



**2020** \_\_\_\_\_  
**Corporate Social Responsibility  
Report**

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# Chairman's Message

## Leading on Sustainability, Building a Sustainable Future

In its Global Risks Report 2021, the World Economic Forum cited climate action failure and biodiversity as among the biggest long-term risks for humanity, and infectious diseases present the biggest “clear and present danger.” The risks of livelihood crises and asset bubble bursts also cannot be ignored, which is why dealing appropriately with these issues and promoting sustainability stand out as important challenges for the financial sector. Given that ESG is an important priority for any company, Fubon Financial Holdings launched the “ESG Visioning Project” in 2015 to join with society in confronting bigger and more daunting threats and spreading positive energy to help make the world a better place.

Fubon Financial Holdings' performance on sustainability issues has received widespread recognition internationally. In 2020, Fubon became Taiwan's first financial holding company to make the Carbon Disclosure Project's climate change “A” list and Supplier Engagement Leaderboard, and was selected to the Dow Jones Sustainability Indices' top index, the DJSI World Index, for a fourth consecutive year. It was named as a constituent of the MSCI ESG Leaders Indexes for a fifth consecutive year and received an “AA” MSCI ESG rating in the Life & Health Insurance category. Fubon also ranked first in the insurance industry in Sustainalytics' ESG risk ratings. These many accolades inspire us to work even harder to forge a sustainable future, build a consensus on ESG, and create a common good.

The COVID-19 pandemic swept across the globe in 2020, leading to unprecedented panic and uncertainty in many countries, and out-of-control carbon emissions are creating a climate emergency. Taiwan, for example, is facing its most serious drought in 56 years, and scenes from the movie “The Day After Tomorrow” seemingly played out in Texas in February 2021. The financial sector has an important role to play in achieving sustainability goals, as highlighted by the United Nations-convened Net-Zero Asset Owner Alliance. The alliance has boldly committed to transitioning investment portfolios to net zero greenhouse gas emissions by 2050, hoping to leverage the power of capital markets to accelerate the shift toward low carbon practices.

Though this represents a massive challenge, achieving the goal is not out of the realm of possibility. The key is taking action. 2021 is Fubon's 60th anniversary, and as one of Taiwan's leading companies we face bigger challenges and added responsibility to do our part. At this critical juncture, corporate accountability has never been a higher priority, and Fubon Financial Holdings has introduced a new Fubon Sustainability Vision Blueprint that focuses on four ESG strategies – decarbonization, digitalization, empowerment and connection – and sets goals for 2025. The blueprint reflects Fubon's determination to fulfill its commitment to sustainable practices.

### Helping Customers Go Sustainable:

Fubon envisions becoming a green finance accelerator through its “decarbonization” strategy by driving the value chain's transition to more sustainable practices. Taipei Fubon Bank ranks No. 1 among Taiwanese banks in wind power-related loans and was the first bank to introduce “sustainability-linked loans.” Fubon Asset Management was the first domestic asset management company to issue both active and passive managed sustainability-oriented funds, using products to drive customer awareness of sustainability. Fubon Insurance has supported the development of the green energy industry and emerged as Taiwan's biggest guardian of the sector.

### Providing the best financial services:

Launching innovative products and services in response to social needs is at the heart of our “digitalization” strategy. During the pandemic, Taipei Fubon Bank's deft application of financial expertise and digital technology in support of economic relief and stimulus measures earned a top ranking by the Financial Supervisory Commission for efficiency in implementing both its own and public relief measures. Fubon Life and Fubon Insurance were the first to introduce epidemic-related coverage for both companies and individuals, helping people deal with the risk of being quarantined during an outbreak. Fubon Insurance continued to roll out innovative agriculture and aquaculture insurance products, adding parametric rain insurance in 2020 to offer even more comprehensive protection to customers.

### Fostering a friendly, healthy workplace:

The “empowerment” is a manifestation of an empowering organizational culture and an important strategy in Fubon's effort to foster a friendly, healthy, and happy workplace. In 2020, 82% of employees participated in an employee opinion survey, the highest ever, and the employee engagement score was 75 out of 100. In Asiamoney's “Leaders for Women Survey,” Fubon ranked No. 1 among banks in Taiwan for the most women employees as a percentage of the total staff, establishing it as a corporate benchmark in Asia for gender-friendly practices.

### Connecting society's positive forces:

Fubon Financial Holdings' main philanthropic platform consists of its four foundations, and it leverages the resources of its subsidiaries to support its “connection” strategy aimed at harnessing society's positive forces. Education promotion, health promotion and care for vulnerable groups are all key areas of engagement, and employee volunteerism is encouraged to benefit society. In the post-pandemic era, Fubon is shifting some of its in-person public welfare



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activities online to expand its philanthropic reach.

