First Financial Holding Sustainable Finance Framework

I. Foreword

First Financial Holding Co., Ltd. is an international bank, investor, and life insurance company. A deep understanding of environment, social, governance (ESG) issues can help us reduce risks and monitor bank loans, investment strategies, life insurance management, and financial product development opportunities. The establishment of a sustainability policy and focus on related ESG issues can support the development of FFHC’s core businesses and the corporate social responsibility strategy. It also demonstrates the Group’s accountability in decision making and interactions with stakeholders with the aim of resolving social and environmental issues and fulfilling the sustainable development goal of "number one brand in green finance".

(I) Purpose

To fulfill social responsibilities for sustainable development in the finance industry, FFHC incorporated related ESG issues into the Group's core business operations such as credit extension procedures, assistance in underwriting, investment decisions, and the design and review of financial products. We integrated the sustainable development of the Company, society, and environment to increase long-term value for customers, employees, and shareholders.

(II) Scope

The ESG policy and evaluation procedures are applied to all corporate borrowers regardless of the amount of the loan, the business of the underwriting, the investment decisions and the investment strategies adopted by companies of the Group, and the development and review procedures of financial products.

(III) Commitment

Commitment 1: Follow sustainable trends of the financial industry and align business development strategies with international sustainable development goals

FFHC referenced international sustainability regulations and international initiatives such as the United Nations Sustainable Development Goals (SDGs), the Equator Principles (EPs), TCFD, Principles for Responsible Banking (PRB), Principles for Responsible Investment (PRI), and Principles of Sustainable Insurance (PSI) to identify the risks and opportunities of the Group’s core businesses and formulate short, medium, and long-term objectives and implementation plans for all ESG issues, and report the implementation results to the Board of Directors. FFHC actively uses core businesses to resolve environmental and social issues and make full use of its financial influence.

Commitment 2: Establish ESG governance mechanisms and operating procedures

FFHC integrated ESG issues into the development strategies and operating procedures of core businesses. The Board of Directors of subsidiaries reviewed and passed the establishment of the "Sustainability Credit Policy", "Sustainability Investment Policy", and "Sustainability Insurance Policy" based on the nature of their business operations and included ESG management strategies into the planning and operating procedures for investments, financing, underwriting, and insurance businesses. They also integrate ESG factors into voting and product review mechanisms to implement requirements in the Stewardship Principles and exercise the due care of a good administrator.
Commitment 3: Provide products or services that produce social and environmental value

Be committed to the implementation of a sustainable development philosophy. In addition to promoting various green finance and ESG lending projects, FFHC shall use long-term equity investment, stocks, and bonds to continue to invest in industries and small and medium enterprises related to environmental protection, green energy, aging population, and low-birth rate. We seek to help the development of related ESG industries.

Commitment 4: Engage customers and investee companies and achieve sustainable development goals

FFHC continues to engage customers and investee companies on ESG issues and pays close attention to opportunities and risks in ESG. FFHC educates and encourages loan customers to sign the CSR Declaration to help them understand the importance of ESG issues. FFHC works with customers and investee companies to improve its control over ESG issues and risks, and formulate solutions. In terms of risk management, credit extension, and investment decision-making processes, FFHC included related factors such as carbon emissions reduction performance and climate change adjustments into consideration to create a sustainable development environment.

Commitment 5: Regularly review the implementation status of sustainable development goals

The Group is committed to the implementation and promotion of corporate social responsibilities. The CSR Committee establishes implementation plans for corporate social responsibilities in accordance with the United Nations Sustainable Development Goals (SDGs) each year and the Board of Directors continues to monitor the results.

(IV) Principles

1. FFHC adopted the spirit enshrined in the "Equator Principles" and integrated sustainable development goals into the Bank’s lending to pay attention to all ESG issues. As funding suppliers, FFHC makes use of its core competencies and fulfills the social responsibility of the financial industry in the financial supply chain in order to achieve sustainable development of the environment, economy, and society.

2. FFHC complies with the United Nations Responsible Banking Principles and aligns business development strategies with international sustainable development goals. We have reduced and managed the negative impact of our actions, products, and services on the society and environment and we work with customers to encourage sustainability practices and promote economic activities.

