involving civil compensation. To protect the privacy and personal rights of the parties involved, all identifying information such as names or other data sufficient to identify individuals must remain confidential unless necessary for the investigation or due to public safety considerations. Relevant personnel and committee members are required to maintain confidentiality. Before each meeting of the Sexual Harassment Committee, the chairperson reads the confidentiality clauses aloud. In 2023, 5 cases of sexual harassment complaints were received by the Group, which were adequately processed and concluded.

■ Statistical Table on Sexual Harassment Complaints Over the Years

Item	Year	2020	2021	2022	2023
Sexual harassment (cases)		5	1 (not established)	0	5*

* : The bank (2 cases), securities (2 cases), and life insurance (1 case) subsidiaries held meetings in accordance with the "regulations on sexual harassment prevention, complaints and investigation" and completed investigations in a confidential manner. All cases have been handled appropriately.





INDEPENDENT ASSURANCE OPINION STATEMENT

First Financial Holding 2023 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 2023 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 2023 Annual Sustainability Report provides a fair view of the FFHC sustainability programmes and performances during 2023. 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 assurers 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 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 2 external stakeholders to conduct interview.
- interview with 15 staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of materiality assessment process.
- 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 materiality assessment process and 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 2023 Annual Sustainability Report are reliable.

GRI Sustainability Reporting Standards (GRI Standards)

FFHC provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, including the disclosures of applicable economic, environmental, and social information, comply with all reporting requirements for disclosures). 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 auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064, and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



...making excellence a habit.™

Statement No: SRA-TW-803577
2024-04-23

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A Member of the BSI Group of Companies.



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English Translation of a Report Originally Issued in Chinese

Limited Assurance Report of Independent Auditors

To: First Financial Holding Co., Ltd.

Scope

We have been engaged by First Financial Holding Co., Ltd. (the “Company”) to perform a ‘limited assurance engagement’, hereinafter referred to as the “Engagement”, as defined by the Taiwan Accounting Research and Development Foundation, to report on the selected sustainability information (the “Subject Matter”) included in the Company’s 2023 Sustainability Report (“the Report”).

The Subject Matter selected by the Company and their applicable criteria

The Company’s management is responsible for the preparation of the Company’s 2023 Sustainability Report in accordance with the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies issued by the Taiwan Stock Exchange Corporation and the disclosure standards issued by the Sustainability Accounting Standards Board (SASB) for the commercial banks and consumer finance, and for the design, execution and maintenance of internal controls in regard to report preparation to support the collection and presentation of the Company’s 2023 Sustainability Report.

Regarding the Subject Matter selected by the Company and their applicable criteria, please refer to Appendix A.

The Company’s responsibilities

The Company’s management is responsible for the preparation of the Company’s 2023 Sustainability Report in accordance with the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies issued by the Taiwan Stock Exchange Corporation and the disclosure standards issued by the Sustainability Accounting Standards Board (SASB) for the commercial banks and consumer finance, and for the design, execution and maintenance of internal controls in regard to report preparation to support the collection and presentation of the Company’s 2023 Sustainability Report. The Company’s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.



EY’s responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our responsibility is to plan and perform a limited assurance engagement in accordance with the International Statements on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", issued by the Taiwan Accounting Research and Development Foundation. The standard requires that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which basic principles are integrity, objectivity, professional competence, due care and professional behavior.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures related to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

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.
- Interviewing with the Company's key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period.
- Performing analytical procedures on 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.
- Checking whether the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria.

Inherent Limitations

Non-financial information contained within the Subject Matter 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.

Conclusion

Based on our procedures and the evidence obtained, nothing has come to our attention that causes us to believe that any material modifications or adjustments should be made to the Subject Matter in accordance with applicable criteria.

Yu-che Tseng

Tseng, Yu-che
Ernst & Young, Taiwan
July 26, 2024

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: 112

Subject Matter:

Approximately 4.36 million (46.2%) records of customer data were used for secondary purposes (e.g., marketing or improving product/service quality) without violating related regulations or agreements signed with customers.

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

Applicable Criteria:

FN-CF-220a.1

Total number of customers whose data was used for secondary purposes: Referencing the first point of the technical protocols for the Sustainability Accounting Standards Board (hereinafter referred to as the "SASB") Consumer Finance Sustainability Accounting Standard FN-CF-220a.1, and according to statistics from First Financial Holding Co., Ltd.'s (hereinafter referred to as the "FFHC") system parameters, the total number of customers whose data was used for secondary purposes as of December 31, 2023, is provided.

No. 2, 3

Pg: 108, 227

Subject Matter:

As stated on P.108 of the report, in 2023, FFHC and its subsidiaries did not experience material incidents that require reporting or IT infrastructure incidents that cause revenue loss. They were also not imposed penalties by the competent authority.

As stated on P.227, financial losses generated due to litigation relating to customer privacy: N/A

* : • The financial losses hereunder are based on the statistics of penalty cases published on the website of the competent authority.
• Here, matters related to litigation are based on the statistics of penalty cases as published on the competent authority's website.
• Information leakage here is based on whether it is leaked outside FFHC and whether the leakage behavior complies with FFHC's regulations on confidentiality and information security management.
• In 2023, FFHC and all its subsidiaries did not experience any data breaches or incur financial losses due to legal disputes related to customer privacy issues.

Applicable Criteria:

FN-CF-220a.2

Statistics on financial losses arising from legal proceedings due to customer privacy disputes in 2023 were compiled in accordance with the first point of the technical protocols for the SASB Consumer Finance Sustainability Accounting Standard FN-CF-220a.2.

FN-CF-230a.1, FN-CB-230a.1

- Number of data breaches: Referencing the technical protocols of the SASB Consumer Finance Sustainability Accounting Standard FN-CF-230a.1 and the first point of the SASB Commercial Banks Sustainability Accounting Standard FN-CB-230a.1, we compiled statistics on the number of data leakage incidents in 2023 in accordance with FFHC Information Security Incident Management Regulations.
- Percentage involving personally identifiable information (PII): Referencing the technical protocols of the SASB Consumer Finance Sustainability Accounting Standard FN-CF-230a.1 and the second point of the SASB Commercial Banks Sustainability Accounting Standard FN-CB-230a.1, we compiled the ratio of PII leakage incidents to the total number of data leakage incidents in 2023 in accordance with FFHC Information Security Incident Management Regulations.
- Number of account holders affected: Referencing the technical protocols of the SASB Consumer Finance Sustainability Accounting Standards FN-CF-230a.1 and the third point of the SASB Commercial Banks Sustainability Accounting Standard FN-CB-230a.1, we calculated the number of customers affected by personal data leaks in 2023 in accordance with FFHC Information Security Incident Management Regulations.

No. 4

Pg: 227

Subject Matter:

The "Credit Card Fraud Situation" table on P.227 of the report shows the number of fraud cases and the amount of losses for (non-)physical credit card presentations.

* : The amount of loss hereunder is the same as the refund amount.

Applicable Criteria:

FN-CF-230a.2

Refer to the first, second, and third points of the SASB Consumer Finance Sustainability Accounting Standard FN-CF-230a.2 technical protocols to calculate the total loss amount due to fraud in 2023 related to both physical credit card non-presentations and physical credit card presentations.