Since getting its start in 1961, Fubon has stood with Taiwan and its people through 60 years of ups and downs. We have experienced several external challenges and changes and witnessed the rise and fall of different industries, but we have always operated honestly and stressed positive thinking to develop our business and pursue stable growth. Today, Fubon provides a wide variety of financial products and services through its life insurance, banking, property and casualty insurance, securities, and asset management units to more than 12.3 million customers, and has more than NT\$9 trillion in assets. Its vision remains to become one of Asia's first-class financial institutions.

In the future, as Fubon Financial Holdings seeks further avenues for business growth, it will also continue to promote its ESG Visioning Project through its four key sustainability strategies founded on the brand spirit "Be positive, All possible." Action plans tied to Fubon's core competencies will be developed to exert a positive financial impact, and we look forward to working with all of society to achieve a sustainable future.

Chairman

*Ming-Iding Tsou*





# Sustainability Honors and Recognition

## Environment

- Selected to the Carbon Disclosure Project's climate change "A List" and Supplier Engagement Leaderboard, becoming the first company in Taiwan's financial sector to receive both honors
- Leads all Taiwan-invested banks in outstanding loans for offshore wind projects, has market share of 30%
- Taiwan's biggest insurer of green energy projects; ranks No. 1 in market share for solar power and wind power insurance
- Taiwan's first asset management company to issue both active and passive sustainable development-themed funds
- First Taiwan-invested bank to introduce sustainability-linked loans
- Greenhouse gas emissions generated in 2020 down 8.4% from 2019; emissions intensity per person down 4.1%
- Low-carbon investment and green loans combine to avoid 817,193 metric tons CO<sub>2</sub>e

## Governance

- Named as a constituent of the Dow Jones Sustainability Indices (DJSI) World Index for 4th consecutive year and of the DJSI Emerging Markets Index for 5th consecutive year
- Chosen as a constituent of the MSCI ESG Leaders Indexes for 5th consecutive year and received an "AA" MSCI ESG rating in the Life & Health Insurance category, ranking in the top 17% of companies in the category
- Ranked 1st in Sustainalytics ESG risk ratings in the insurance industry and ranked in the top 3% among all global companies surveyed
- The first company in Taiwan's financial sector to become a World Economic Forum (WEF) partner
- Led all financial holding companies in profitability based on earnings per share for 12th straight year in 2020, with EPS of NT\$8.54
- Taiwan's second biggest financial holding company with NT\$9.2 trillion in assets, more than 10 million customers
- Had net income of NT\$90.27 billion in 2020, up 54% from 2019
- Selected to the Fortune Global 500 for 3rd consecutive year



## Social

- Only domestic private bank to be rated as an outstanding Elder Care Trust provider by the Financial Supervisory Commission for 3 straight years
- Honored for Outstanding Crisis Leadership in Health Care by Global Finance for its handling of the coronavirus outbreak
- Taiwan's biggest agriculture, aquaculture insurer, underwriting more than 80% of Taiwan's agriculture, aquaculture insurance
- Ranked No. 1 among banks in Taiwan, in top 10 among banks in Asia for the most women employees as a percentage of the total staff and percentage of recent graduate hires that are women in Asiamoney's "Leaders for Women Survey"
- 1.33 million job opportunities, NT\$677.5 billion in wages created by downstream investment and loans
- Company volunteer services contributed NT\$25.27 million in value to society

# About Fubon Financial Holdings



## 1.1 Fubon Financial Holdings

### Fubon Financial Holdings The Benchmark for Taiwanese Financial Institutions in Greater China

Intent on becoming one of Asia's first-class financial institutions, Fubon Financial Holdings offers the most complete and diversified line of financial products and services in the industry through its many subsidiaries, including Fubon Life, Taipei Fubon Bank, Fubon Insurance, Fubon Securities, Fubon Asset Management, Fubon Bank (Hong Kong), and Fubon Bank (China). All of these subsidiaries are leaders in their fields. As of the end of 2020, Fubon Financial Holdings had total assets of NT\$9.2 trillion, standing the second most of any domestic financial holding company, and was serving more than 10 million customers. Fubon Financial Holdings garnered a net profit of NT\$90.27 billion, rising 54% from 2019, or NT\$8.54 per share, the highest in the industry for the twelfth consecutive year.



**1961**

- **Fubon Insurance (formerly Cathay Insurance) began operations**

Taiwan's first private general insurer.



**1988**

- **Fubon Securities began operations**



**1992**

- **Fubon Bank began operations**



**1993**

- **Fubon Life began operations**



**2001**

- **Fubon Financial Holdings went public**

Fubon Financial Holdings became the first financial holding company in Taiwan to go public, and its product portfolio was soon recognized as the most extensive in the financial services sector.