3. FFHC referenced the United Nations "Principles for Responsible Investment" and included ESG factors into the selection of investment projects and assistance in underwriting to help investees fulfill corporate social responsibilities.

4. FFHC complies with the "Principles for Sustainable Insurance" established by the United Nations Environment Programme to satisfy the requirements of policyholders for coverage, create sustainable development opportunities for the Company, and bear social responsibilities.

II. Organization

The Group sets up the “CSR Committee” with work groups that specialize in corporate governance, customer care, employee care, environmental sustainability, and social welfare. The CSR Committee consists of the Company’s Chairman who serves as the Chairman of the Committee,
and the president of each company of this Group who serve as members. The Committee shall establish the annual objectives of each field of CSR and supervise the practices thereof. We formulate implementation plans and goals for the current state of development in domestic and foreign sustainable finance and submit the reports to the Committee for review or reference. Where necessary we gather relevant personnel to present the reports. The meetings of the Committee are convened at least once every year.

Actions taken by FFHC for promoting sustainable finance include the Group's implementation of corporate social responsibilities and green finance. The main entities responsible for sustainable finance operations are the "Customer Care Work Group" and "Environmental Sustainability Work Group". The Group established the "Green Finance Committee" in 2017 and assigned the President to serve as the Chairman of the Committee to advance business development while implementing environmental protection and assisting companies' transformation to international low-carbon market opportunities. To strengthen climate change governance, we signed and support "Climate-Related Financial Disclosures Recommendations" framework published by the Task Force on Climate-Related Financial Disclosures (TCFD) which were also reviewed and approved by the Board of Directors for the inclusion of emerging climate change risks into the risk management policy. We also established mechanisms for the identification, evaluation, control, and reports of emerging risks. The Board of Directors and senior management supervise business management units in the establishment of mitigation measures and short, medium and long-term goals for climate change risks and opportunities as well as tracking the implementation of related KPIs. To avoid the investments and financing risks derived from climate change, our Green Finance Committee-Green Examination Group identified and assessed the environmental risk factors and revised the related policies or principles of credit and investment review to prevent financing risks arising from climate change. The goal is to strengthen the Company's climate change governance, systematically connect assessments and finances, reduce risks, and gain business opportunities.
Subsidiaries play different roles and have different duties in sustainable finance based on the nature of their business operations. They are described below:

<table>
<thead>
<tr>
<th>Role of Subsidiaries</th>
<th>Duties</th>
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<tbody>
<tr>
<td>Credit</td>
<td>First Bank shall adopt the &quot;Green Financing Review Principles&quot; to check and review its corporate credit cases to assess the influence of the borrower on environmental and social sustainability, and to avoid providing funds for the borrower to engage in business harmful to the environment or social sustainability, so that First Bank may reduce the environmental and social risks caused by its credit loans. First Bank shall refuse to provide loans to excluded industries and the proportion of the credit limit for high pollutant/high energy consumption industries must not exceed 15%. The Bank shall also establish ESG evaluations for sensitive industries.</td>
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<td>Investment</td>
<td>First Capital Management Establish a &quot;Do-Not-Invest List for CSR Violations&quot;. The list involves screening current and potential investments based on numerous criteria, including product sustainability, human rights, environmental protection, controversial social issues, and recent investigations involving prosecutorial agencies, and any company that is found to have engaged in conduct which is not in the spirit of corporate social responsibility is added to the do-not-invest list. Review the “Do-Not-Invest List for CSR Violations” and prohibit investments in controversial industries. The proportion of investment in high pollution/energy consuming industries should not exceed 15%. Conduct ESG evaluation and analysis of sensitive industries. Actively participate in investments in green bonds or sustainable bonds. Establish ESG scoring mechanisms for investment targets before investments. Continue to engage investees on ESG issues. Regularly follow up and review the said issues.</td>
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<tr>
<td></td>
<td>First Bank First Securities First Securities Investment Trust First Life Insurance</td>
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<tr>
<td>Product</td>
<td>Requirements</td>
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<td>-------------------------</td>
<td>-----------------------------------------------------------------------------</td>
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<tr>
<td>First Bank, First Securities, First Life Insurance</td>
<td>Make sure products and services do not influence ecological conservation; lower the impact of products and services to the environment; reduce energy consumption; and assist the development of clean energy. Provide products that meet requirements for customers’ interests and sustainable finance and strengthen investors’ support for sustainable financial products.</td>
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<td></td>
<td>Require all insurance companies that sell insurance products in First Bank and First Securities’ channels or all fund companies which handle new fund custody or are selected to be listed are required to issue CSR Declarations or prepare their CSR Reports in accordance with the regulations of the competent authority.</td>
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<td></td>
<td>Require domestic investment trust companies to sign the compliance statement for the “Stewardship Principles” and offshore investment trust companies to sign the compliance statement for Principles for Responsible Investment (PRI).</td>
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<td></td>
<td>Provide inclusive financial products and services and organize financial seminars to increase lending channels, insurance protection, and financial products for economically disadvantaged people and people living in remote areas.</td>
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<td></td>
<td>First Life Insurance enhanced the promotion of micro-insurance and small-scale whole life insurance product to provide basic levels of life insurance coverage for the economically disadvantaged and improve the basic coverage for deaths of citizens.</td>
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</table>