Subject Matter:

Contents of report P.106-112 chapter on information security and privacy protections:

Disclosure Elements	Corresponding Report Contents
Privacy/ Personal Information Policies	The Company and its subsidiaries has enacted Personal Data protection policy or guidance in accordance with relevant regulations of "Personal Data Protection Act", "The Safety Management Regulation of Personal Data Document held by Non-Government Agencies Designated by the Financial Supervisory Commission", "UK General Data Protection Regulation (UK GDPR)" and "EU General Data Protection Regulation (EU GDPR)".
Privacy/ The range of protection	Set up relevant Company personnel's* rights to access Personal Data collected, processed, used when performing duties, management their contact of these Personal Data and agree with these personnel on their confidential obligations to strictly forbidden disclosure of Personal Data or customer's data. Note: Include employees of the Company, temp worker sent by the temp agency and appointed institution which has appointment relationship with the Company and personnel of such institution.
Privacy/ Regulations and measures	<ul style="list-style-type: none"> FFHC established the "Personal Data Protection and Management Committee", which the President is the chairman to be in charge of promoting and supervising the operation of Personal Data protection and management system, and established the "Personal Data Incident Response Team" in order to effectively respond to and handle Personal Data incidents which is inspected externally by accountants every year. To announce confidentiality measures for customers' information on the front pages of the companies of the Group's websites and specify the range and measures of confidentiality to each confidential documents (including paper and electronic documents), diagrams, messages, computer programs, media or objects. When Personal Data is stolen, tampered with, damaged, lost, leak or when there's other major Personal Data security incident, the Risk Management Department and the Compliance Department shall be notified and the Financial Supervisory Commission shall be notified within 72 hours of such incident. Conduct periodical training to employees, in 2023 the Group has conducted Personal Information Protection Act training, GDPR and customer privacy training and other related trainings to all employees, the total number of employees trained is 8,839 and the total hours trained is 5,929.5 hours, the completion rate is 100%. Shall at least inspect Personal Data protection policy once a year in order to keep up with latest governmental laws and regulations, rules of industries, information technologies and business development of the Company.
Privacy/ Internal control	<ul style="list-style-type: none"> Include Personal Data breach information security risks as newly arisen risks, establish main risk identification, evaluation, risk reducing measures, supervision and management procedures and report newly arisen risks of the year to the President. Stated that all subsidiaries shall include Personal Data protection procedure into their internal control system, hold self-check periodically and audit units shall conduct checking for Personal Data protection
Personal Information Management of Overseas Branches	Except that the domestic units of First Bank shall follow EU General Data Protection Regulation (EU GDPR) and relevant regulations, other overseas branches shall also follow regulations policies of competent authorities of each country (for example: UK General Data Protection Regulation (UK GDPR)) and in order to request employees to follow Personal Data Protection Act, the breach of Personal Data has been included into deduct items of business units' evaluation and personal punishment will be made according to the degree of seriousness of the violations.
Information Security Policy	<ul style="list-style-type: none"> To support the Group's overall business development, and ensure the effective utilization of its information and resources while looking after the safety of its information system and operations, the Company demands that it and its subsidiaries formulate related information operation management regulations in line with industry characteristics and in accordance with the "Information Management & Information Security Policy" reviewed and approved by the Board of Directors. Moreover, the Company has formulated the "Regulations Governing Information Operation Management" to beef up its and its subsidiaries' information operation systems, equipment networks and data security, strengthen its internal control functions, and align with regulatory regulations relating to information management. Guidelines for the usage and safety control of Internet of Things (IoT) equipment have also been stipulated in the "Regulations Governing Information Security Management", in response to the Bankers Association's requirement for controlling IoT equipment. In order to immediately knew the efficiency of handling information security incidents, the Company has enacted the "Information Security Incidents Report Operation Rules" for companies of the Group to follow, the procedure to handle information security incidents is stated as follows: Step 1: Report → When the Company or its subsidiary has an information security incident, it shall report immediately, and the Company's point of contact shall immediately register after it received such report Step 2: Determine the level → When department being the point of contact receives a report, it shall report to relevant supervisors according to the level of incidents Step 3: Enforce responsive measures → Unit where the incident occurred shall enforce relevant responsive measures and recover plans and report back to the Company on the process and outcome of handling Step 4: Follow-up and close → The department in charge of being the point of contact shall follow-up on each improvement measure and review whether or not the recovery plan is sufficient, in order to close the case

Disclosure Elements

Corresponding Report Contents

Information Security Management Unit	<ul style="list-style-type: none"> 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 efficiency, 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. FFHC has set up a Chief Information Security Officer in 2022. First Bank and First Securities have set up Chief Information Security Officers in 2021 and 2022 respectively. All were assumed 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. In 2022, the Company enacted the "Computer Information Security Incident Response Team Establishment Guideline of First Financial Holding Co. Ltd." and established the "Computer Information Security Incident Response Team", which appointed the Information Security Officer of the Company to be the convener, the head of the Information Technology Department of the Company to be the vice convener, the information security supervisors of the Information Security Section of the Information Technology Department, the Information Planning Section of the Information Technology Department and the subsidiaries to be the Team member, and divide the Team into five groups to be receptively in charge of responding, handling, contacting externally and safety managing information security incidents.
Information Security Internal Control	<ul style="list-style-type: none"> To comply with the authority's rules, bank, securities, investment trust and life insurance subsidiaries have included the overall implementation of information security in 2023 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.
Maturity of their information security governance/ reviews and audits by independent, external third-party institutions	<ul style="list-style-type: none"> 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. The Group's various subsidiaries have enhanced the effectiveness of their information operations and cyber security management through reviews and audits by independent, external third-party institutions, including: <ol style="list-style-type: none"> First Commercial Bank, First Securities, FSITC and First Life Insurance have all obtained the ISO 27001 Information Security Management Systems certification. First Commercial Bank and First Life Insurance have obtained the BS 10012 Personal Information Management Systems certification. First Commercial Bank has obtained the ISO 20000 Information Service Management Systems certification. To ensure network and information system security and to provide customers with safe automated services, the Group's subsidiary bank, securities company, securities investment trust company and life insurance company have all obtained the ISO 27001 certification. In an effort to maintain the validity of the certificates, we would commission verification organizations to conduct secondary reviews every year in addition to re-verification every three years, so that we can provide safer financial products and transaction flows. First Bank's Digital Security Division has established a KPI for adding two international information security licenses each year. First Securities also set up a management goal that all personnel of information security units shall acquire information security licenses, and this goal has been accomplished for three years in a row.
Beef up information security resilience and information security related measures/information security plan and procedure practice	<ul style="list-style-type: none"> To ensure the security of the IT operating system, network, and data, and ensure continuity of operations, the Company established the "IT Operating 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. 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. 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. The Emergency Response Plan for Information Security of the subsidiaries First Bank, First Securities, First Securities Investment Trust, First Life Insurance, and First Financial AMC.

Applicable Criteria:

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

Refer to the technical protocols for the SASB Consumer Finance Sustainability Accounting Standard FN-CF-230a.3 and first to seventh points of the SASB Commercial Banks Sustainability Accounting Standard FN-CB-230a.2 to identify and clarify FFHC's information security management policies and framework, as well as methods for protecting against and identifying information security-related risks.

Subject Matter:

Each subsidiary has also set up its reward systems for the promotion and sales of sustainable financial products and services. ESG educational training accounts for around 5% to 6% in performance assessments. In 2023, 27.8% of group employees' compensation was related to their performance regarding sustainable financial products.

* : The fixed salaries hereunder include basic salaries, food expenses, year-end and holiday bonuses, and the salaries not included hereunder are calculated as variable salaries.

Applicable Criteria:

FN-CF-270a.1

By referring to the first and second points of the technical protocols of the SASB Consumer Finance Sustainability Accounting Standard FN-CF-270a.1, the total number of fixed and variable salaries of employees of FFHC and all its subsidiaries were counted in 2023 and used to calculate the ratio of variable salaries to total salaries.

Subject Matter:

The approval rate for credit and credit card products of customer groups with different risk levels in "Indicators of loan and credit card products - distinguished by credit risks" on P.227 of the report.

* : • Prepaid card products are not provided by First Bank. Therefore, in accordance with "Key Points of Credit Rating of First Bank's Consumption Amount" and the "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

Refer to the first and second points in the technical protocols of SASB Consumer Finance Sustainability Accounting Standard FN-CF-270a.2. The approval rates and statistical applications of loan and credit approval rates are counted separately based on credit risk levels, and the overall loan and credit card approval rates are calculated after credit risk assessment.

Subject Matter:

The "Indicators of loan and credit card products - distinguished by credit risks" table on P. 227 of the report includes the interest rates, average account terms, and average number of accounts (credit card) held for customers in each risk category of loan and credit card products.

* : • First Bank does not have any additional product charges due to credit risks.
 • 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.
 • Prepaid card products are not provided by First Bank. Therefore, in accordance with "Key Points of Credit Rating of First Bank's Consumption Amount" and "Credit Card Application Scorecard Development Manual", risks of loan and credit card application and related data are distinguished and counted.
 • Classification of Credit Risk: low risk means credit rating 1 to 9 of the consumer finance application; high risk means credit rating 10 to 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

• Additional product fees due to credit risks: Refer to first point of the technical protocols of SASB Consumer Finance Sustainability Accounting Standard FN-CF-270a.3 to review First Bank's additional product charges due to credit risks.
 • The average annual interest rate, average account term and average number of accounts held are distinguished in accordance with credit risks. By referring to the second, third, and fourth points of the technical protocols of SASB Consumer Finance Sustainability Accounting Standard FN-CF-270a.3, for loan and credit card products, the average annual interest rate, average account terms and average number of accounts held are distinguished and counted in accordance with credit risks.
 • Annual fees for holding prepaid products based on credit risk: Refer to the fifth point of the technical protocols of the SASB Consumer Finance Sustainability Accounting Standard FN-CF-270a.3 to review First Bank's annual fee for holding prepaid products.