## 1.2 Operating Performance

Fubon Financial Holdings continues to achieve outstanding performance in 2020. Ranked first in the industry in Taiwan for the twelfth consecutive year in net profit, Fubon has also reached a record-high in total assets, earnings per share, and net worth. The Company's net income after tax exceeded 90 billion for the first time in 2020, and it made the Fortune Global 500 for the third consecutive year. In the pursuit of excellence in business performance, Fubon Financial Holdings will also strive toward becoming one of Asia's first-class financial institutions with a primary focus on sustainability.

Unit: NT\$ million	2017	2018	2019	2020
Total Assets	6,919,454	7,715,060	8,547,702	9,244,453
Total Equity	488,771	468,826	619,686	776,783
Equity Attributable to Owners of the Parent	488,432	459,243	607,774	762,869
Consolidated Net Income	54,016	47,721	59,573	90,972
Net Income Attributable to Owners of the Parent	54,122	47,729	58,497	90,272
Earnings per Share (NT\$)	5.19	4.52	5.46	8.54
Net Worth per Share (NT\$)	45.08	39.93	52.85	66.33
Return on Assets (ROA)	0.81%	0.65%	0.73%	1.02%
Return on Equity (ROE)	11.83%	9.98%	10.94%	13.17%

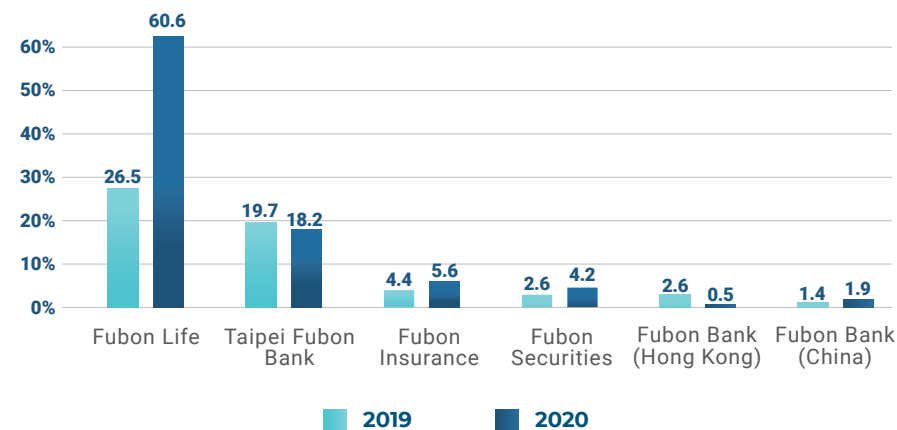
## Fubon Financial Holdings' Ratings in 2020

While Fubon Financial Holdings puts a high priority on controlling risk to maintain a level of asset quality that exceeds the market average and strengthens the Company's capital structure. Fubon Financial Holdings' capital adequacy ratio (CAR) was approximately 124.96% in 2020, well above the legally required 100% minimum.

Rating Agency Type	Rating Agency	Credit Rating Long-term; Short-term	Outlook	Effective Date
International	Standard & Poor's	BBB+ : A-2	Stable	2021/3/24
	Moody's	Baa1	Negative	2020/12/28
Domestic	Taiwan Ratings Corp.	twAA : twA-1+	Stable	2021/3/24

