First Financial Holding Sustainable Finance Policy and Statement

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 sustainable development 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 Sustainable Development Commitment 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, climate change, water, forest and biodiversity etc. into consideration to create a sustainable development environment.

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

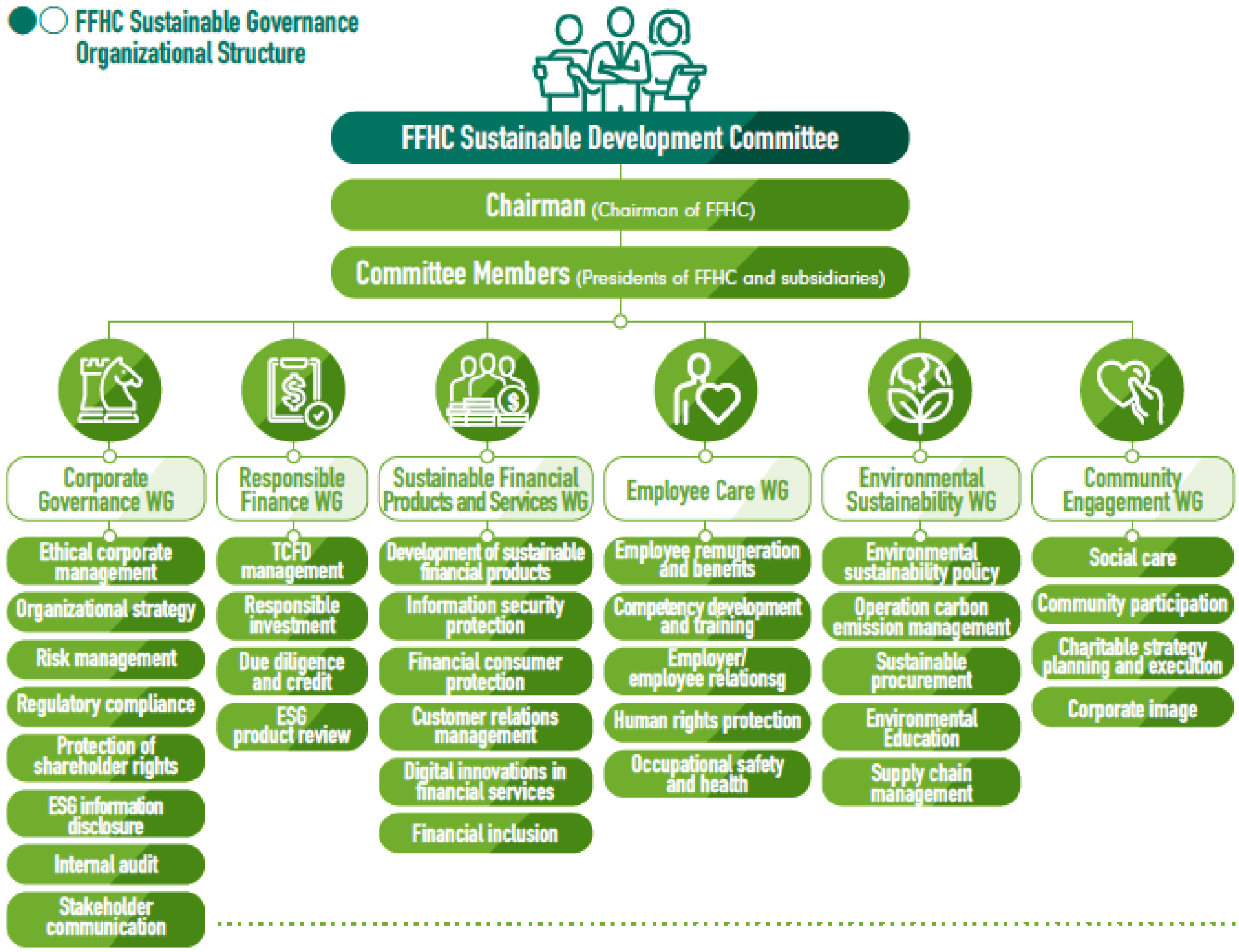
The Group is committed to the implementation and promotion of sustainable development. The ESG Committee establishes implementation plans for ESG objectives in accordance with the United Nations Sustainable Development Goals (SDGs) each year and the Board of Directors continues to monitor the results.

(IV) Principles

1. FFHC joined the Equator Principles Association and complies with the "Equator Principles" which integrated sustainable development goals into the Bank's project financing and loans for project companies to pay attention to all ESG issues. As funding suppliers, FFHC makes use of our 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 sustainable development.
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 “ESG Committee” with work groups that specialize in corporate governance, responsible finance, sustainable financial products and services, employee care, environmental sustainability, and social welfare. The ESG 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 ESG 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 sustainable development and green finance. The main entities responsible for sustainable finance operations are the "Responsible Finance Work Group", "Sustainable Financial Products and services 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 governance of climate change, water, forest, and biodiversity, 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, water, forest, and biodiversity, our Green Finance Committee-TCFD 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:

	Role of Subsidiaries	Duties
Credit / Lending	First Bank	◆ First Bank shall utilize the "ESG Factor Checklist" to separately review all business borrowers for their ESG related risks, conduct scoring and grading, and incorporate them into credit risk assessment, and “Equator Principle(EP)” for project finance to check, review and assess the influence of the borrower on environmental and social sustainability.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 pollution (carbon emissions) industries must not exceed 13.75%. The Bank shall also establish ESG evaluations for sensitive industries. ◆ First Bank incorporated ESG factors into our credit business to enhance the quality and resilience of credit assets. All retail banking customers are required to pass a financial assessment and ESG risk review process to verify their financial sustainability and resilience against unforeseeable risks. ◆ First Bank implements customer due diligence (CDD) and know your customer (KYC), and rigorously checks the AML and countering the financing of terrorism (CFT) blacklists for new account openings and new business transactions. We implement enhanced due diligence (EDD) for high-risk customers and refuse or decline transactions if their ESG risks are too high to minimize the negative impact of our products and services on the society and environment.
Investment	First Capital Management	◆ Establish a "Do-Not-Invest List for ESG Violations". 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 sustainable development is added to the do-not-

		invest list.
	◆First Bank ◆First Securities ◆First Securities Investment Trust ◆First Life Insurance	◆ Review the “"Do-Not-Invest List for ESG Violations” and prohibit investments in controversial industries. ◆ The proportion of investment in high pollution (carbon emissions) industries should not exceed 12%. ◆ Stop undertaking new investment in coal mining companies. ◆ 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.
Product	◆First Bank ◆First Securities ◆First Life Insurance	◆ 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. ◆ 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 Sustainable Development Commitment or prepare their ESG Reports in accordance with the regulations of the competent authority. ◆ 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). ◆ 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. ◆ 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.
	First Securities	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.
	First Life Insurance	◆ In order to improve the basic coverage for deaths of citizens, promote the small-scale whole life insurance product. ◆ Provide basic level of life insurance coverage for the economically disadvantaged by promoting micro-insurance products, and set up micro-insurance customer service personnel to process policy services and claims for micro-insurance customers. ◆ A simple claim acceptance procedure is formulated for major disaster damage events, so as to provide immediate customer care and disaster response measures, quickly initiate claim settlement and customer care services, and improve the overall claim settlement time.

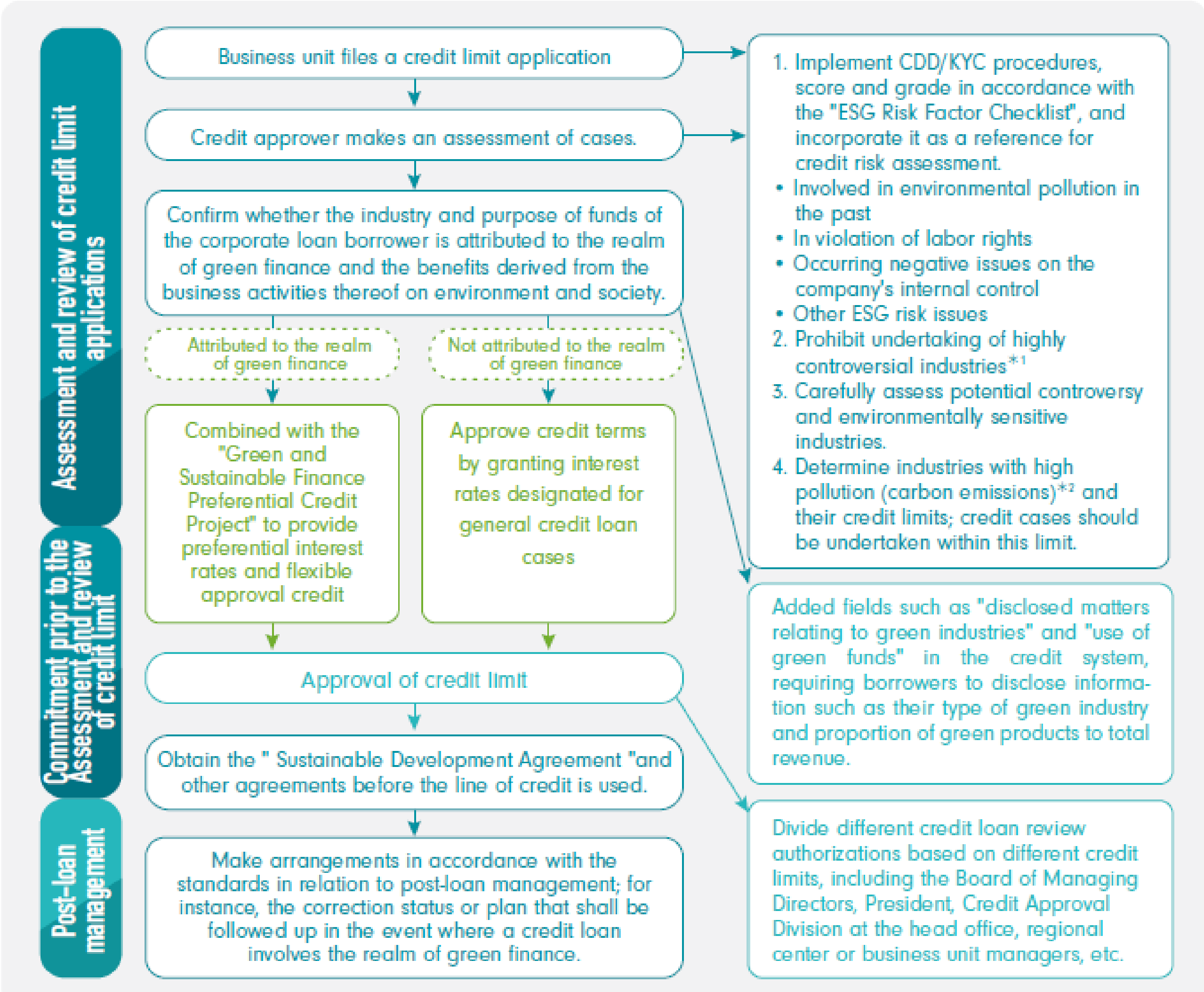
III. Review Process and Measures

(I)Credit/Lending

1. Integration of ESG factors in CDD or KYC

(1)Corporate Banking

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:



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.
- In order to strengthen risk management for specific industries, additional clauses have been implemented to prohibit involvement in highly controversial industries such as the tobacco manufacturing industry, pornographic industry, or illegal arms industry [note 1]. Other potentially controversial industries (such as alcohol and gaming) and environmentally sensitive industries (including involvement in biodiversity, climate change, energy use, or industries related to forests and water such as the mining industry, forestry, agriculture, gas, and natural gas) must be carefully assessed during the credit application stage; For high pollution (carbon emissions)

industries note 2, a restriction limiting the proportion of their credit limit to not exceed 14% of the bank's total line of credit was implemented in 2022 and set to decrease annually, achieving the mid to long-term goal of not exceeding 13% in 2026.

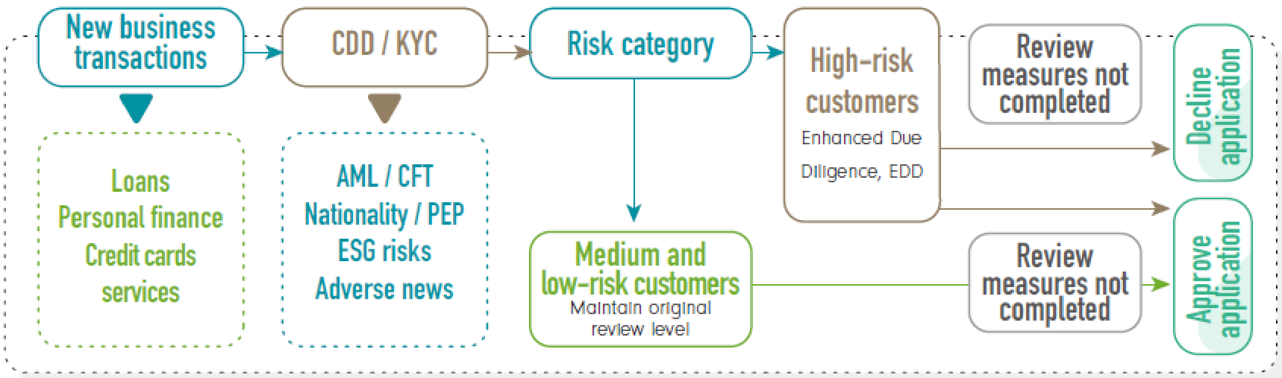
- Also, in response to the net zero 2050 goal of Taiwan's government, de-carbonization mechanisms have been established for our financing business beginning in 2023. A commitment has been made to avoid undertaking new enterprise financing for the mining of coal, project financing coal-fired power plants, and enterprise financing where atypical oil and gas revenue exceeds a specific proportion. The gradual decrease of financing for the coal industry continues to deepen First Commercial Bank's financial influence in promoting net zero transformations.

Note 1: Applicable starting March 13, 2023.

Note 2: Starting in March 13, 2023, the high pollution (energy consumption) industries has been renamed to high pollution (carbon emissions) industries. The industry definition has been adjusted to encompass the power supply industry, iron steel aluminum and copper smelting, petrochemicals (including artificial fiber), cement, paper making, agriculture and animal husbandry, water and air transportation, printing and dyeing, leather, metal processing, printed circuit boards, and battery manufacturing.

(2)Retail Banking/ Individual Finance

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: (1)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); (2)high risk customers must undergo Enhanced Due Diligence (EDD). (3)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.

2. ESG Factors

(1)Corporate Banking

A. In order to comprehensive evaluation of the influence of the borrower on environmental and social sustainability. The "Green Financing Review Principles" shall be adopted for general corporate credit cases and the borrower's " Sustainable Development Commitment " must be obtained. The “Equator Principle(EP)” shall be adopted for project finance and the higher risk borrower's “The Equator Principle(EP) Credit Agreement/Contract/Addendum” and “ Environmental and Social Risk Assessment Report ” issued by the third-party independent institution must be obtained as well. 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.

B. Industries:

- Do not provide financial products and services to generally excluded (industries ranging from sex, tobacco, alcohol, weapon to gambling) industries.
- Corporate loans distribute to high pollution (carbon emissions) 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 dying, leather, metal second-processing, printed circuit board and battery manufacturing) for which the proportion of credit loan limit may not exceed 14.0% in 2022 and may not exceed 13% in 2026.
- Establish due diligence of careful evaluation focusing on industries that are sensitive industries (e.g., biodiversity, climate change, energy use, mining, forestry, agriculture, gasoline, natural gas and water) as follow to avoid significant adverse effects on ESG sustainability.

Mining Referenced statutory basis: Mining Act	◆ The applicant must apply/obtain legal mining rights ◆ Evaluation of the impact of mining on the environment such as water and soil conservation plan and environmental protection ◆ Evaluation of mining safety measures ◆ Restoration plan after the end of the use of the mine and disaster prevention plan
Agriculture Referenced statutory basis: Agricultural Development Act	◆ Evaluation of the impact of farmland development on the environment such as water and soil conservation plan and environmental protection ◆ Environmentally-friendly cultivation methods such as organic certifications ◆ Protection of consumer interests such as quality certification for agricultural products and processed goods
Petroleum and natural gas Referenced statutory	◆ Registration in accordance with laws or obtain permit for establishment ◆ The materials, inspections, and installation of transmission equipment must meet related laws and

basis: Petroleum Administration Act and Natural Gas Enterprise Act	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

We have formulated a financial exclusionary policy for sensitive industries such as coal and energy. In response to the international trend of zero-carbon emissions, we have actively negotiated with those sensitive industries to help them obtain funds for carbon reduction transformation. If client transforming results do not meet the standard, we will not undertake any new financing cases form 2023, and such cases will be completely eliminated in 2030 (Note). The scope is applicable to the general credit/loan, fixed income (underwriting fixes income product) and infrastructure/project financing, etc. business.