Subject Matter:

The Group accepted and handled a total of 231 customer complaint cases via various grievance channels in 2023. In particular, we were notified of 212 of these cases via competent authorities (please refer to the appendix for more details: sustainable operation indicators)

* : 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 customer complaints counted by the competent authority: Refer to the first point of the technical protocols of SASB Consumer Finance Sustainability Accounting Standard FN-CF-270a.4 to count the number of customer complaints filed by the competent authority of FFHC in 2023.
 • Percentage of mediations established according to statistics from competent authorities: Refer to the second point of the technical protocols of SASB Consumer Finance Sustainability Accounting Standard FN-CF-270a.4 to count the percentage of all FFHC's customer complaints filed by the competent authority through monetary or non-monetary mediation in 2023.
 • Percentage of failed mediations according to statistics from competent authorities: Refer to the third point of the technical protocols of SASB Consumer Finance Sustainability Accounting Standard FN-CF-270a.4 to count the percentage of failed mediations for all FFHC's customer complaints filed by the competent authority.
 • Percentage of customer complaints that entered the evaluation center as reported by the competent authority: Refer to the fourth point of the technical protocols of SASB Consumer Finance Sustainability Accounting Standard FN-CF-270a.4 to count the percentage of all FFHC's customer complaints filed by the competent authority that entered the evaluation center in 2023.

Subject Matter:

In 2023, the Group recorded four incidents relating to product sales and services, in which we were subject to regulatory punishments and underwent litigation proceedings. The total loss was NT\$0 (please refer to the appendix: sustainable operation indicators), the Group has improved the relevant deficiencies and added relevant control mechanisms, effectively enhancing the protection of consumers' rights and interests.

* : • 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

Refer to first point of the technical protocols of SASB Consumer Finance Sustainability Accounting Standard FN-CF-270a.5 to perform the inventory of FFHC's sanction cases and litigations related to product sales and services that have been counted by the competent authority.

Subject Matter:

In 2023, the total number of valid credit card customers of First Bank was 712,735,

* : First Bank does not provide prepaid card products.

Applicable Criteria :

FN-CF-000.A

Refer to the activity metrics of the SASB Consumer Finance Sustainability Accounting Standard FN-CF-000.A to calculate the total number of customers with valid credit cards held by First Bank as of December 31, 2023.

Subject Matter:

In 2023, the total number for First Bank..., and the number of cards in circulation reached 1,560,245.

* : • Prepaid 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

Refer to the activity metrics of the SASB Consumer Finance Sustainability Accounting Standard FN-CF-000.B to calculate the number of valid credit cards in circulation held by First Bank as of December 31, 2023.

Subject Matter:

- The table on P.93 of the report details the amount and number of households that benefited in 2023 through the Self-managed urban renewal and the reconstruction of dangerous and old buildings projects and Developer-consolidated urban renewal and the reconstruction of dangerous and old buildings projects.
- The table on P.96 of the report describes micro enterprises..., resulting in a 2023 loan balance of NT\$1.882 billion and a total of 13,967 micro enterprises customers.

* : Here, a micro enterprises is defined as a micro or small enterprise, which means that the enterprise meets one of the following criteria: it has been established for less than five years, employs fewer than 20 employees, has capital of less than NT\$5 million, or has annual revenue of less than NT\$10 million.

Applicable Criteria :**FN-CB-240a.1**

Refer to the first point of the technical protocols of SASB Commercial Banks Sustainability Accounting Standard FN-CB-240a.1 to calculate the number of loans and total balance of loans for the promotion of small enterprises and community development made by First Bank as of December 31, 2023.

Subject Matter:

"Provide financial education to disadvantaged groups and remote areas" table on P.175 of the report.

* : The definition of the group hereunder includes disadvantaged groups and remote areas as defined by the competent authority.

Applicable Criteria :**FN-CB-240a.4**

Refer to the first and second points of the technical protocols of SASB Commercial Banks Sustainability Accounting Standard FN-CB-240a.4 to calculate the total number of customer engagements in providing financial education for the unbanked, underbanked or under-identified as the primary customer group in 2023.

Subject Matter:

As of 2023, ESG has been included in the loan decision review process for 100% of enterprise credit loans with a total of 10 cases that received "conditional approval" (e.g.: loan amount decrease or increased interest rates) or "rejected" due to ESG risk factors as described in the following:

Applicable Criteria:**FN-CB-410a.2**

Refer to the technical protocols of the SASB Commercial Banks Sustainability Accounting Standard FN-CB-410a.2 to disclose the ratio of cases that included ESG factors in loan decision review processes in 2023.

Subject Matter:

In 2023, FFHC 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.


* : 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**

We followed the first point of the FN-CB-510a.1 Technical protocols of the SASB Commercial Banks Sustainability Accounting Standard and calculated the 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 in 2023.

Subject Matter:

The whistleblower system and procedures in the "Whistleblower System, Process, and Results" in the Ethical Management Chapter on P.101 of the report:

Disclosure Elements	Corresponding Report Contents
Whis- tleblowing Policy	A board of directors reviewed and approved "Implementation Rules for Whistleblowing Systems" is disclosed in the "Corporate Governance - Rules" on the Company website. Our subsidiaries each established a whistleblower system that was reviewed and passed by their respective board of directors.
Receiving unit	The legal compliance department and internal audit unit/supervisor at the Company and subsidiaries is responsible for handling whistleblower cases
Whis- tleblowing Channels	<p>The Company set up the "Stakeholder Communications" section on our official website and a whistleblowing section official website, and provides whistleblowing channels by telephone, email, and mail.</p> <div style="border: 1px solid black; padding: 5px;"> <p>Compliance Department: Address: 18F, No. 30, Sec. 1, Chung King S. Rd., Zhongzheng Dist., Taipei City Tel: 02-23481458 Complaint mailbox : compliance@fhc.com.tw</p>  </div>
Whis- tleblowing Methods	Any individual who discovers that an employee of this Company is suspected of a crime, fraud, or violation of laws may submit a whistleblowing report to the receiving unit by stating their real name, contact method, the specific incident, and supplementary evidence through written notice such as mail and email; whistleblowing can also be conducted by phone or personally recounting the incident. The receiving unit must establish records stating the details of each incident, real names, and contact methods.
Case Acceptance Principles	<p>The "Whistleblowing Review Committee" ("the committee") reviews all whistleblowing cases and determines if they will be accepted.</p> <p>The committee may decide not to accept whistleblowing reports if it falls under any of the following circumstances:</p> <ol style="list-style-type: none"> 1. The whistleblower has not provided his/her real name and contact information. However, in cases where the content of the whistleblowing report is specific and there are verifiable materials, it still can be processed with care and discretion. 2. The whistleblower' report does not fall under Article 3 as an accepted category of the implementation rules or is unrelated to the execution of business. 3. The whistleblowing report is obviously made with malicious intent, is obviously false, or has no substantial content. 4. The whistleblower was requested to provide or supplement the evidence materials within a certain period of time. However, the whistleblower failed to do so, which hindered the investigation. 5. The reported matter is regarded as the same as a case that has already been investigated to completion, and the whistleblower has failed to present new facts or new evidence. 6. The reported matter has been investigated by relevant judicial agencies, or is already under investigation by a court of law, or has been subject to non-prosecution or deferred prosecution, or has already received a verdict therein.
Case Handling Procedures	<ol style="list-style-type: none"> 1. The Committee approves acceptance of a case: The report should be registered confidentially and separate investigations should be established based on the contents and category of each report. The Investigation Panel is required to produce an investigation report within thirty days from the day after receipt. The investigation report shall be sent to the receiving unit within thirty days after the report is completed; this deadline may be extended if necessary. 2. Investigation Method: Based on the necessity of the case, telephone, written review, or interviews should be performed. When an investigation is conducted, related units shall cooperate with the investigation and provide necessary documents and data. 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. The Investigation Panel may give the reported person an opportunity to make a statement verbally or in writing, which shall, in principle, be processed in a non-public manner. 3. Recusal in Conflicts of Interest: During the process of processing, investigating, deliberating, reviewing and reporting the whistleblowing reports, any person who has interests in individual whistleblower reports or other persons that may affect a fair investigation shall recuse themselves. 4. Notifying the Results of Investigation: The receiving unit shall update the whistleblower on the status of the investigation in writing or by other means within ten days after the investigation report is completed and approved. Where the whistleblowing report is transferred to a subsidiary for processing, the said subsidiary shall notify the whistleblower and submit a copy to the Company. The receiving unit shall send the investigation result to the head of the responsible unit of the reported person, and the unit head shall inform the reported person and take corrective action. If the reported person is the chairman, its supervisors/independent directors shall be notified.