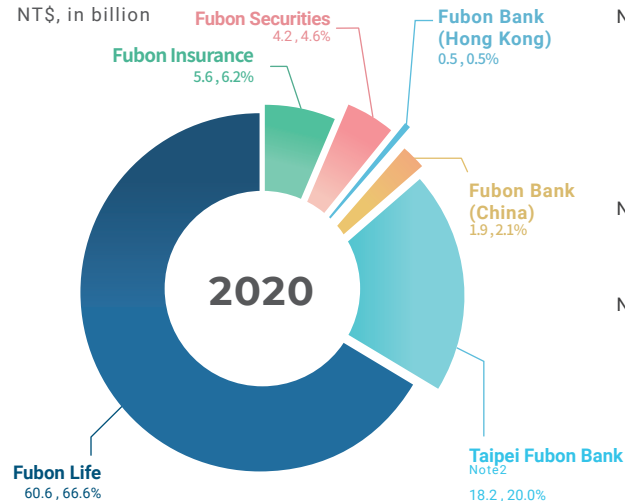
## Net profit from subsidiaries

NT\$ billion



## Profit contribution in 2020 <sup>Note1</sup>

NT\$, in billion



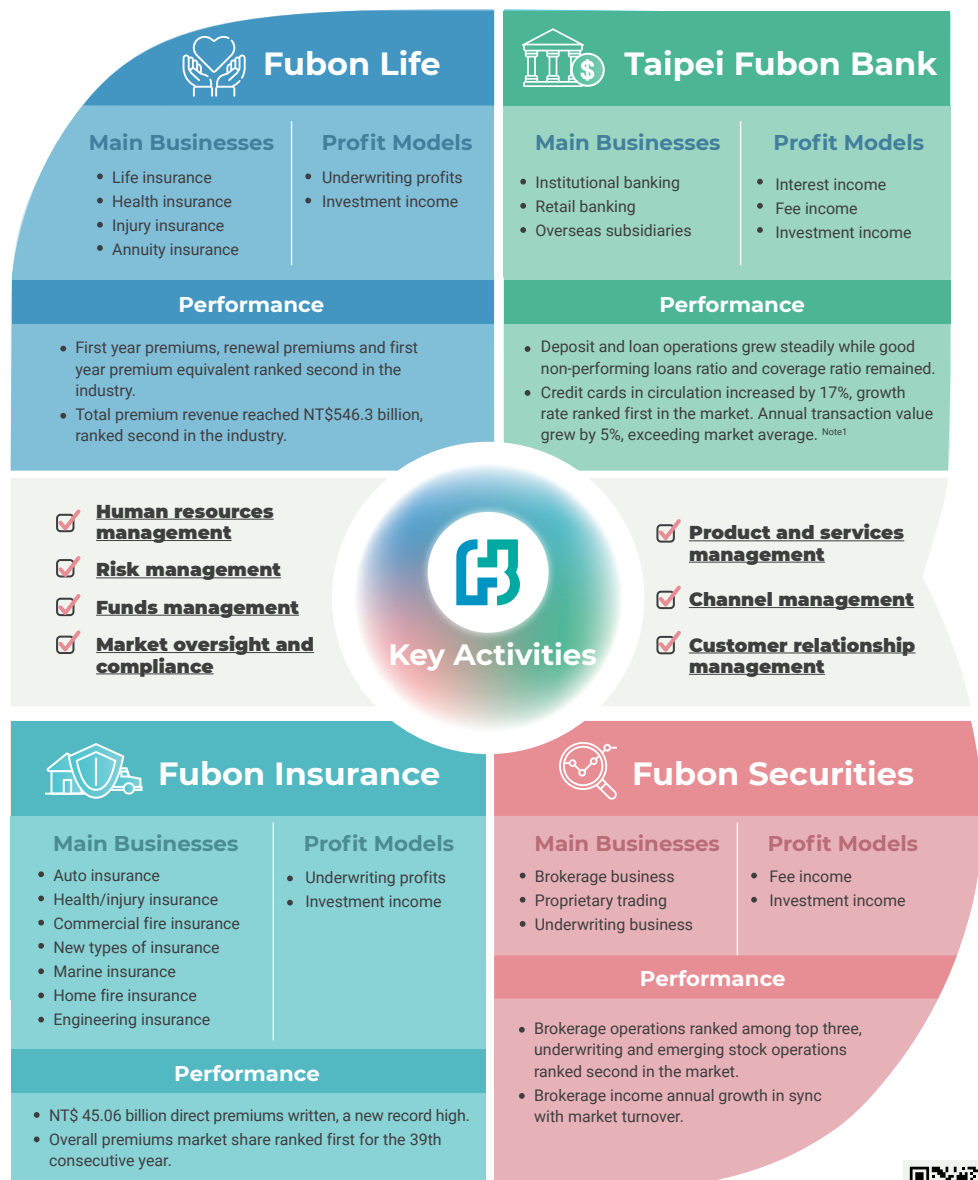
Note1: Profit contribution is based on the summation of the six subsidiaries shown in the chart. The holding company and other subsidiaries have combined net profit of NT\$318mn. The net inter-company account is -NT\$1,069mn.

Note2: Net profit of Fubon Bank (China) is excluded from Taipei Fubon Bank in the chart.

Note3: FHC acquired all shares of Fubon Asset Management held by Fubon Securities on 2019/12/30. In order to use the same comparison base, net profit of Fubon Securities in 2019 excludes the contribution of Fubon Asset Management.



The main businesses and profit models of these four subsidiaries are detailed below:



Note1: Credit cards in circulation (functioning credit cards) included

Learn more about Fubon subsidiaries' performance in the 2020 Investor Conference Report.



## 1.3 Tax Governance

### Tax Strategy

In response to global trends in tax governance, Fubon Financial Holdings stipulated "Fubon Financial Holdings Co., Ltd. and its Subsidiaries' Tax Governance Policy" to ensure regulatory compliance, implement sustainable development, increase shareholder value, and fulfill corporate social responsibility. The Board of Directors is the decision-making body at the top of the Company's tax risk management mechanism. It ratifies the Company's overall tax governance policies to ensure effective tax management. Regulations and execution methods are as follows.