| First Securities Investment Trust | For underwriting businesses of sensitive industries, First Securities must actively review their environmental protection plans and their impact on the environment and society. It must use communication or assistance mechanisms to encourage such industries to adopt measures for mitigating the impact or other measures that meet its sustainable development philosophy (e.g., the paper industry can plant forests and high energy consumption industries can use green energy). In addition, if the company receiving assistance for underwriting violates related regulations regarding the environment, society, and corporate governance, is exposed by the media, and the penalty is verified, First Securities shall fulfill its corporate social responsibility through timely communication or assistance so that the company can make gradual improvements till it meets related regulations. If improvements are not made, First Securities shall gradually withdraw from the underwriting business of the company. |

| First Securities Investment Trust | Raise sustainability funds related to ESG issues. |
III. Review Process and Measures

(I) Credit

1. Procedure

2. ESG Factors

(1) Establish due diligence of careful evaluation focusing on industries that are generally excluded (industries ranging from sex, tobacco, alcohol, weapon to gambling) and sensitive industries (e.g., biodiversity, climate change, energy use, mining, forestry, agriculture, gasoline, and natural gas) to avoid significant adverse effects on ESG sustainability.

(2) Corporate loans distribute to high pollution/energy consumption industries (electricity supply industry, steal and alumina/cooper refining, petrochemical industry (including man-made fiber), cement, paper making, semi-conductor and LCD panels, printing and dyeing, leather, metal second-processing, printed circuit board and battery manufacturing) for which the proportion of credit extension limit may not exceed 15%. This restriction is provided as the basis and reference for risk management in the industry. Requests from companies that do not meet environmental protection regulations and fail to propose specific improvement plans should not be accepted. If FFHC already conducts business transactions with the aforementioned companies, it must conduct reviews carefully and request them to implement improvements.

(3) The "Green Financing Review Principles" shall be adopted to check and review corporate credit cases and the borrower’s "CSR Declaration" must be obtained for a comprehensive evaluation of...
the influence of the borrower on environmental and social sustainability. If the borrower is a green company or if the funds are used for green finance purposes, the review unit shall provide favorable loan conditions or interest rates and work with the customer to jointly promote environmental sustainability.

3. Engagement Methods

(1) We evaluates the customer’s operations and financial status for corporate credit loans as well as related ESG factors. First Bank adopted the "Green Financing Review Principles" for all corporate loans regardless of credit amount. The three phases consist of assessment and review of credit limit applications, commitment prior to the draw-down of credit limit and post-loan management and loan officers should continue to engage customers on ESG issues. If a customer has polluted the environment, threatened social welfare, or infringed human rights, we shall communicate with the customer and specify the improvement status or improvement plans during the credit limit application. The credit review unit shall approve or reduce the credit limit or add restrictive conditions for passage based on the severity of the violations. Where a dispute cannot be removed or improved, the loan shall be declined to fulfill corporate social responsibilities. All borrowers must sign the "CSR Declaration" before the drawdown of the credit limit. They must also agree to accept the Company's onsite inspections on the customers' operations from time to time and the improvements of ESG risk factors to fulfill their pledges before the credit limit and post-loan management. As of the end of 2019, we had obtained the CSR Declaration from 24,353 borrowers which was an increase of 46.2% increase from 2018.