Category	**Operating Item**	**Applicable Scope of Exclusionary Policy**	**Condition to Non-undertaken**	**Applicable Year**	**Total Elimination Time in Financing Portfolio**
Coal	Coal mining	Do not undertake new financing cases and general corporate financing cases	Coal mining accounts for 100% of revenue	From 2023	2030
	Coal-fired power generation	Do not undertake new financing cases	Coal-fired power generation accounts for 100% of revenue		
Energy	Tar sands	Do not undertake new financing cases for mining, trading, equipment, transportation, etc. companies	Relevant business revenue accounts for more than 50%		
	Polar circle oil and gas				
	Ultradeep water oil and gas				

Note: Note: The comprehensive elimination is based on the “Condition to Non-undertaken” in the above table and the applicable scope has been extended form newly added business to all financing positions.

C. In order to examine the impact of borrowers on ESG, risk inspection items are set up in accordance with the three major aspects of ESG as follows:

Aspect	Risk Inspection Item
Environment	◆ Pollutant source list objects and related punishment records ◆ High carbon emission industries ◆ Controversial industries such as coal and energy ◆ 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 ◆ Environmentally sensitive areas (adjacent to wildlife or natural environment reverses) ◆ Water pollution prevention/discharge permit, water pollution prevention and control measures and declaration
Society	◆ Status of compliance with the labor rights and Labor Standards Act ◆ Status of salary payment and retirement reserve fund appropriation ◆ Occupational safety and health ◆ Gender equality ◆ Food safety ◆ Controversial industries
Governance	◆ 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

(2)Retail Banking/ Individual Finance

A. For small and medium enterprises, comparing with the general corporate financial business's due diligence on exclusionary industries and the credit limit control for high pollution (carbon emissions) industries, and utilize the "ESG Factor Checklist" in credit investigation and review to access its environmental and social sustainability development impact.

B. For small and medium enterprises (including sole proprietorship and partnerships) and personal finance, ESG risk factors are also included in the review process to identify the risks and opportunities of related businesses:

Type	Category	ESG risk factors
Small and medium enterprises	Environmental factors	According to the review factors of general corporate finance
	Social factors	
	Governance factors	
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)
	Social factors	Money laundering Combating financing of terrorism Involvement in illegal affairs or negative media reports

3. Engagement Methods

(1)Corporate Banking Business

Phase	Engagement Action
Phase I: Actively enhance the ESG awareness of potential customers before applying for amount	◆ In addition to explaining to clients the assessment of operational and financial conditions, ESG related factors shall also be taken into consideration. ◆ The "Golden Diamond Enterprise Seminar" is held free of charge every year through the industrial zone with many suppliers. Propose green financing solutions face to face to those enterprises who have loan demands, and enable enterprises in the industrial park to understand that green financing can lead to triple-win outcomes for the environment, the business and the bank.
Phase II: Effectively identify the ESG risks of customers and communicate with them when applying for an amount	◆ In order to identify ESG actions of borrowers, First Bank has established an "ESG Risk Factor Checklist" in the system, and designed topics with index significance for the three ESG oriented topics. Regulate all borrowers to collect and fill in relevant public information and news through the said checklist when applying for amount, so as to achieve the purpose of in-depth understanding of customer's ESG actions. After completing the checklist, clients are classified into three levels of ESG, i.e. "Good", "Acceptable" and "To be enhanced" in accordance with the internal evaluation criteria. If the client has been sanctioned by the competent authority due to ESG, or is in the ESG "To be enhanced" level, further ESG communication will be conducted with the client. ◆ If the Equator Principle(EP) is applied to credit cases, the dedicated "Environmental and Social Risk Task Force" will classify risks to the environment and society of the project into three levels: A, B and C. A and B level cases require an "Environmental and Social Risk Assessment Report" issued by a third-party independent institution, and fill in the "Environmental and Social Risk Review Report" accordingly. ◆ If the client has been sanctioned by the competent authority fir ESG, or the ESG level is "To be enhanced", or where the Equator Principle(EP) is applicable to the case and has been found a major risk of harming the environment and society, and the ESG communication will be conducted with the client via telephone, email and on-site visits.
Phase III: Urge clients to take corrective actions through review of results of negotiations and	◆ In addition to reviewing the client's operational and financial status, the amount review unit also considers the severity of the client's ESG risks in the ESG risk factor checklist, the "Environmental and Social Risk Review Report" of the Equator Principle(EP), and review the content of the improvement process, improvement plan and the Equator Principle(EP) action plan. Where a client is involved in a certain level of ESG negative issues, but it is willing to make improvements, the amount review unit will reduce the amount or increase the restrictive conditions to loan in accordance with the

regular management follow-ups	improvement situation; otherwise, where a client is involved significant ESG factors and is unwilling to improve, the loan will be refused depending on the situation. ◆ All borrowers are required to sign the "Sustainable Development Commitment" before the amount is allocated; for A and B level cases that are applicable to Equator Principle(EP) must sign the "Equator Principle Credit Agreement/Contract/Addendum", and agree to accept the Company's irregular on-site inspection of client's operational conditions and the improvement of ESG risk factors, and implement the commitment before the amount allocation and post-loan management. ◆ For loan cases that are regarded as the " Green Financing", post-loan management (review) operations shall be continuously enhanced. In addition to the review of the actual use of finds, if any violation of the ESG risk factor checklist is found, it shall be stated in the review opinion as a reference for future credit limit review; A and B level cases that are applicable to Equator Principle(EP) shall regularly collect the "Environmental and Social Risk Monitoring Report" issued by an independent third party to monitor the impact of project development on the environment and society in line with the Equator Principle(EP).