#### Transfer Pricing Principle

**Arm's-length transaction principle:** The price or profit in controlled transactions with related parties, in commercial or financial terms, is not different from that of transactions between non-related parties.

#### Information Disclosure

**Information transparency:** Properly disclose tax information in financial statements, annual reports and corporate social responsibilities reports; announce tax strategies and tax-related information in different countries on the company website and update regularly.

#### Tax Governance and Risk Management

**Tax governance:** Report the annual tax governance execution plan and results to the Company's Corporate Governance and Sustainability Committee at least once a year, and report tax management status to the Board of Directors.

**Risk management:** Proactively handle and manage tax risks to reduce the impact of such risks.

#### Tax Talent Cultivation

**Continuous learning:** Commit to enhancing professional competency in tax operations by continuous talent training, offer regular internal tax courses and encourage staff to join external seminars and courses; offer regular updates on domestic and international tax law to maintain timely control on tax law change management.

**Performance evaluation:** Highlight honesty, expertise, cordiality, and innovation, regularly conduct inspection and evaluation on regulatory compliance, operational risk management, deficiencies identified in arbitration cases and inspection conducted by competent authorities, and high-risk deficiencies identified in internal audits and inspections.

**Professional knowledge inheritance:** Record the handling of non-recurring or exceptional cases in files, regularly convene meetings to share about duties and enhance the inheritance of professional knowledge.

#### Tax Planning

**Lawful planning:** Conduct tax planning in compliance with pertinent laws without entering into transactions for the sole purpose of tax avoidance while considering business operation, Fubon Financial Holdings and its subsidiaries' corporate social responsibilities, reputation, risk management and sustainability values in different countries.

**Reasonable profit allocation:** Not transfer profit to non-cooperative tax jurisdictions and tax havens (low-tax countries) defined by Organization for Economic Co-operation and Development and the European Commission.

**Professional evaluation:** Evaluate tax risks and impact associated with pertinent local and global laws and regulations when making important decisions; consult external experts when necessary upon evaluating strategies.

#### Attitude Toward Tax Authorities

**Regulatory compliance:** Comply with local tax regulations and disclosure requirements, file and pay taxes by the due date as a responsible taxpayer.

**Honesty and professionalism:** Keep continuous communication with local tax authorities in an honest, professional and open manner.

**Timely communication:** With regard to major uncertain tax issues or proposed tax treatments, the Company and its subsidiaries will discuss with companies in the same industries, industry association, external experts and consultants to find appropriate ways to communicate, negotiate or apply for ruling or guidance from the tax authorities.

## Business operation

The location of Fubon Financial Holdings' primary operations is in Taiwan. In 2019 and 2020, 89.56% and 88.16% of its net revenue is originated in Taiwan, respectively.

Unit: NT\$, in millions

Year	2019	2020
Net revenue (A)	447,992	476,506
Net revenue originating in Taiwan(B)	401,222	420,069
Net revenue originating in Asia <sup>Note</sup>	46,728	56,434
Net revenue originating in Other areas	43	3
Weight originating in Taiwan (B ÷ A)	89.56%	88.16%

Note: Including China, Hong Kong, South Korea, Singapore, Vietnam, Thailand, Philippines  
Source: FY2020 Fubon Financial Holdings Consolidated Financial Statements p.437

### Relevant information on the Company's income taxes for the years 2019 and 2020 is as follows:

Unit: NT\$, in millions

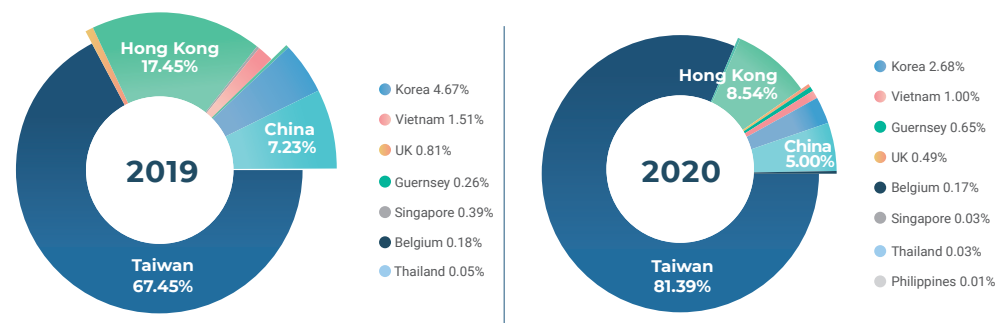
Year	2019	2020
Net income before tax	65,468	103,128
Income tax expense	5,896	12,156
Income taxes paid	5,288	6,292

Source: For more information on net income before tax and income tax expense, refer to the "Consolidated Statements of Comprehensive Income" on p.6 in the FY2020 Fubon Financial Holdings Consolidated Financial Statements. For more information on income tax paid, refer to "Consolidated Statements of Cash Flows" on p.8.