(2) We organize free "Gold Diamond Enterprise Summit Seminars" in industrial parks with higher numbers of companies each year to propose green finance programs to companies with loan requirements face-to-face so that companies in the industrial park can learn about the results that benefit the environment, companies, and the Bank. We have organized 46 sessions in the past five years and visited the main industrial parks in Taiwan. More than 4,805 participants have participated in the events.

(3) Evaluation of sensitive industries:

<table>
<thead>
<tr>
<th>Mining</th>
<th>Referenced statutory basis: Mining Act</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>✷ The applicant must apply/obtain legal mining rights</td>
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<tr>
<td></td>
<td>✷ Evaluation of the impact of mining on the environment such as water and soil conservation plan and environmental protection</td>
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<td></td>
<td>✷ Evaluation of mining safety measures</td>
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<td></td>
<td>✷ Restoration plan after the end of the use of the mine and disaster prevention plan</td>
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<table>
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<tr>
<th>Agriculture</th>
<th>Referenced statutory basis: Agricultural Development Act</th>
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<tbody>
<tr>
<td></td>
<td>✷ Evaluation of the impact of farmland development on the environment such as water and soil conservation plan and environmental protection</td>
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<td></td>
<td>✷ Environmentally-friendly cultivation methods such as organic certifications</td>
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<tr>
<td></td>
<td>✷ Protection of consumer interests such as quality certification for agricultural products and processed goods</td>
</tr>
</tbody>
</table>
Petroleum and natural gas

Referenced statutory basis:

Petroleum Administration Act and Natural Gas Enterprise Act

- Registration in accordance with laws or obtain permit for establishment
- The materials, inspections, and installation of transmission equipment must meet related laws and regulations
- Where the transmission equipment may cause hazards, necessary response or improvement measures must be implemented.
- Consumer interests must be protected and related products must meet national standards

(4) Project finance disclosure that meet the Equator Principles

Available Examples of Project Finance

BOT project/Biomass Energy Center

Taoyuan City Government opened this tender to resolve the long-standing issue of waste disposal and comply with the policies of building a "circular economy" and "recycling biomass waste". The BOT project is the first biomass energy pilot plant in Taiwan and it includes heat treatment facilities, anaerobic digestion facilities, and a landfill site. In the process of engaging the borrower, First Bank requested the borrower to enhance the environmental protection tasks in various ongoing construction in accordance with the "4th Analysis Report on the Difference of the Environmental Impact for the Taoyuan High-Tech Industrial Park Development Amendment Project". The borrower must meet environmental protection regulations and comply with requirements of the society for improving the quality of the environment. In addition, it must also comply with the regulations in the "Taoyuan City Air Pollution Control Plan" and "Taoyuan City Emergency Response Procedures for Severe Deterioration of Air Quality" and rigorously implement control measures during periods of severe air quality (e.g., suspended particles, gaseous vapors, or foul-smelling substances derived from the treatment process) to mitigate poor air quality conditions and reduce the heat loading required for the treatment process. The borrower has set up pre-processing equipment and power generation equipment with an efficiency of more than 25% to effectively reduce pollution, increase the heating value of the source materials, and increase the power generation efficiency. It has also pledged to conduct at least one inspection of the average concentration of suspended particles (PM2.5) and dioxin over 24 hours every quarter and measure the concentration of pollutants in the effluent channels every six months. It shall also introduce design concepts based on the circular economy (e.g., green building and solar power) and introduce a diverse range of new treatment technologies. After the plant enters commercial operations, it shall expand the scale of domestic biomass power generation and it is expected to generate 200 million kWh of electricity for the citizens of Taoyuan. The project will help achieve both waste treatment and power generation and is expected to reduce carbon emissions by 4,239 MT CO$_2$e each year, equivalent to the carbon absorption of 10.9 Da'an Forest Parks. To help increase employment opportunities for nearby residents and increase local prosperity, the borrower immediately began recruiting local residents to work in the Center after the contract was signed to fulfill the ideals for taking up roots in the industry. The borrower also provided a certain number of internship opportunities inside the plant for local residents to train professional talents so that students have the opportunity to learn about the professional workplace in advance. The borrower used training courses and actual operations to increase students' actual experience and enhance the competitiveness of local youths while increasing
talent retention of local communities. In addition, the borrower prioritizes local suppliers for the purchase of daily necessities and consumables for maintenance and repairs to actively implement its ideals for good relations with and care for local communities.