(2)Retail Banking/ Individual Finance

Phase	Engagement Action
Phase I: Actively enhance the ESG awareness of potential customers before applying for the amount	◆ In addition to constantly explaining to clients the assessment of the financial condition of individual borrowers, ESG related factors shall also be taken into consideration. We actively provide clients with sustainable financial products and services such as green consumption loan, First Time Home Buyer Mortgage, Comfort Loan, as well as SME credit insurance funds, regional revitalization loan, urban renewal project integration consulting services, etc., so as to make clients to practice ESG actions through every financial behavior. ◆ Through the golden diamond enterprise seminar and environmental education courses, dynamic/static publicity on official website, and community interactions such as Facebook and Line official account, and also collaborates with the credit guarantee fund and bank reinvestment East Asia Real Management Company to provide clients with ESG related consulting services. Assist clients to identify ESG risks and opportunities and obtain operational capital, share business opportunities of energy saving, carbon reduction and low-carbon transformation, and guide clients to value ESG issues together.
Phase II: Effectively identify the ESG risks of customers and	◆ For individual borrowers such as mortgages and consuming loans, First Bank actively identifies potential ESG risks and opportunities, and implements customer due diligence (CDD) and Know Your Customer (KYC). In addition to investing clients' financial and credit conditions, it also incorporates clients' involvement in ESG risks into investigation items, including rigorously checks the AML and CFT

communicate with them when applying for the amount	blacklists for new account openings and new business transactions, and strengthen the "Enhance Due Diligence (EDD)" for high risk clients. For mortgage clients, the potential risks posed by the ESG oriented collateral are also include in the loan review process. Once the collateral provided by clients are located in a geologically sensitive area, communication with clients will be initiated. ◆ If collaterals provided clients are located in a geologically sensitive area, we will communicate with clients through telephone, email and on-site surveys, etc., to inform them impacts of collaterals on the environment and bank claims, and disclose relevant information in the appraisal report for reviewers' comprehensive reference. ◆ If clients are at high risk of AML upon inquiry, we will carry out due diligence and confirm the origin of ESG related matters, and collect relevant supporting information, or communicate with clients with applicable improvement measures. and disclose the above information in the application form for reviewers' comprehensively reference.
Phase III: Urge investing clients to take corrective measures through review of negotiated results and regular management follow-ups	◆ For clients who have been involved in ESG risks, reviewers will comprehensively consider their financial, credit and ESG risk factors, and adjust loan conditions; for those with high risk of AMI will be refused to loan if their due diligence enhancements and identified ESG risks are too high. ◆ For those with high risk of AMI, we will enhance control measures and conduct regular annual reviews after loan approval, including basic client information and transaction status, and continuous tracking of whether clients have negative impacts on the environment and society. ◆ Cooperate with an external consultant team to explore possible future trend under different " Representative Concentration Pathways (RCPs)" climate scenarios to estimate the potential losses in mortgages due to natural disasters (flooding, landslides, mudslides, etc.) caused by climate anomalies, and strengthen the management of risk exposure of the locations of collaterals.

4 Project finance disclosure that meet the Equator Principles

Available Examples of Project Finance
1. Power supply industry/joint loan for rooftop type (indoor farming) fishery and electricity symbiosis solar energy project **Third-party institution: AECOM** In 2022, 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 Chiayi County. The project featured a device capacity of approximately 130MW and the current site consisted mainly of fisheries or abandoned fisheries; it was not classified as an ecological sensitive area, cultural asset/heritage protected area, or indigenous protected area. In May 2020, the Environmental Protection Administration agreed that environmental impact assessment was unnecessary but due to the independent review mechanism and bank financing ESG negotiations required by the Equator Principle, an "Environment and Social Due Diligence Report" was obtained by an independent third

party institute for the project, which was graded a Level B project (meaning the negative environmental and social impact caused by the project is limited or negligible, or can mostly be solved through mitigation measures depending on the project's site).

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 Principle at any time, 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.

2. Power supply industry/Joint loan for waste-to-energy power plant project

Third-party institution: WSP

In response to the government's promotion of the six core strategic industries and active development of green and renewable energy industries to achieve the vision of net zero 2050, the borrower planned to build a 20MW waste-to-energy (WtE) power plant and solid recovered fuel (SRF) processing site in Taoyuan Science and Technology Industrial Park. The project site was an empty lot without indigenous residents and cultural heritage or risk of harming biodiversity. The project would utilize the SRF processing plant to apply non-hazardous industrial waste (such as waste plastic, rubber, wood, fibers, and general waste produced from business activities) as a raw material to produce solid fuel which is then transported to the WtE to generate power. Compared to common fossil fuels, SRF reduces carbon emissions by 30%-70% while also providing the benefit of reducing both waste and carbon emissions. It's estimated that the project's completion will generate 1.6 billion kWh of electricity annually while processing 150,000 tons of industrial waste.