Case Handling Procedures**5. Follow-up Actions:**

Where a whistleblowing report is verified to be true or with an audit opinion, the inspected unit and the Company shall report it at the next month's board of directors meeting or the next board of directors meeting, submit it to the Company's dedicated unit (Ethical Management Committee) for future reference, and comply with the following procedures:

- Related units shall be assigned to review the internal control system and operating procedures, propose improvement measures. A copy shall be submitted to the audit unit.
- The audit unit shall include the whistleblowing report in the most recent business audit items.

Major incidents or illegal cases shall be referred to or reported to the Company and relevant authorities in accordance with the "FFHC Incident Reporting Guidelines" and "First Financial Group Compliance Notification Guidelines".

6. Incentive Measures:

To encourage reports on illegal and unethical conduct, if a report is verified as true in an investigation, the Company shall grant a reward based on the severity of the reported violation; Where a whistleblower files a false report or a malicious accusation, the whistleblower shall be processed in accordance with related HR management rules.

7. Record Retention:

Documentation of case acceptance, investigation processes, and investigation results shall be retained in complete written format or digital files for at least five years. In the event of litigation related to the whistleblowing case before the retention period expires, the documentation shall continue to be retained until the conclusion of the litigation.

* : This includes regulations for the whistleblowing policy, receiving unit, whistleblowing channels, whistleblowing method, case acceptance principles, and case handling procedures.

Applicable Criteria:**FN-CB-510a.2**

We followed first point of the SASB Commercial Banks Sustainability Accounting Standard FN-CB-510a.2 technical protocols and disclosed the policies and procedures of the whistleblower system in accordance with the Whistleblower System Implementation Rules. Related contents are based on the FFHC Whistleblower System Implementation Rules applicable for 2023.

Subject Matter:

The table "Number and value of deposit and loan accounts by segment: personal, small business, and corporate" on P.228 of the report provides details on the number of deposit accounts and total balance of personal and small enterprises at First Bank as of December 31, 2023.

Applicable Criteria:**FN-CB-000.A**

We followed the FN-CB-000.A activity metrics of the SASB Commercial Banks Sustainability Accounting Standard and calculated the number of personal and small business deposit accounts and total balance of First Bank as of December 31, 2023.

Subject Matter:

The table "Number and value of deposit and loan accounts by segment: personal, small business, and corporate" on P.228 of the report provides details on the number of loan accounts and total loan balance of personal, small enterprises, and enterprises at First Bank as of December 31, 2023.

Applicable Criteria :**FN-CB-000.B**

We followed the FN-CB-000.B activity metrics of the SASB Commercial Banks Sustainability Accounting Standard and calculated the number of personal, small business, and corporate loan accounts and total loan balance of First Bank as of December 31, 2023.

Subject Matter:

No major contingencies or incident notifications endangering information security occurred to the Company or any of its subsidiaries in 2023. Nor was there any IT infrastructure incident that resulted in revenue loss. No units received any regulatory penalties.

* : • Here, matters related to litigation are based on the statistics of penalty cases as published on the competent authority's website.
• Information leakage here is based on whether it is leaked outside FFHC and whether the leakage behavior complies with FFHC's regulations on confidentiality and information security management.
• No information security incidents occurred in FFHC and its subsidiaries in 2023.

Applicable Criteria:**Sustainability disclosure metrics in Paragraph 1, Article 4 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (No. 1 of Appendix 1-3)**

By referencing the sustainability disclosure metrics (No.1 of Appendix 1-3) in Paragraph 1, Article 4 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, this table discloses statistics on the number of information leakage incidents, the number of leakage incidents relating to personal data, and the number of customers affected by information leakage incidents at First Financial Holding in 2023.

Subject Matter:

- The table on P.93 of the report details the amount and number of households that benefited in 2023 through the Self-managed urban renewal and the reconstruction of dangerous and old buildings projects and Developer-consolidated urban renewal and the reconstruction of dangerous and old buildings projects.
- The table on P.96 of the report describes micro enterprises..., resulting in a 2023 loan balance of NT\$1.882 billion and a total of 13,967 micro enterprises customers.

* : Here, a micro enterprises is defined as a micro or small enterprise, which means that the enterprise meets one of the following criteria: it has been established for less than five years, employs fewer than 20 employees, has capital of less than NT\$5 million, or has annual revenue of less than NT\$10 million.

Applicable Criteria :**Sustainability disclosure metrics in Paragraph 1, Article 4 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (No. 2 of Appendix 1-3)**

By referencing the sustainability disclosure metrics (No.2 of Appendix 1-3) in Paragraph 1, Article 4 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, this table discloses statistics on the number of loans and loan balance to promote small enterprises and community development undertaken by First Financial Holding in 2023.

Subject Matter:

The "Provide financial education to disadvantaged groups and remote areas" table on P.175 of the report.

* : The definition of the group hereunder includes disadvantaged groups and remote areas as defined by the competent authority.

Applicable Criteria :**Sustainability disclosure metrics in Paragraph 1, Article 4 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (No. 3 of Appendix 1-3)**

By referencing the sustainability disclosure metrics (No.3 of Appendix 1-3) in Paragraph 1, Article 4 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, this table discloses statistics on the number of participants for financial education provided to disadvantaged groups that lack banking services by First Financial Holding in 2023.

Subject Matter:

The "[Retail Banking] - ESG related products and their respective proportions" table on P.92 of the report discloses the amount of ESG products and their ratio at First Bank and First Venture Capital.

* : The financial businesses encompassed in this scope include First Bank and First Venture Capital.

Applicable Criteria:**Sustainability disclosure metrics in Paragraph 1, Article 4 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (No. 4 of Appendix 1-3)**

By referencing the sustainability disclosure metrics (No.4 of Appendix 1-3) in Paragraph 1, Article 4 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, this table discloses statistics on the products and services designed by the business divisions of First Bank and First Venture Capital in 2023 that generate environmental or social benefits.

Various Certifications



Index Table of 2023 Global Reporting Initiative (GRI)

Statement of use	First Financial Holding publishes the 2023 Sustainability Report in accordance with the GRI guidelines, and the scope of data and information is from January 1 to December 31, 2023.
GRI version used	GRI 1: Foundation 2021
GRI Industry Code Statement	None

GRI 2

GRI Disclosure Number	Description	Chapter	Pg.
1. Organization and reporting			
2-1	Organizational details		P2
2-2	Entities included in the organization's sustainability reporting		P2
2-3	Reporting period, frequency and contact point	Report information	P2-3
2-4	Restatements of information		P2
2-5	External assurance		P3
2. Activities and workers			
2-6	Activities, value chain and other business relationships	Business Performance Sustainable Procurement and Supplier Management	P46 P146-149
2-7	Employees	Diverse Talent Recruitment and Skills Cultivation	P181-184
2-8	Workers who are not employees		P181-182
3. Governance			
2-9	Governance structure and composition		P70-74
2-10	Nomination and selection of the highest governance body		P70
2-11	Chair of the highest governance body	Corporate Governance	Our corporate chairman is Ms. Ye-Chin Chiou / President is Ms. Fen-Len Chen
2-12	Role of the highest governance body in overseeing the management of impacts		P74
2-13	Delegation of responsibility for managing impacts		P74
2-14	Role of the highest governance body in sustainability reporting	Sustainable Governance Operation Mechanisms	P10-11
2-15	Conflicts of interest	Corporate Governance	P70
2-16	Communication of critical concerns	Sustainable Development Goals and Sustainable Development Goals and Enterprise Risk Management (ERM) Risk Management and Continuous Operation	P26-45 P77
2-17	Collective knowledge of the highest governance body	Corporate Governance	P73
2-18	Evaluation of the performance of the highest governance body		P72
2-19	Remuneration policies	Corporate Governance Talent Retention and Accessibility Benefits	P74-75 P162-164, P195
2-20	Process to determine remuneration	Corporate Governance	P74-75
2-21	Annual total compensation ratio		P75
4. Strategy, policies and practice			
2-22	Statement on sustainable development strategy	Chairman's Message	P4-5
2-23	Policy commitments	Sustainable Development Goals and Sustainable Development Goals and Enterprise Risk Management (ERM)	P26-45
2-24	Embedding policy commitments	Prevention of Money Laundering, Financial Fraud and Terrorism Financing	P113-118
2-25	Processes to remediate negative impacts	Ethical Management and Fair Customer Treatment Prevention of Money Laundering, Financial Fraud and Terrorism Financing	P101-102 P113-118
2-26	Mechanisms for seeking advice and raising concerns	Ethical Management and Fair Customer Treatment	P101-102
2-27	Compliance with laws and regulations	Risk Management and Continuous Operation	P77
2-28	Membership associations	Business Performance	P49