## Tax Payment Overview

The income taxes paid worldwide by Fubon Financial Holdings in 2019 and 2020 were NT\$5.288billion and NT\$6.292billion, respectively, of which the amounts paid in Taiwan accounted for 67.45% and 81.39%, of the income taxes paid.

### The ratios of income taxes paid by Fubon Financial Holdings in each country in the most recent two years are presented below:



Go to "Tax Governance" on Fubon's official website for more information on the Company's tax policies and tax information in different countries.

## Effective Tax Rate

Year	2019	2020	2019 Post-Adjustment	2020 Post-Adjustment	Industry Average
Effective Tax Rate	9.01%	11.79%	19.55%	22.86%	21.10%
Cash Effective Tax Rate	8.08%	6.10%	18.62%	17.35%	24.66%

- Source: FY2020 Fubon Financial Holdings Consolidated Financial Statements
- Effective Tax Rate = income tax expense ÷ net income before tax
- Cash effective tax rate = income taxes paid ÷ net income before tax
- The average industry values for accounting effective tax rates and cash effective tax rates are calculated according to the 24 standard global industry sectors based on the Sustainability Assessment Companion published in 2020 by RobecoSAM, a Swiss-based company which focuses on sustainability investments.
- The calculation of "post-adjustment tax rate" is explained as follows. The adjustment primarily focused on tax exemptions.

### ✓ The discrepancy in effective tax rates is explained as follows:

- (1) The effective tax rates of Fubon Financial Holdings in 2019 and 2020 are lower than the industry average primarily because the Company's operations are based in Taiwan where the statutory income tax rate (general tax rate is 20%; alternative minimum tax rate is 12%) is lower than the industry average.
- (2) Effective tax rates are low primarily because of a higher percentage of tax-exempt income. After excluding tax-exempt income including gains from securities transactions stipulated in Article 4-1 of the Income Tax Act and dividends stipulated in Article 42 of the Income Tax Act, the adjusted tax rate is close to the statutory income tax rate (20%). The effective tax rate in 2020 is higher than that of 2019 as a result of recognizing the tax on undistributed profit of the year.
- (3) Cash effective tax rates are lower than effective tax rates for reasons as follows:
  1. Income tax expense estimated for each fiscal year, other than the actual cash payment in the following year which is a time difference, also includes the effect of deferred income tax.
  2. The tax on undistributed profit in 2018 and profit-seeking enterprise income tax in 2019 are due in 2020. Since there is no tax on undistributed profit in 2018, and net operating loss from prior periods was claimed in 2019 for a tax deduction, income tax is deducted.
- (4) Summary of the effective tax rates and cash effective tax rates of tax items lower than the industry average and the values:

Unit: NT\$, in millions

Item	Effective Tax Rate		Cash Effective Tax Rate	
	2019	2020	2019	2020
Net income before tax	65,468	103,128	65,468	103,128
Pre-adjustment income tax expense / income tax payment made <sup>***</sup>	5,896	12,156	5,288	6,292
Sum of tax-exempt income (A)	10,777	15,978	10,777	15,978
Additional tax under alternative minimum tax regulations (A)	-3,874	-4,563	-3,874	-4,563
Addition: Tax-exempt income effects <sup>2(A)</sup>	6,902	11,415	6,902	11,415
Addition: Prior year loss deduction	-	-	-	190
Post-adjustment income tax expense / income tax payment made <sup>***</sup>	12,798	23,571	12,190	17,897
Pre-adjustment effective tax rate	9.01%	11.79%	8.08%	6.10%
Post-adjustment effective tax rate	19.55%	22.86%	18.62%	17.35%

Note: Income tax includes company income tax, undistributed profits tax, etc.  
Source: FY2020 Fubon Financial Holdings Consolidated Financial Statements p. 108 to 111. For more information on income tax paid, refer to "Consolidated Statements of Cash Flows" on p.8.



## 1.4 Macroeconomic Environment

Although the coronavirus dealt a severe blow to the global economy in 2020 and hurt Taiwan's exports in the first half of the year, exports of electronics goods bucked the trend because of new demand created by the remote work movement and upgrades of information and communications equipment. The pandemic also accelerated shifts in supply chains, which supported the steady expansion of domestic investment, offsetting weakness in private consumption. As a result, export and corporate investment growth exceeded expectations, helping Taiwan outperform most other countries by maintaining positive economic growth for the year as a whole.