The project has obtained an Environment and Social Due Diligence Report issued by third party consultants WSP. Their assessment of aspects such as environmental impact, air pollution, water pollution, waste, chemical project management, soil and groundwater pollution, noise, occupational health and safety, and human rights were found to be in compliance with Taiwan's laws and regulations and have limited impact to the environment and society. Additionally, the project has obtained permits for pollution emissions, assessment reports for soil pollution, approval letters for test data, approval letters to utilize sewers for waste (sewage) water pipes for a total of 12 permits and approval letters. In order to prevent project construction from infringing on the rights of stakeholders, First Commercial Bank has also actively communicated with the borrower to request a stakeholder negotiation plan and ensure an unobstructed channel of communication.

3. Joint loan for semiconductor/fab construction project

Third-party institution: Environmental Protection Administration, Taiwan

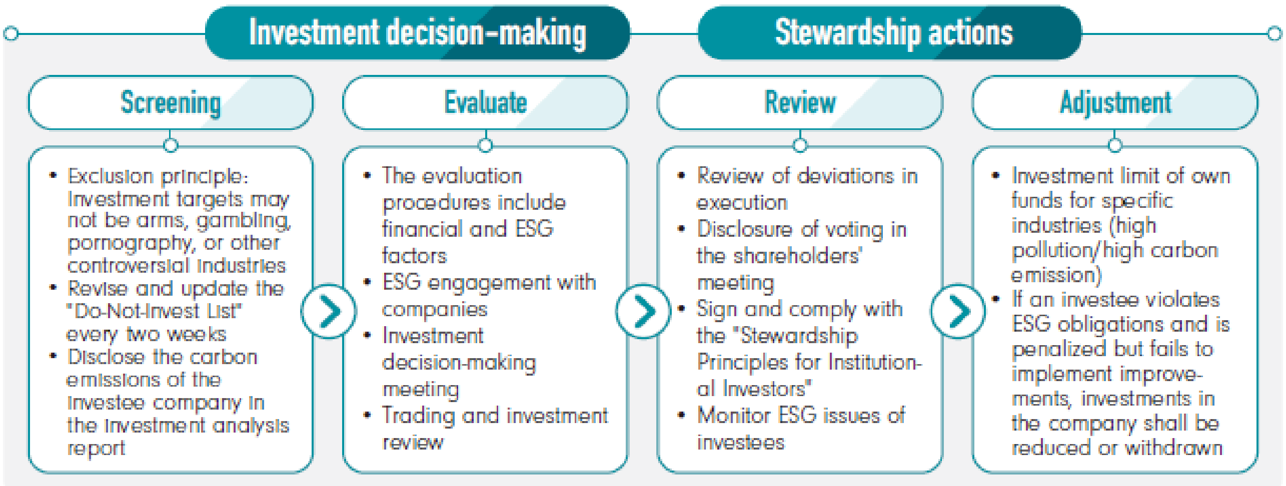
In response to the government's efforts and policy goals of transforming and upgrading domestic industries to establish Taiwan as a "High-end Production Hub for Asia" and an "Advanced Manufacturing Process Center for Semiconductors", the borrower planned to construct two 12-inch fabs in Miaoli's Tongluo Science Park. After completion, it is expected to produce the equivalent of 100,000 12-inch wafers per month; the fully automated smart factories were designed to the highest environmental protection standards, recycling over 85%

of the plant's wastewater and implementing solar energy power generation and storage facilities as well as green energy for a total capacity of 7500kW. On December 21, 2021, the borrower passed the Environmental Protection Administration's 5th audit of the "Analysis of Differences in Current Environmental Conditions", committing to a reduction to emissions of toxic substance hydrofluoric acid (a necessary raw material in semiconductor etching and polishing processes). The borrower guaranteed of a 10% reduction within 3 years, 20% in 5 years, and 30% in 10 years after passing the audit and made a commitment to implement air pollution prevention facilities as well as strengthen conservation measures for protected species such as leopard cats and the mountain scops owl; other commitments included an increase in plants, environmental improvements, and reinforcing environmentally friendly integration measures with nearby environments, depending on the results of ecological surveys. First Commercial Bank actively negotiated with the borrower to request an energy conservation rate exceeding 1% (inclusive), recycling rate of over 85% (inclusive) for water used in manufacturing processes, and company-wide waste recycling rate of over 85% at their plant located in Hsinchu Science Park. The aforementioned effects of energy conservation and environmental protection were linked to the interest rate of their loan, allowing the bank, acting in the role of a capital provider, to encourage the borrower to focus on environmental protection.

(II)Investment

1. Guidelines on how E, S, and G factors are incorporated into the investment process

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 2020 to 2022 were 10, 15, and 13 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 2022, 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, 73.89% of companies in the stock pool of domestic funds compiled their own sustainability reports. A decarbonization mechanism was established in coordination with the Group while subsidiaries in banking, securities, credit, and life insurance committed in 2023 to suspend additional investments into enterprises whose revenue of coal and atypical oil and gas exceeds a specific proportionnote.

Note: Considering the nature of business in each subsidiary, different revenue proportions have been established for each.