**BOT project/Construction of the underground sewage system**

The underground sewage system is deemed as a green industry based on First Bank's "Green Financing Review Principles". After its completion, it will reduce the environmental pollution caused by sewage to the water quality of rivers and seas and increase the greening of local communities. A third party is appointed to submit an engineering evaluation report, financial analysis report, and legal investigation report to ensure the borrower's contractual performance capabilities and monitor related ESG risks. The sewage pipeline collection scope for this project is the Tainan Yanshui Sewage System which totals approximately 4,877 hectares of public sewage networks and the construction of pipelines for 51,000 users. The organizer of the project assigned personnel to form the "Yanshui Sewage System Construction and Operation Plan Engineering Supervision, Audit, and Control Team". The Team is responsible for the supervision, audit, and control of the engineering quality, progress, and environmental protection of this project during construction. All sampling, measurements, and analysis equipment and methods (including the appointment of external inspection tasks) must be conducted in accordance with the regulations of the Environmental Protection Administration of the Executive Yuan or the methodology designated by the organizer of the project. However, the construction of pipelines to users is mostly conducted in the back alleys of buildings which are close to the local residents' areas of activities. In the project financing review process, First Bank requested the borrower to provide supplementary explanation on its management and control measures for the air pollution, noise, and vibration in the construction process. In addition, as the construction site is located in a more remote region, it constitutes a NIMBY facility even if the sewage disposal plant is a necessary facility. To prevent local residents from opposing the construction due to their lack of understanding of the sewage system improvement project, First Bank also requested the borrower to increase the residents' awareness of the pollution prevention measures and how the borrower can improve the living environment and protect the water areas and water quality in the process of engagement with local communities. These actions must be taken to establish good relations with local communities and reduce the NIMBY phenomenon. The project will begin treating sewage effluent after it enters operations and it is expected to increase the pipeline connection ratio of users in Tainan City by approximately 11%. It will help improve the quality of life in the local community and improve urban development. It will also significantly reduce the discharge of sewage into the rivers and affect the environment. The project will also bolster the development of industries related to the construction of sewage systems and improve economic development and Taiwan's competitiveness.

**BOT project/Development of the Taipei Bio Cluster**

In view of the rapid development of the biotechnology industry across the globe, Taipei City Government and the borrower worked together on the BOT project to respond to national biomedical industry policies and planned short, medium, and long-term key technologies and innovative products in biomedical equipment and new drugs. They plan to establish plants and laboratories that meet the needs of biotechnology companies to facilitate the effective completion of the important phases of development including product development, prototyping, clinical trials, and regulatory validation and certification. They aim to create a Bio Cluster for Taiwan and connect the infrastructure and marketing channels needed by national-level key biomedical technology industries and research centers so that the base can become a production and information exchange platform for the global biotechnology industry and community. This
The project is also one of items in the "5+2 Industrial Innovation Plan" promoted by the Executive Yuan. After its completion, it could transform Taiwan into the "Biomedical Research and Development Hub of Asia Pacific" which will enhance the integrity of the existing biomedical technology corridor and establish a biomedical cluster with high-quality management and a smart park environment. In addition to promoting the development of the biotechnology industry and promoting the health of citizens, it will also increase the output of pharmaceuticals and medical equipment, and improve the health and welfare of citizens.