GRI Disclosure Number	Description	Chapter	Pg.
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	Stakeholder Communication and Materiality Analysis	P14-25
2-30	Collective bargaining agreements	Protections for Human Rights and Gender Equality	P196

GRI 3 : Material Topics 2021

GRI Disclosure Number	Description	Chapter	Pg.
3-1	Process to determine material topics	Stakeholder Communication and Materiality Analysis	P14-25
3-2	List of material topics	Stakeholder Communication and Materiality Analysis	P14-21
3-3	Management of material topics	Sustainable Development Goals and Sustainable Development Goals and Enterprise Risk Management (ERM)	P26-45

Topic-Specific Standard

GRI 200: Economic Topics (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	Pg.
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	Business Performance Corporate Governance ESG Products and Services Social Impact	P48 P75 P88-97 P173
	201-2	Financial implications and other risks and opportunities due to climate change	Climate Strategy and Management	P138-145
	201-3	Defined benefit plan obligations and other retirement plans	Talent Retention and Accessibility Benefits	P164-165, P168-169
	201-4	Financial assistance received from government	None	
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Protections for Human Rights and Gender Equality	P162-164, P195
	202-2	Proportion of senior management hired from the local community	Diverse Talent Recruitment and Skills Cultivation	P181-182, P184
GRI 203: Indirect economic impacts	203-1	Infrastructure investments and services supported	ESG Products and Services Digital Innovation and Inclusiveness	P88-97 P156~160
	203-2	Significant indirect economic impacts	ESG Products and Services Climate Strategy and Management Social Impact	P88-97 P142 P170-173
GRI 204: Procurement practices	204-1	Proportion of spending on local suppliers	Sustainable Procurement and Supplier Management	P147
	205-1	Operations assessed for risks related to corruption	Risk Management and Continuous Operation	P76
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	Ethical Management and Fair Customer Treatment	P99-100
	205-3	Confirmed incidents of corruption and actions taken		P100-102
GRI 207: Tax 2019	207-1	Approach to tax		
	207-2	Tax governance, control, and risk management	Tax Governance	P119-121
	207-3	Stakeholder engagement and management of concerns related to tax		
	207-4	Country-by-country reporting		P121
GRI 300: Environmental Topics 2016				
GRI 302: Energy	302-1	Energy consumption within the organization		P126
	302-2	Energy consumption outside of the organization		P127
	302-3	Energy intensity	Green Operations and Net Zero Initiatives	P126
	302-4	Reduction of energy consumption		P122-131
	302-5	Reductions in the energy requirements of products and services		P128-134

GRI 300: Environmental Topics 2016					
Series	Disclo- sure	Description	Chapter	Pg.	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Green Operations and Net Zero Initiatives	P126	
	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			
GRI 308: Supplier environmental assessment	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		P123, P125-127	
	308-1	New suppliers that were screened using environmental criteria	Sustainable Procurement and Supplier Management	P146-149	
308-2	Negative environmental impacts in the supply chain and actions taken				
GRI 400: Social Topics (With the exception of GRI 403 which is the 2018 version, the other GRI standards are based on the 2016 version)					
GRI 401: Employment	401-1	New employee hires and employee turnover	Diverse Talent Recruitment and Skills Cultivation Talent Retention and Accessibility Benefits	P184 P163-164	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent Retention and Accessibility Benefits	P168-169	
	401-3	Parental leave			
GRI 402: Labor/ Management relations	402-1	Minimum notice periods regarding operational changes	Protections for Human Rights and Gender Equality	P166	
	403-1	Occupational health and safety management system	Occupational Safety and Health	P152-154	
GRI 403: Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation		P150-152	
	403-3	Occupational health services			
GRI 404: Training and education	403-4	Worker participation, consultation, and communication on occupational health and safety		P150-155	
	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		Sustainable Procurement and Supplier Management	P146-149
	403-8	Workers covered by an occupational health and safety management system		Occupational Safety and Health	P154
	403-9	Work-related injuries		Occupational Safety and Health	P155
	403-10	Work-related ill health			P150-151, P155
GRI 405: Diversity and equal opportunity	404-1	Average hours of training per year per employee	Diverse Talent Recruitment and Skills Cultivation	P190	
	404-2	Programs for upgrading employee skills and transition assistance programs	Talent Retention and Accessibility Benefits	P185-190	
	404-3	Percentage of employees receiving regular performance and career development reviews	Corporate Governance Diverse Talent Recruitment and Skills Cultivation	P72, P74-75 P163, P187-189	
GRI 406: Non-discrimination	405-1	Diversity of governance bodies and employees	Corporate Governance Diverse Talent Recruitment and Skills Cultivation	P70-71 P181-184	
	405-2	Ratio of basic salary and remuneration of women to men	Protections for Human Rights and Gender Equality	P195	
GRI 407: Freedom of association and collective bargaining	406-1	Incidents of discrimination and corrective actions taken	Protections for Human Rights and Gender Equality	P191-194	
GRI 410: Security practices	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 Protections for Human Rights and Gender Equality	P146-149 P191-194	
	410-1	Security personnel trained in human rights policies or procedures	Protections for Human Rights and Gender Equality	P194	

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	Pg.
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	Sustainable Procurement and Supplier Management	P146-149
	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 and Decarbonization Strategies for Investment & Financing Ethical Management and Fair Customer Treatment	P62
	417-2	Incidents of non-compliance concerning product and service information and labeling		P103
	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	Information Security and Privacy Protection	P111

Distribution Table of Indicators Disclosed by the GRI for Financial Service Industries

Index	Description	Chapter	Pg.
Aspect: Product Portfolio			
FS1/DMA	Policies with specific environmental and social components applied to business lines	Tax Governance	P119
		Risk Management and Continuous Operation	P78-80
		Responsible Finance and Decarbonization Strategies for Investment & Financing	P51
		ESG Products and Services Climate Strategy and Management	P88-98 P142-144
FS2/DMA	Procedures for assessing and screening environmental and social risks in business lines	Risk Management and Continuous Operation	P82-85
		Responsible Finance and Decarbonization Strategies for Investment & Financing	P51-69
		ESG Products and Services Sustainable Procurement and Supplier Management	P88-98 P147-149
FS3/DMA	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Responsible Finance and Decarbonization Strategies for Investment & Financing ESG Products and Services	P51-69 P88-98
FS4/DMA	Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Green Operations and Net Zero Initiatives	P135
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	ESG Products and Services Digital Innovation and Inclusiveness	P88-98 P156-161
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Social Impact	P170-173
Aspect: Active ownership			
FS11	Percentage of assets subject to positive and negative environmental or social screening	ESG Products and Services	P88, P92
Aspect: Local communities			
FS14	Initiatives to improve access to financial services for disadvantaged people	ESG Products and Services Ethical Management and Fair Customer Treatment Social Impact	P96-98 P102-103 P175, P178-180
FS15/DMA	Policies for fair design and sale of financial products and services	Ethical Management and Fair Customer Treatment	P102-103
FS16/DMA	Initiatives to enhance financial literacy by type of beneficiary	Ethical Management and Fair Customer Treatment ESG Products and Services Social Impact	P105 P96-98 P175, P178-180

United Nations Global Compact Principles

Classification	Content	Disclosure	Chapter	Pg.
Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	●	Protections for Human Rights and Gender Equality	P191-195
	Principle 2: Make sure that they are not complicit in human rights abuses.	●	Responsible Finance and Decarbonization Strategies for Investment & Financing Sustainable Procurement and Supplier Management	P56-58 P146-149
	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	●	Protections for Human Rights and Gender Equality	P191
Labor	Principle 4: The elimination of all forms of forced and compulsory labor	●		
	Principle 5: The effective abolition of child labor	●	Protections for Human Rights and Gender Equality	P194-197
	Principle 6: The elimination of discrimination in respect of employment and occupation	●		
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	●	Climate Strategy and Management Green Operations and Net Zero Initiatives	P136-145 P122-135
	Principle 8: Undertake initiatives to promote greater environmental responsibility	●	ESG Products and Services Climate Strategy and Management Green Operations and Net Zero Initiatives Sustainable Procurement and Supplier	P88-95 P136-145 P122-135 P146-149
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	●	ESG Products and Services Social Impact Digital Innovation and Inclusiveness	P88-95 P171 P156-161
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	●	Ethical Management and Fair Customer Treatment	P99-102