2. ESG factors

(1) Establish "Do-Not-Invest List for Sustainable Development Violations" based on product sustainability, governance, social, and environmental criteria as follow:

Screening Standards	Main Basis
Product sustainability	Excluding enterprises involving biodiversity, climate change, water, forest, ozone layer destruction, betting games, genetic engineering, nuclear energy, the sex industry, tobacco, and weapons systems.
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.
Social	1. 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. 2. The company has laid off employees without warning. 3. 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."
Environmental	1. List of Sanctioned Entities announced by the Environmental Protection Administration, Executive Yuan (Environmental Protection Administration, Executive Yuan / Public Administrative Announcements / List of Entities Sanctioned by the EPA); sanctioned entities which have not made improvements. 2. Those which have legal actions taken against them by the prosecutor are entered on the watchlist.

(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 references Bloomberg ESG ratings for investments and considers 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) Industries:

- 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)
- Proportion of the credit limit for high pollutant/high energy consumption industries must not exceed 13%.
- For investments in sensitive industries (e.g., biodiversity, 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).

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 energy-saving transformation. If the client cannot cooperate, we will gradually reduce investment positions in order to promote sustainable development of the Company.

Item	Operating Item	Applicable Scope of Exclusionary Policy	Condition to Non-undertaken	Applicable Year	Total Elimination Time in Financing Portfolio
Coal	Coal mining	Do not undertake new investment in the company	Coal mining accounts for 50%~70% of revenue	From 2023	2035
	Coal-fired power generation		Coal-fired power generation accounts for 50%~70% of		

			revenue		
	Coal infrastructure		Coal infrastructure accounts for 50%~70% of revenue		
Energy	Tar sands	Do not undertake new investment in mining, trading, equipment transportation, etc. companies	Relevant business revenue accounts for more than 50%~70%	From 2023	2035
	Polar circle oil and gas				
	Ultradeep water oil and gas				
	Liquefied petroleum gas				To be further regulated
	Shale oil				2035

Note: The comprehensive elimination is based on the "Condition to Non-undertaken" in the above table and the applicable scope has been extended form newly added business to all financing positions.

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

Oriented	**Risk Factor**
E (Environmental Sustainability	◆ Corporate carbon reduction measures and management ◆ Toxicity and waste management ◆ Increase the proportion of green (environmentally-friendly) products ◆ Green IT operations - Paperless operations, video conferences, and online training programs ◆ Green (environmentally-friendly) care ◆ Greenhouse gas emissions proportional to the revenue
S (Social Welfare)	◆ Product accountability and social public welfare benefits ◆ Protect employees' labor rights and protect them from discrimination based on race, gender, or any other forms of discrimination ◆ Prevent infringements of human rights such as violations of gender equality, overwork, and failure to pay overtime pay in accordance with regulations ◆ Create a safe and healthy workplace, prevent occupational hazards, and improve the health of our workforce ◆ Develop diversified benefit systems for employees, in order to fulfill employee care responsibilities

	◆ Care for the disadvantaged - Enhancing core competencies in related charitable activities ◆ Commitment to provide social care and help resolve social issues to provide substantial assistance to society ◆ Provide friendly and fair services to disadvantaged and all other social groups ◆ Proportion of female employees and executives
G (Corporate Governance)	◆ Establish an effective corporate governance structure and improve the functions of the Board of Directors ◆ Strengthen risk management mechanisms to reduce and prevent risks ◆ Improve the effectiveness and efficiency of internal audits (anti-money laundering and counter terrorism financing system) ◆ Pay close attention to the topics of concern to stakeholders and strengthen communication channels (shareholders, employees, customers, community residents, suppliers, competent authorities, etc.) ◆ Improve regulatory compliance ◆ Refine the remuneration system to increase competitiveness and incentives ◆ Compliance with the Stewardship Principles (Principles for Responsible Investment) and establishment of business models that connect ESG values
Overlapping ESG Issues Item of Concern	◆ Improve the education and training program and set up training plans to evaluate the structure to improve training results ◆ Carry out personnel competency and talent evaluations, in order to strengthen career planning for employees ◆ Pay close attention to consumer interests, protect customer privacy rights, and increase customer satisfaction ◆ Established transparent channels of communication to encourage employee participation and feedback ◆ Establishment and implementation of the Fair Customer Treatment Policy (Principles) ◆ Publication of the ESG Policy and ESG Report or signature of the Sustainable Development Commitment.

3. Engagement Methods

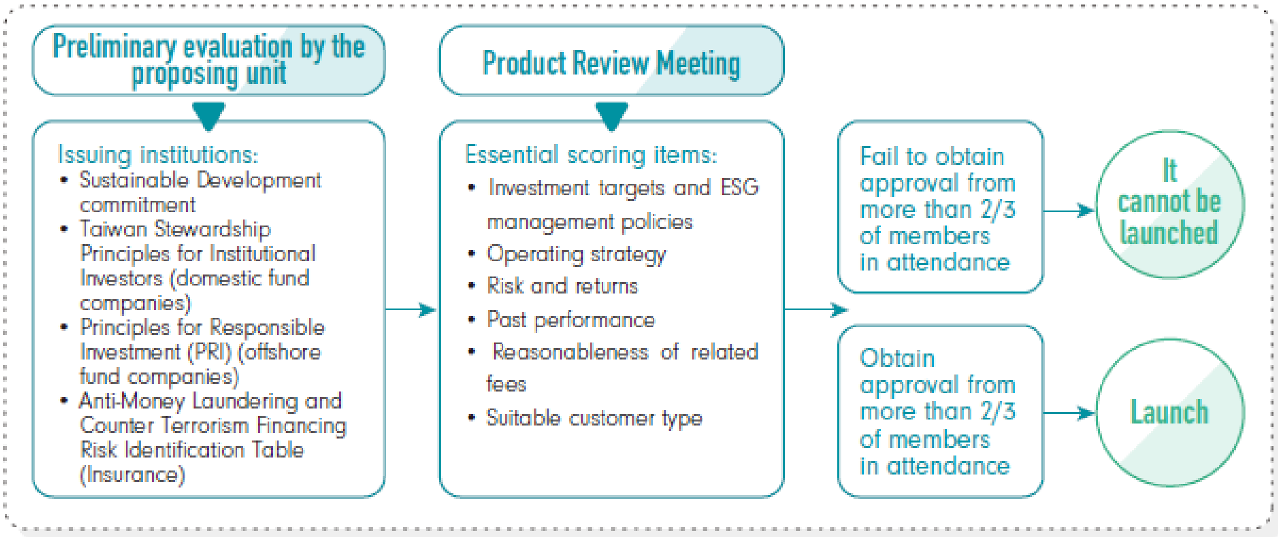
Phase	Engagement Action
Phase I: Effectively identify and communicate with ESG risks of	◆ Investment specialists will screen the targets to be invested in. Before investing in each target, not only an investment analysis report with reference to credit rating and industry prospects shall be issued, but also an “ESG Assessment Checklist” shall be filled in to collect information on the three major aspects of the company's ESG, and sum up checklist scores for each risk item. Furthermore, by referring