(II) Investment

1. Procedure

- Investment process
- Due diligence

- Screening
  - Compliance with Principles for Responsible Investment (PRI) and establishment of the Sustainable Investment Policy
  - Do-not-invest list
  - Evaluation of controversial/sensitive industries

- Review
  - The evaluation procedures include financial and ESG factors
  - ESG engagement with companies
  - Investment decision-making meeting
  - Trading and investment review

- Adjustment
  - Review of deviations in execution
  - Disclosure of voting in the shareholders' meeting
  - Monitor ESG issues of investees

  • If an investee violates ESG obligations and is penalized but fails to implement improvements, investments in the company shall be withdrawn

2. ESG factors

(1) First Capital Management has revised and updated the "Do-Not-Invest List for CSR Violations" every two weeks. It continuously reviews investees based on product sustainability, governance, social, and environmental criteria. Any company that is found to have engaged in conduct which is not in the spirit of corporate social responsibility is added to the do-not-invest list. In the fourth quarter of 2016, we fine-tuned our screening guidelines for social factors to better safeguard human rights based on the content and spirit of the "Universal Declaration of Human Rights," with particular emphasis on Articles 6, 7, and 8 of the "International Covenant on Economic, Social and Cultural Rights." The number of companies included in the do-not-invest list from 2017 to 2019 were 31, 16, and 44 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.
(2) Establish an ESG scoring mechanism for investment targets: Review whether the investee has adequately disclosed information on its ESG issues before investment. We also reference Bloomberg ESG ratings for investments and consider the proportion of GHG emissions to revenue for environmental factors. In terms of social factors, it references the proportion of female employees and female managers, employee turnover rate, proportion of employees in unions, and the lost day rate due to accidents. In terms of corporate governance, it references the proportion of independent directors, proportion of female directors, average age of directors, attendance rate of board meetings, and the scale of the board of directors.

(3) Actively participate in investments in targets with sustainability values such as green bonds or sustainable bonds. Investment is prohibited for controversial industries or targets such as industries that are generally excluded (pornography, armaments, weapons, and tobacco) and the proportion of the credit limit for high pollutant/high energy consumption industries must not exceed 15%. For investments in sensitive industries (e.g., climate change, energy use, mining, forestry, agriculture, and petroleum and natural gas), the Company actively reviews their environmental protection improvement plans and their impact on the environment and society. We also encourage investees to adopt measures for mitigating the impact or other measures that meet the sustainable development philosophy. The standards for determining ESG factors for the aforementioned sensitive industries include without limitation the following:

- Failure to conduct or fully implement environmental impact assessments, plans for restoration and recovery, and recycle and reuse procedures;
- Use of inappropriate tools and methodology that damages the environment such as the excessive use of chemical agents, illegal logging, overdevelopment, and removal of the nature environment;
- Neglect in planning or overlooking the resettlement, relocation, and compensation for local residents that cause damage to their personal rights and property interests;
- Violation of labor rights, poor work conditions, low wages, and illegal use of smuggled labor/child labor;
- Lack of protective measures and plans for endangered species;
- Failure to fully obtain a permit for the development of the natural ecology;
- Damage caused to the upstream and downstream environment (e.g., water and air pollution, flood, fires, and damage and loss of public property).

(4) Assess and manage investment decisions for core objectives based on the following ESG standards (items of concern):