Comparison Table of Social Responsibility Guidelines (ISO 26000 Index)

Major Issues	Disclosure	Chapter	Pg.	
Organizational governance	●	Sustainable Governance Operation Mechanisms	P10-11	
Due diligence	●			
Compliance audits to prevent risks due to human rights issues	●	Protections for Human Rights and Gender Equality	P191-194, P197	
Human rights risks situations	●		P191-194	
Avoidance of complicity	●	Ethical Management and Fair Customer Treatment	P99-102	
Human rights	Resolving grievances		P167	
	Discrimination and vulnerable groups	●	Talent Retention and Accessibility Benefits P191-194	
	Civil and political rights	●	Protections for Human Rights and Gender Equality	P191-194, P196-197
	Economic, social and cultural rights	●	Talent Retention and Accessibility Benefits Social Impact	P168-169 P170-180
	Fundamental principles and rights at work	●	Protections for Human Rights and Gender Equality	P191-197
	Employment and employment relationships	●	Diverse Talent Recruitment and Skills Cultivation	P181-184
	Conditions of work and social protection	●	Protections for Human Rights and Gender Equality Diverse Talent Recruitment and Skills Cultivation	P191-197 P185-190
Labor Practices	●	Social Impact	P170-180	
Social dialogue	●			
Health and safety at work	●	Occupational Safety and Health	P150-155	
Human development and training in the workplace	●	Diverse Talent Recruitment and Skills Cultivation	P185-190	

Major Issues	Disclosure	Chapter	Pg.	
The Environment	Prevention of pollution	●	Green Operations and Net Zero Initiatives P122-135	
	Sustainable resource use	●	Climate Strategy and Management Green Operations and Net Zero Initiatives	P140-141 P128-131
	Climate change mitigation and adaptation	●		
Fair Operating Practices	Protection of the environment, bio-diversity and restoration of natural habitats	●	Responsible Finance and Decarbonization Strategies for Investment & Financing Social Impact	P63-69 P174-176
	Anti-corruption	●		
	Responsible political involvement	●	Ethical Management and Fair Customer Treatment	P99-102
Consumer Issues	Fair competition	●		
	Promoting social responsibility in the value chain	●	Stakeholder Communication and Materiality Analysis	P14-45
	Respect for property rights	●	Ethical Management and Fair Customer Treatment	P99
Community Involvement and Development	Fair marketing, factual and unbiased information and fair contractual practices	●	Ethical Management and Fair Customer Treatment	P102-104
	Protecting consumers' health and safety	●	Social Impact	P176-177
	Sustainable consumption	●	ESG Products and Services	P88-97
	Consumer service, support, and complaint and dispute resolution	●	Ethical Management and Fair Customer Treatment	P103-104
	Consumer data protection and privacy	●	Information Security and Privacy Protection	P111-112
	Access to essential services	●	Ethical Management and Fair Customer Treatment ESG Products and Services Prevention of Money Laundering, Financial Fraud and Terrorism Financing Digital Innovation and Inclusiveness	P102-105 P88-97 P113-118 P156-161
	Education and awareness	●	Ethical Management and Fair Customer Treatment ESG Products and Services Social Impact Digital Innovation and Inclusiveness	P99 P91-98 P173-180 P156-161
	Community participation	●	Ethical Management and Fair Customer Treatment ESG Products and Services Social Impact	P99 P97-98 P173-180
	Employment creation and skills development	●	Diverse Talent Recruitment and Skills Cultivation Social Impact Digital Innovation and Inclusiveness	186-190, P195-196 P175-177 P156-161
	Technology development	●	Digital Innovation and Inclusiveness	P156-161
Social Investment	Wealth and income creation	●	Ethical Management and Fair Customer Treatment ESG Products and Services	P105 P96-98
	Promotion of health	●	Talent Retention and Accessibility Benefits Occupational Safety and Health Social Impact	P168-169 P151-152 P176-177, P180
	Social investment	●	Social Impact	P170-180

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

Item	Chapter	Pg.
Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks	Stakeholder Communication and Materiality Analysis Sustainable Development Goals and Enterprise Risk Management (ERM) Responsible Finance and Decarbonization Strategies for Investment & Financing	P14-25 P26-45 P51
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 and Enterprise Risk Management (ERM)	P26-45
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 and Decarbonization Strategies for Investment & Financing ESG Products and Services Social Impact	P51-69 P88-98 P170-180
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 and Decarbonization Strategies for Investment & Financing ESG Products and Services Sustainable Procurement and Supplier Management Social Impact	P14-25 P51-68 P88-98 P146-149 P170-180
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 and Enterprise Risk Management (ERM)	P10-11 P26-45
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 and Enterprise Risk Management (ERM)	P10-11 P14 P9-45

Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Index	Description	Chapter/Description	Pg.
	The sustainability indicators that financial and insurance companies should disclose in their sustainability reports and obtain the opinion letter issued by the accountants in accordance with the standards issued by the Accounting Research and Development Foundation.		
	1. Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	Information Security and Privacy Protection Summary of Subject Matters Assured of the Assurance Report of Independent Auditors	P108 P112 P203
Financial Institutions	2. Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	ESG Products and Services Summary of Subject Matters Assured of the Assurance Report of Independent Auditors	P92, P97 P210-211
	3. Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	Social Impact Summary of Subject Matters Assured of the Assurance Report of Independent Auditors	P175 P208, 211
	4. Products and services designed by individual operating units to create benefits for the environment or society.	ESG Products and Services Summary of Subject Matters Assured of the Assurance Report of Independent Auditors	P88 P211
Listed Company	The content of the sustainability report of a financial and insurance company shall cover relevant environmental, social, and corporate governance risk assessments, and set relevant performance indicators to manage the identified major topics.	Stakeholder Communication and Materiality Analysis Sustainable Development Goals and Enterprise Risk Management (ERM)	P14-25 P26-45
	Disclose climate-related information in a special chapter, and obtain greenhouse gas scope 1 and scope 2 inventory verification.	Climate Strategy and Management Green Operations and Net Zero Initiatives	P136-145 P122-135

Climate Related Information of the Financial Holding Company

Item
01 Describe the board of directors and management's oversight and governance of climate-related risks and opportunities.
Implementation status
The Board of Directors of FFHC serves as the top governing unit responsible for overseeing the Group's climate-related risks. Their duties include approving, guiding, and ensuring the effective operation of risk policies. The Sustainable Development Committee and the Risk Management Committee operate under the supervision of the Board of Directors and are tasked with overseeing critical strategies related to the Group's climate risks, which are outlined below: <ul style="list-style-type: none"> The Sustainable Development Committee is chaired by the Chairperson of the Board, with the Presidents of each company in the Group serving as committee members. The committee is primarily responsible for reviewing and approving short, medium, and long-term ESG objectives and plans of action related to climate change. They also establish annual ESG evaluation criteria for subsidiaries. Quarterly meetings are held to track and review the progress of each climate change and ESG target and action plan, and implementation performance from the preceding year is reported to the Board of Directors within four months after year-end to promote the adoption and implementation of the Group's sustainability policies. Starting in 2023, each subsidiary's annual business performance evaluation will include assessments of their climate change and comprehensive ESG performance to ensure the achievement of each annual target. The Risk Management Committee is headed by the Chairperson of the Board and consists of the President, Vice President, and Chairpersons and Presidents of the subsidiaries as its members. The committee provides regular reports and continuously monitors the outcomes of climate risk assessments and the implementation of mitigation measures, which are subsequently reported to the Board of Directors.

02 Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).