In the year ahead, Taiwan's foreign trade should gain strength as the economic impact of the pandemic eases, leading to a rebound in overseas demand and export growth, while the tech sector continues to increase its capacity in Taiwan. The ongoing push for advances in semiconductor production processes, offshore wind power and 5G infrastructure will drive domestic investment growth, and private consumption should recover as people become willing to spend again. These positive trends should enable Taiwan to maintain stable economic growth in 2021.

## 2.1 Our Approach for ESG

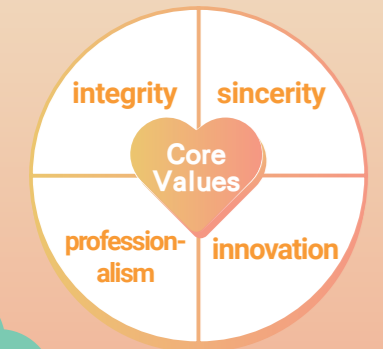


### Corporate Governance and Sustainability Committee

#### ESG Task Force

**★ Our vision**  
Asia's first-class financial service institutions

**Our Mission**  
Be positive All possible



#### ESG Strategy

- Decarbonization
- Digitalization
- Empowerment
- Connection

#### Business Models

- Taipei Fubon Bank
- Fubon Life
- Fubon Securities
- Fubon Insurance
- Fubon Asset Management

#### Key Activities

- Human resources management
- Risk management
- Funds management
- Product and services management
- Channel management
- Customer relationship management
- Market oversight and compliance

### Fubon Financial Holdings Corporate Governance Structure



Fubon Financial Holdings set up an ESG Task Force and tapped the Corporate Sustainability Department as its secretarial unit. Under the Task Force are six specialized teams led by senior managers of related units. The six teams compile the organization's ESG activities and plans and report their findings every six months to the Company's Corporate Governance and Sustainability Committee and then to the board of directors. Meanwhile, Fubon's four main subsidiaries – Fubon Life, Taipei Fubon Bank, Fubon Insurance and Fubon Securities – have also established their own ESG Task Forces, echoing the financial holding company's commitment to sustainability and putting it into practice in their businesses.

Note: Please refer to Appendix 8.2.1 for more on the composition rules, main powers, 2020 operations of each functional committee.

### Stakeholders

- customers
- community
- suppliers
- the media
- employees
- competent authorities
- shareholders/investors
- the general public

### Value

- Fully fulfill corporate social responsibility
- Actively meet customer needs
- Provide diversified quality services
- Create company business value



## 2.2 2025 Sustainability Vision Blueprint

### Decarbonization

#### Helping Customers Go Sustainable

Use sustainable finance-related investments, loans, products and specialized services to help customers elevate their ESG performance; build a low-carbon operating model

### Digitalization

#### Provide the best financial services

Provide innovative services and experiences and satisfy customers' diverse investment, wealth management and insurance needs based on the principle of matching the most appropriate product to those needs

### Empowerment

#### Foster a friendly, healthy workplace

Create a diverse environment where people are treated with respect and communications are harmonious; continue to push talent development, attraction and retention plans; and forge a health and safe workplace

### Connection

#### Connect society's positive forces

Provide opportunities and stages for growth, and mobilize positive forces through Fubon's diverse platforms to bring change to society and build influence

#### Importance to Fubon

The financial sector has a critical role to play in meeting zero-carbon goals. Fubon has adopted a decarbonization strategy, under which it uses its financial influence to accelerate value chains' transition to sustainability and help achieve the common goal of mitigating global warming. At the same time, Fubon has sought out investment opportunities in the clean energy era as a new driver of business growth.



#### Importance to Fubon

Fubon's digitalization strategy is aimed at addressing the emergence of fintech innovation and growing applications of big data and artificial intelligence. The strategy involves rolling out innovative products and services to create a one-stop shop financial services model and deepen customer relationships and loyalty.



#### Importance to Fubon

Human capital is an important asset in Fubon's drive to operate more sustainably. The Company is dedicated to being a good employer, developing a competitive salary structure and fostering a healthy workplace environment that helps retain employees and keeps them engaged. This management philosophy is a key foundation of Fubon's pursuit of steady business growth.



#### Importance to Fubon

Give back to society using the financial sector's core competencies, and work to solve social problems through Fubon's four foundations and subsidiaries' philanthropic platforms; this process helps both employees and society identify with the brand, and contributes new insights to the development of products and services.