<table>
<thead>
<tr>
<th>E (Environmental Sustainability) Item of Concern</th>
<th>S (Social Welfare) Item of Concern</th>
<th>G (Corporate Governance) Item of Concern</th>
<th>Overlapping ESG Issues Item of Concern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate carbon reduction measures and management</td>
<td>Product accountability and social public welfare benefits</td>
<td>Establish an effective corporate governance structure and improve the functions of the Board of Directors</td>
<td>Improve the education and training program and set up training plans to evaluate the structure to improve training results</td>
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<tr>
<td>Toxicity and waste management</td>
<td>Protect employees' labor rights and protect them from discrimination based on race, gender, or any other forms of discrimination</td>
<td>Strengthen risk management mechanisms to reduce and prevent risks</td>
<td>Carry out personnel competency and talent evaluations, in order to strengthen career planning for employees</td>
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<tr>
<td>Increase the proportion of green (environmentally-friendly) products</td>
<td>Prevent infringements of human rights such as violations of gender equality, overwork, and failure to pay overtime pay in accordance with regulations</td>
<td>Improve the effectiveness and efficiency of internal audits (anti-money laundering and counter terrorism financing system)</td>
<td>Pay close attention to consumer interests, protect customer privacy rights, and increase customer satisfaction</td>
</tr>
<tr>
<td>Green IT operations - Paperless operations, video conferences, and online training programs</td>
<td>Create a safe and healthy workplace, prevent occupational hazards, and improve the health of our workforce</td>
<td>Pay close attention to the topics of concern to stakeholders and strengthen communication channels (shareholders, employees, customers, community residents, suppliers, competent authorities, etc.)</td>
<td>Established transparent channels of communication to encourage employee participation and feedback</td>
</tr>
<tr>
<td>Green (environmentally-friendly) care</td>
<td>Develop diversified benefit systems for employees, in order to fulfill employee care responsibilities</td>
<td>Improve regulatory compliance</td>
<td>Establishment and implementation of the Fair Customer Treatment Policy (Principles)</td>
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<tr>
<td>Greenhouse gas emissions proportional to the revenue</td>
<td>Care for the disadvantaged - Enhancing core competencies in related charitable activities</td>
<td>Refine the remuneration system to increase competitiveness and incentives</td>
<td>Publication of the CSR Policy and CSR Report or signature of the CSR Declaration</td>
</tr>
<tr>
<td>Commitment to provide social care and help resolve social issues to provide substantial assistance to society</td>
<td>Compliance with the Stewardship Principles (Principles for Responsible Investment) and establishment of business models that connect ESG values</td>
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<tr>
<td>Provide friendly and fair services to disadvantaged and all other social groups</td>
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<td>Proportion of female employees and executives</td>
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3. **Engagement Methods**

1. Information on ESG issues must be disclosed in the investment report before investment. Alternatively, the ESG evaluation and analysis of the professional institution Bloomberg can be used as references. The standards for approving investments must meet any one of the following items:
   - Top 50% in overall sustainability in RobecoSAM rankings.
   - Top 50% in Sustainalytics rankings

   If the investee is not ranked among the top 50% in the two aforementioned rankings or not ranked, the investee's CSR report or information on other ESG issues must be evaluated and explained in the investment report. If there is any violation of related ESG regulations, no investments shall be permitted.

2. Continue to engage investees on ESG issues. We use e-mails, telephone interviews, distribution of questionnaires, institutional investors' conferences, shareholders' meetings or onsite plant visits to pay attention to related ESG opportunities and risks of investees. Where an investee is penalized for violation of related ESG regulations and fails to implement effective improvements, the Group shall gradually reduce or dispose of investment in the company.

3. Regular follow-up and review:
   - Review of deviations in execution
Disclosure of voting in the shareholders' meeting
Monitor ESG issues of investees

(III) Products

1. Procedures

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

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

   Failure to obtain approval from more than 2/3 of members in attendance → It cannot be launched

   Obtain approval from more than 2/3 of members in attendance → Launch

2. ESG Factors

(1) We require all fund companies to submit their CSR reports which are included as required items for the preliminary evaluation of funds when applications for new funds are filed in order to attain sustainable finance, actively implement ESG ideals, bear social responsibilities, perform risk management, and pursue sustainable long-term returns for customers and investors. In addition, domestic fund companies are required to sign the "Taiwan Stewardship Principles for Institutional Investors" while offshore fund companies are required to sign the "Principles for Responsible Investment" (PRI) to protect the interests of customers and beneficiaries.

(2) Develop insurance products and services with positive effects on ESG issues. The evaluation, development, and launch procedures for products related to ESG issues (e.g., small-sum whole life insurance and micro-insurance) may be prioritized and preferential insurance approval rules may be applied to provide care for relatively disadvantaged groups and provide the general public with basic coverage. The funds connected to the investment insurance policies include ESG screen principles in the "non-quantitative indicators" of the screening criteria. The ESG funds provided by the investment trust companies will no longer be limited by the restrictions on screening and scoring of quantitative indicators.
(3) Sales and marketing personnel must be provided with service knowledge training for related ESG issues and key ESG ideals must be introduced into sales activities. We shall continue to organize seminars on financial products and financial education to promote ESG products and strengthen investors’ support for sustainable financial products.