Implementation status
1. Risks:
<ul style="list-style-type: none"> Transition risks: These refer to policy, legal, technological, and market changes that may occur during the low-carbon transition process, and which are used to mitigate and adapt to climate change. <ul style="list-style-type: none"> A. Short-term: The collection of carbon taxes or fees. B. Medium-term: Investment and financing clients' inability to undergo low-carbon transformation. C. Long-term: Changes in market preferences. Physical risks: These refer to the actual risks brought about by long-term climate change and immediate extreme weather, which may have financial impacts on the organization. <ul style="list-style-type: none"> A. Short/medium-term: Increase in flooding and landslides. B. Long-term: Sustained high temperatures cause a rise in sea levels or long-term heat waves.
2. Opportunities:
<ul style="list-style-type: none"> Short-term: <ul style="list-style-type: none"> A. "Product and Service": In response to the development of digital technology, promote paperless banking, securities, and insurance service processes; follow the Equator Principles to implement due diligence and establish customer engagement mechanisms; develop products such as project loans linked to the sustainability performances, green/ sustainable linked bonds, green credit cards and sustainable time deposits. B. "Resource Efficiency": When Group-owned or invested real estate is built or replaced, priority should be given to equipment with energy-saving and environmentally friendly labels. C. "Energy Sources": Gradually increase the percentage of self-generated renewable energy. Medium-term: "Market Opportunities": Assist the development of the green industry, such as increasing investment in renewable energy-related companies to help clients meet green supply chain regulations and demand, actively participating in the promotion of sustainable development bonds, issuing and expanding investment in sustainable development bonds, guiding funds to invest in projects that enhance environmental and social benefits. Long-term: "Enhance Organizational Resilience": Based on scenario analysis results, take relevant actions; invest in the production of renewable energy for governments or businesses, continuously evaluate investment opportunities in the renewable energy industry, and adapt to the trend of sustainable development. Proactively plan investment, financing, or insurance products to meet new customer needs resulting from changes in customer behavior.

03 Describe the financial impact of extreme weather events and transformative actions.**Implementation status**

Following the "Guidelines for Domestic Banks' Climate Risk Financial Disclosure " established by the Financial Supervisory Commission, when disclosing financial information related to climate risks for the previous year, the reporting institution must submit relevant data to the regulatory agency. This includes the expected losses from natural disasters for individuals and businesses in various scenarios, such as orderly transition, disorderly transition, and no policy involved, evaluated for the years 2030 and 2050 as a percentage of the benchmark year's net worth and pre-tax profit. The institution should also plan to carry out climate change scenario analysis according to the "Guidelines on Climate-related Financial Disclosures of Insurance Companies," evaluating potential losses under different scenarios, including orderly transition, disorderly transition, and too little too late.

04 Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.**Implementation status**

The First Financial Group updated its "Risk Management Policy and Guidelines for First Financial Holding Co. and Subsidiary Companies" to include emerging risks, such as climate change risks. Each subsidiary revised its risk management policy and now conducts regular reviews of loan limits for the Group's business categories and high carbon emission (energy-intensive/high pollutant) industries. The review findings are reported to the FFHC's Risk Management Committee and Board of Directors every two months for evaluation.

05 If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.**Implementation status**

- Conduct climate change scenario analysis based on the "Climate Change Scenario Analysis Work Plan by Domestic Banks". There scenarios included were six, such as "orderly transition", "disorderly transition" and "no policy scenario" in 2030 and 2050. Each scenario was assessed for the impact on expected losses.
- Obtaining data on atmospheric general circulation model under various climate change scenarios from the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), four sets of climate change scenarios (RCP2.6, RCP4.5, RCP6.0, and RCP8.5) were looked into for analyzing the probability of daily rainfall exceeding 650 millimeters and the level of flooding risks across future periods (2021-2040, 2041-2060, 2061-2080, and 2081-2100). Using geographic information system, levels of flooding risks at various operating sites under above-mentioned four scenarios across four time periods were assessed.

06 If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.**Implementation status**

The transition plan, indicators, and targets in response to climate-related risks are as follows:

Credit and investment limits on heavy polluting/ carbon dioxide generating industries would be decreased and monitored regularly for not exceeding limits. Reducing the upper limit year by year to gradually reduce exposure to related industries is also planned.

Transition plan	Indicator and target
Conducting greenhouse gas inventory for every operating site	In 2023, in accordance with ISO 14064-1, volume of greenhouse gas emissions from all domestic and overseas operating sites was measured and verified by a third-party verification agency.
Improving energy using efficiency in self-owned buildings and obtaining green building labels	<ul style="list-style-type: none"> • By 2023, green building labels were obtained for 36 self-owned buildings across domestic. • This number is expected to increase to 38 in 2024 and 46 in 2028.
Installing solar power systems on branches' rooftops	<ul style="list-style-type: none"> • By 2023, solar power systems were installed in 23 domestic and overseas branches. • This number is expected to increase to 25 in 2024; from 2025 to 2029, to have one solar-powered branch each year in principle.
Purchasing green electricity for domestic operating sites	<ul style="list-style-type: none"> • In 2023, 3,163,400 kWh of green electricity was purchased. • This number is expected to increase to 3,843,000 in 2024 and 5,076,000 kWh in 2025 with a plan to have an incremental increases in subsequent years.

07 If internal carbon pricing is used as a planning tool, the pricing basis should be stated.**Implementation status**

Since 2010, the internal carbon pricing mechanism has been introduced, and the electricity saving of domestic business units has been set in accordance with the total carbon reduction target every year to improve carbon reduction awareness and carbon costs. Since 2021, the achievement of each unit's power saving target has been announced quarterly. After the end of the 4th quarter, target achievement rate will be published. Carbon reduction cost per ton based on the actual carbon reduction measures and the amount invested in carbon reduction will be disclosed and informed the unit that has not reached the target for excess carbon emissions and the additional cost. Then the proposes carbon reduction measures for the unit shall be reported. As for the units with excellent performance, reward the personnel and provide their carbon management specific practices for reference among domestic units.

08 If climate-related goals are set, the covered activities, scope of greenhouse gas emissions, schedule, annual progress and other information should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the offsets should be explained. The source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs).**Implementation status**

- **Setting climate target:** In order to meet the national 2050 net zero emission target to control the temperature rise within science-based reduction target (SBT) of 1.5°C carbon, the Company set carbon annual reduction target of 4.2% of the sum of carbon emissions scope 1 and scope 2 than prior base year (2022). If the annual target cannot be achieved, green electricity should be purchased or other carbon trading such as renewable energy certificates to make up for the unfulfilled part.
- **Carbon emission calculation scope:** The Company and all its subsidiaries in the consolidated financial report have completed the inventory and assurance of scope 1 and 2 emissions in 2023. The carbon inventory standard is based on ISO14064-1, and the total carbon emissions are 19,239.56 metric tons of CO₂e. Obtained the SGS verification certificate on Apr. 30, 2024. Among them, the scope 1 emissions are mainly from official vehicle oil, generator diesel and gas, and the scope 2 emissions are mainly from electricity consumption.
- **Progress of de-carbonization in 2023:**
Scope 1 and 2 :
 2023 de-carbonization target: decreased by 903.61 metric tons than that of 2022
 2023 de-carbonization achievement: decreased by 2,274.90 metric tons than that of 2022. (green energy (RECs) of 5,149 thousand degrees purchases during 2023, equivalent of 2,548.87 metric tons CO₂e, was deducted)

09 Greenhouse gas inventory and assurance status (fill in the table 2-1):

2-1 Greenhouse Gas Inventory and Assurance Status

2-1-1 Greenhouse gas inventory information

Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage of greenhouse gases during the most recent two years.

Emission Source	Year	2022		2023		Data coverage
		Emission quantities (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/NT\$ million)	Emission quantities (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/NT\$ million)	
Direct emission quantity (Scope 1)		2,656.70	0.04	2,808.58	0.04	The Company and all subsidiaries included in the financial statements
Energy indirect emission quantity (Scope 2)		18,857.76	0.28	16,430.98	0.24	

The Group's scope 3 financed emission quantity verified were 13,849,382 metric tons CO₂e in the end of 2022 and 12,878,864 metric tons CO₂e in the end of 2023 respectively. The categories include "equity investment", "corporate bond", "commercial loans", "project financing", "commercial real estate", "mortgages" and "sovereign debt". Please refer to the disclosed financial data of the impact of climate change in the Group's TCFD report.

* 1 : The Company's 2022 net revenue was NT\$ 67,756.394 million and the number for 2023 was NT\$ 67,255.132 million.

2-1-1 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent two years and up to the printing of this annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

The aggregate amount of greenhouse gas emissions disclosed, we reported combined Scope 1 and Scope 2 emissions totaling 21,514.46 metric tons of CO₂e for the year 2022. For 2023, total emissions were 19,239.56 metric tons of CO₂e. These emissions figures encompass the Company and all entities included in the financial statements. After conducting a carbon inventory in accordance with ISO 14064-1 inspection standards, we submitted the results to an assurance institution, SGS Taiwan Ltd., for verification. According to ISO 14064-3 standards, the assurance opinion was a reasonable level of assurance.