clients when investing	to the company's public information (such as sustainability repots and TCFD reports) and external third party ESG assessment results (such as MSCI ESG rating and Bloomberg ESG Score, etc.), so as to in-depth analyze and find out ESG actions, and divide investment risks derived form investment targets in accordance with its ESG implementation into three risk levels: low, medium and high risk. If the investment target has been involved in ESG disputes, or it belongs to medium or high risk, further ESG communication will be conducted with the client. ◆ If the investment target is a high pollution/high carbon emission industry, it shall be listed as a medium risk target in principle. It is necessary to check whether the carbon emission generated by the process shall be improved through public information inquiry, email or telephone interview. Only if there are plans or actions for low carbon transformation, it can be considered to be converted into a low risk target. ◆ If the investment target has involved in a major ESG dispute, we will find out the whole story of the event and relevant improvement measures through public information, email or telephone interviews. If there is no improvement, depending on the seriousness of the ESG dispute, the ESG risk shall be classified as medium risk or above, and if the circumstances are serious, it shall be classified as high risk and no further investment. We will explain to investees that the Group's investment decisions are not only made on the basis of operational and financial performance, but also ESG issues would be taken into account, and guide investees to value ESG actions together.
Phase II: Urge investing clients to take corrective measures through review of negotiated results and regular management follow-ups	◆ The investment specialists and managers will comprehensively consider the operation, financial structure and ESG risk factors of the target to be invested to decide whether to invest or not. If the target company is in a medium risk level but willing to actively improve, the investment may be considered; if the target company is in a high risk level, there is not investment would be considered in principle. ◆ We will regular track the operating performance, financial status and ESG related information of the investee after the investment; if the investing target is equity investment, we will also actively participate the shareholder's meeting and the legal meeting of the investee. ◆ For investees or financial institutions, we will regularly track and update their risk levels in accordance with the investment risk level assessment results generated by the degree of ESG implementation. The inspection frequency shall be handled in accordance with the latest risk level assessment result. Low risks are inspected once a year; medium risks are inspected every six months; high risks are inspected once a quarter, and an analysis report shall be issued every year to evaluate whether they shall be continue held. If the risk level is increased after the investment, the inspection frequency shall be raised in accordance with the corresponding risk level. ◆ Follow up regularly every year. If it is found that investing companies hold the position has been sanctioned for violating ESG related regulations and has not effectively improved, the investment in the

	company will be gradually reduced or disposed.

(III)Products

1. Procedures



2. ESG factors

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

(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, prudently evaluate the launched products, and continue to follow up with ESG actions of product investment targets, if it violates relevant regulations or has a negative impact on ESG, the products would be delisted and discontinued to prevent imposing excessive risks on customers and to improve investment performance and protect customer rights and interests.

Company Name	Main Work Item
First Bank	● Hold a product review meeting by the trust, financial management and insurance related units, to prudently evaluate the launched products, and remove products that violate ESG regulations or have a negative impact on ESG in a timely manner. ● Insurance companies are required to issue a sustainable development commitment, and are encouraged to prepare a sustainability report. ● Fund companies are required to issue a sustainable development commitment, and are encouraged to sign the “Stewardship Principles” compliance statement. ● Overseas fund companies are encouraged to sign the “Principles for Responsible Investment (PRI)”.
First Securities	● Hold a financial product and service review meeting, prudently evaluate the launched products, and remove products that violate ESG regulations or have a negative impact on ESG in a timely manner. ● Fund companies are encouraged to prepare a sustainability report. ● Fund companies are encouraged to sign the “Stewardship Principles” compliance statement.
First	All the funds are classified into risk levels (PR1~PR5) in accordance with

Company Name	Main Work Item
Securities Investment Trust	regulations.
First Life Insurance	Confirm the appropriateness of different insurance products in accordance with internal control systems for insurance products and related product developing meetings, so as to protect the rights and interests of consumers. Hold an insurance product review meeting to prudently evaluate the timing of launch and delist of products, and submit the products to the competent authority for reference.

(3) **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, Yilan Affinity Card and Taoyuan 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.

References：

First Financial Holding Corporate Sustainability Development Policy

Guidance on Sustainable Development for First Financial Holding

First Financial Holding Corporate Sustainability Development Committee Organic Regulations

First Financial Holding 2022 Sustainability Report