3. Engagement Methods

(1) Inclusion of ESG management guidelines for the review of wealth management products: To implement Know Your Product (KYP) principles, wealth management products launched by First Bank must pass preliminary review of the proposing unit before related information is compiled and sent to the "wealth management product review meeting" for the preliminary review. Review items include at least the investment targets, ESG management guidelines, operating strategy, risks return and past performance, reasonableness of related fees, and suitable customer categories. The product risk ratings are established based on product characteristics and the product must obtain the approval of more than 2/3 of members in attendance before it can be launched and sold. The Bank must also implement anti-money laundering and counter terrorism financing regulations in the sales process and evaluate the compatibility of product risks and customer risks to ensure that the risks of the products sold are commensurate to the customers' risk tolerance to protect the interests of the customers and investors. 100% of the products passed ESG review and a total of 246 ESG-related financial products were launched in 2019, accounting for approximately 11.8% of all products.

(2) To protect consumers' rights and interests, banks, insurance, securities, and investment trust subsidiary companies all implement Know Your Product (KYP), setting up review system for investment financial products. In 2019, 267 products were reviewed before listing, 55 products were delisted and discontinued to prevent imposing excessive risks on customers and to improve investment performance and protect customer rights and interests.
The zero cash rebate mechanisms for green credit cards promoted by the Group are distinct from the habits of credit card usage for citizens.

FFHC has, in recent years, launched green credit cards that focus on public welfare such as the Leezen Card, Living Green Card, and Yilan Affinity Card. The rebates are used for environmental conservation, promotion of organic agriculture, and the installation of LED lighting equipment and planting of trees for social welfare institutions. The customers were less accommodating in the initial promotion phase but we continued to invite customers to join us in providing assistance on organic farms, protection of the coastline, planting trees to curb carbon emissions and environmental education activities. We also organized the "Love Fun First Green Living Carnival" which included the Living Green market, environmentally-friendly renewable DIY activities, and vegetable feast for hundreds. The event attracted 15,000 participants. First Bank set up the Green Finance Education Hall at Wanhua Branch. The zero-carbon emission green rooftop integrated solar power generation, an aquaponic system, and rainwater harvesting system so that more customers can personally experience green finance and environmental education. We seek to communicate the ideals of green finance so that more customers understand the effectiveness of using their spending to support public welfare and environmental protection. The number of the three green credit cards in circulation and accumulated donation amount have continued to increase each year.

<table>
<thead>
<tr>
<th>Item</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leezen Card</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Number of cards in circulation</td>
<td>40,383</td>
<td>41,332</td>
<td>49,581</td>
<td>51,687</td>
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<tr>
<td>Accumulated donation amount</td>
<td>62,959</td>
<td>75,571</td>
<td>87,567</td>
<td>99,276</td>
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<tr>
<td><strong>Living Green Card</strong></td>
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<td></td>
</tr>
<tr>
<td>Number of cards in circulation</td>
<td>Not yet issued</td>
<td>17,566</td>
<td>29,843</td>
<td>36,913</td>
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<tr>
<td>Accumulated donation amount</td>
<td>269</td>
<td>1,210</td>
<td>2,368</td>
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<td><strong>Yilan Affinity Card</strong></td>
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<tr>
<td>Number of cards in circulation</td>
<td>Not yet issued</td>
<td>23,129</td>
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<td>50,948</td>
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<tr>
<td>Accumulated donation amount</td>
<td>Not yet issued</td>
<td>85</td>
<td></td>
<td>2,608</td>
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</tbody>
</table>

References:

First Financial Holding Corporate Social Responsibility Policy
First Financial Holding Corporate Social Responsibility Committee Organic Regulations
First Financial Holding 2019 Corporate Social Responsibility Report