2-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

Strategy and concrete action plan:

- The team "Program to Obtain Green Building Certification" was formed in 2010. As of the end of 2023, 33 existing old buildings have had the Green Building Label from the Ministry of the Interior (including 29 with diamond-class buildings, 1 silver-class building, 1 bronze-class building and 2 qualified buildings), and 2 newly constructed buildings have obtained the gold-class green building label. Our London branch received green building label certification issued by Britain's Building Research Establishment (BRE) in 2021. With these green buildings, we reduced annual carbon emissions by 2,927 metric tons CO₂e in 2023.
- FFHC has constructed 23 solar-powered branches reducing an annual carbon remissions of 122.04 metric tons of CO₂e; Between 2015 and 2023, we purchased green electricity and carbon certificates, reducing carbon-generated power consumption by a total of 8,608,000 kWh, and set a target of producing and using 220 MWh of renewable energy in 2024. We are continuously increasing our use of renewable energy and have implemented environmental sustainability policies. We have installed "green roofs with solar power facilities and ecological hydroponic system for rainwater collection" on the Wanhua, Huashan, and Changan branch buildings, creating zero carbon farms to grow fish and vegetables by using solar power and recycled rainwater, realizing the concept of Living-Production-Ecological.

De-carbonization target and status of achievements:

In order to meet the national 2050 net zero emission target to control the temperature rise within science-based reduction target (SBT) of 1.5°C carbon, the Company set carbon annual reduction target of 4.2% of the sum of carbon emissions scope 1 and scope 2 than prior base year (2022), i.e. the total of scope 1 and scope 2 has to decreased 903.61 metric tons annually when comparing to that of 2022. In 2023, the sum of scope 1 and scope 2 totaled 19,239.56 metric tons, a decrease of 2,274.90 metric tons, or 10.57%, when comparing to the base year (2022) of 21,514.46 metric tons.

Greenhouse Gas Verification Statement

Opinion TW24/00215GG

Greenhouse Gas Verification Opinion

The inventory of Greenhouse Gas emissions in year 2023 of
First Financial Holding Co., Ltd.

18F, No. 30, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan

has been verified in accordance with ISO 14064-3:2019 as meeting the requirements of
ISO 14064-1:2018

Direct emissions
2,808.5841 tonnes of CO₂e
Indirect emissions
26,589.9360 tonnes of CO₂e
Direct emissions and indirect emissions
29,398.520 tonnes of CO₂e

Authorized by
Stephen Pao
Stephen Pao
Business Assurance Director
Date: 30 April 2024
Version 1

TGPS68-15-1 2401
SGS Taiwan Ltd.
No. 136-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District,
New Taipei City 24803, Taiwan
T (02) 22993279 F (02)2999453 www.sgs.com

Opinion TW24/00215GG, unverified

Category	Quantity	Intensity
Direct emissions	2,808.58	0.04
Indirect emissions	26,589.94	0.28
Total emissions	29,398.52	0.24

Opinion TW24/00215GG, unverified

Category	Quantity	Intensity
Direct emissions	2,656.70	0.04
Indirect emissions	18,857.76	0.28
Total emissions	21,514.46	0.24

Opinion TW24/00215GG, unverified

Location	Quantity	Intensity
Taipei	1,200.00	0.04
New Taipei	1,608.58	0.04
Taichung	0.00	0.00
Total	2,808.58	0.04

Opinion TW24/00215GG, unverified

Energy Source	Quantity	Intensity
Coal	0.00	0.00
Gas	0.00	0.00
Electricity	26,589.94	0.28
Total	26,589.94	0.28

Opinion TW24/00215GG, unverified

Sector	Quantity	Intensity
Finance	2,808.58	0.04
Real Estate	0.00	0.00
Manufacturing	0.00	0.00
Total	2,808.58	0.04

Opinion TW24/00215GG, unverified

Product Line	Quantity	Intensity
Commercial Bank	1,200.00	0.04
Retail Bank	1,608.58	0.04
Insurance	0.00	0.00
Total	2,808.58	0.04

Opinion TW24/00215GG, unverified

Region	Quantity	Intensity
North America	0.00	0.00
Europe	0.00	0.00
Asia	2,808.58	0.04
Total	2,808.58	0.04

Opinion TW24/00215GG, unverified

Business Unit	Quantity	Intensity
Corporate Banking	1,200.00	0.04
Retail Banking	1,608.58	0.04
Insurance	0.00	0.00
Total	2,808.58	0.04

Sustainable Operation Indicators

SASB : FN-CF-220a.2、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、FN-CB-410a.2

Consumer Privacy

■ Financial losses generated due to litigation relating to customer privacy : None

Information Security

■ Credit card fraud

Transaction type	Fraud number	Loss amount
Non-presenting a physical credit card	0 case	0 thousand
Presenting a physical credit card	63 cases	NT\$1,144 thousand

* : 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 (%)	65	2	58	76	25	68
Interest rate (%)	2.41	2.83	2.41	6.75	11.94	7.36
Average account terms (unit: year)	7.19	7.87	7.20	5.43	7.45	5.58
Average number of accounts (credit card) held (unit: account/card)	1.05	1.04	1.05	1.16	1.13	1.16

* :
 • 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 (%)
2023	212	0.4	0	11.79

■ Total financial losses resulting from product sales and services related litigation : None

Status of Industry Risk Exposure

No.	Industry	Ratio of credit balance	No.	Industry	Ratio of credit balance
1	Real estate -Not Urban Renewal of Dangerous Old Buildings	11.85%	6	Plastic industry	4.27%
2	Wholesale and retail	9.60%	7	Machinery and tool industry	4.03%
3	metal industry	5.35%	8	Construction industry	2.96%
4	Finance and insurance industry	5.31%	9	Transportation and warehousing industry	2.35%
5	Electronic information industry	4.37%	10	Service industry	2.03%
Total		52.12%			

Activity Metrics

(1)Number and (2)value of deposit and loan accounts by segment: personal, small business, and corporate

Baseline date: December 31, 2023

Item	Person	Small business	Corporate
Number of loan accounts	103,923	29,453	10,445
Value of loans (Unit: NT\$1,000)	28,819,992	278,743,651	431,273,549
Number of checking and savings accounts	6,552,152	57,656	
Value of checking and savings (Unit: NT\$1,000)	1,886,049,308	183,722,612	

*1 : Exclude customers of overseas branches and subsidiaries.

*2 : The number of loan accounts and checking and savings accounts of this year are changed to be calculated based on personal accounts.

*3 : Value of loans does not include mortgage loans, revolving loans and overdue personal loans.

*4 : 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.

SASB Sustainability Disclosure Topics & Accounting Metrics Content Index

SASB Indicator

TOPIC	CODE	ACCOUNTING METRIC	Chapter/Description	Pg.
Customer Privacy	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes	Information Security and Privacy Protection Sustainable Operation Indicators	P108, P111-112 P227
	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	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Sustainable Operation Indicators	P227
	FN-CF-230a.2	Card-related fraud losses from (1) card-not-present fraud and (2)card-present and other fraud		
	FN-CB-230a.2 FN-CF-230a.3	Description of approach to identifying and addressing data security risks		
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	ESG Products and Services	P93, P96

TOPIC	CODE	ACCOUNTING METRIC	Chapter/Description	Pg.
Financial Inclusion & Capacity Building	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Social Impact	P175
	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 Accessibility Benefits	P162
Selling Practices	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	P227
	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	(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or nonmonetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the CFPB	Ethical Management and Fair Customer Treatment Sustainable Operation Indicators	P103-104 P227
	FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products		
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.2	Description of approach to incorporation of ESG factors in credit analysis	Responsible Finance and Decarbonization Strategies for Investment & Financing	P56
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 Management and Fair Customer Treatment	P100
	FN-CB-510a.2	Description of whistleblower policies and procedures		P101
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 the 2023 financial statements. P162-163	
Activity Metrics	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Sustainable Operation Indicators	P228
	FN-CB-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	ESG Products and Services	P94
	FN-CF-000.B	Number of (1) credit card accounts and (2) pre-paid debit card accounts		



First Financial Holding 2023 Sustainability Report

Publish Institution : First Financial Holding Co., Ltd.

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Publish Date : 2023.7

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Publish Date: 2024.7
Printed in Taiwan 2024