#### Long-term 2025 Goals

- Green finance : NT\$2.45 trillion
- Continue to refine and expand the setting of standards for allowing investment in or pulling investment out of climate-sensitive industries
- Participation in green bond underwriting cases: 34%
- Climate-related products and services: NT\$7 billion
- Carbon reduction in Fubon operations: 12%, compared to 2017 baseline

#### 2020 Results

- Green finance: NT\$2.085 trillion
- Participation in green bond underwriting cases: 27%
- Climate-related products and services: NT\$5.1 billion
- Carbon reduction in Fubon operations: 3% compared to 2017 baseline

#### Long-term 2025 Goals

- Customer satisfaction: 90%
- Digital financial services:
  - Fubon Life: Growth in applications for electronic notifications: 61%
  - Fubon Life: Growth in e-policies and "e-terms and conditions policies": 57%
  - Taipei Fubon Bank: Growth in no. of active digital platform accounts: 100%
  - Taipei Fubon Bank: Share of credit cards/ personal loans/ account openings processed online: 90%
  - Taipei Fubon Bank: Taiwan's first digital platform
  - Fubon Insurance: Growth in e-policies and electronic compulsory auto liability insurance certificates: 133.4%
  - Fubon Securities: Share of active accounts using digital trading system: 90%

#### 2020 Results

- Customer satisfaction: 83%
- Digital financial services:
  - Fubon Life: No. of customers who applied for e-notifications: 1.06 million
  - Fubon Life: e-policies and "e-terms and conditions policies" issued: 95,000
  - Taipei Fubon Bank: No. of active digital platform accounts: 1.9 million
  - Taipei Fubon Bank: Share of credit cards/ personal loans/ account openings processed online: 67%
  - Fubon Insurance: e-policies and electronic compulsory auto liability insurance certificates issued: 5.43 million
  - Fubon Securities: Share of all active accounts using digital trading system: 75%

#### Long-term 2025 Goals

- Employee engagement score 77+ points and participation rate above 80%
- Continue to be selected as a constituent of the Taiwan High Compensation 100 Index
- Have employees participate in wellness and health-related activities more than 110,000 times, and average more than 7.2 times per employee

#### 2020 Results

- Employee engagement score 75 points and participation rate 82%
- Selected as a constituent of the Taiwan High Compensation 100 Index in 2020
- Employees participated 97,000 times in wellness and health-related activities; each employee participated an average of 6.4 times.

#### Long-term 2025 Goals

- Education promotion: Benefit people 948,233 times
- Health promotion: Benefit people 417,785 times
- Care for the disadvantaged: Help 215,614 people
- Employee volunteerism: Volunteer 35,000 times

#### 2020 Results

- Education promotion: Benefited people 793,000 times
- Health promotion: Benefited people 315,000 times
- Care for the disadvantaged: Helped about 120,000 people
- Employee volunteerism: volunteered 33,000 times

#### Initiatives

Increase green finance-related investment and the green loan portfolio and the underwriting of green bonds

Set standards for investing in or pulling out of high-carbon industries

Develop climate- and sustainability-related insurance products

Install energy-saving equipment and plan the purchase of green energy

Set science-based targets for emission reduction

SDGs



#### Initiatives

Optimize the digital platforms for each product and service

Encourage digital cooperation among Fubon subsidiaries and enhance the customer experience

Simplify service processes and increase the percentage of product transactions that are done online

Adopt AI capabilities to make service more efficient

Expand data analytics to strengthen the customer relationship

Compile customer feedback regularly as a basis for better satisfying customers' needs

SDGs



#### Initiatives

Encourage employees to participate in employee engagement surveys and offer suggestions and feedback

Provide competitive salaries and benefits

Foster a workplace environment that helps retain talent

Plan friendly and health-related activities tailored to employees' needs

SDGs



#### Initiatives

Provide wide-ranging financial education

Sponsor art and cultural activities and cultivate talent

Organize and serve as the title sponsors of sports events

Expand financial and social services at the community level

Play the role of bringing together society's resources

SDGs



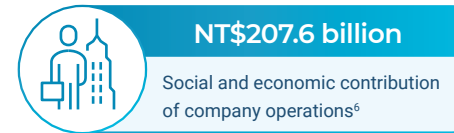
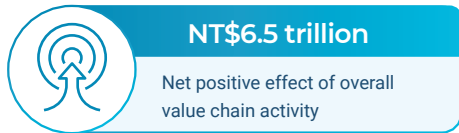
## 2.3 Impact of Sustainability

We fully appreciate the role the financial services industry plays within the global economic structure in supporting and promoting industrial development. Fubon Financial Holdings sees its mission as maximizing the influence of the financial sector, in part by using its core competencies to expand the impact of its sustainable investment. Through this vision, Fubon's hopes to emerge as a positive force in driving industrial value chains to engage in sustainable practices and creating added value for society and its stakeholders.

The Company's management philosophy emphasizes both profit and loss and ESG issues. To achieve that balance, it uses causality-oriented impact pathway analysis to identify the changes to the environment and society brought by resource inputs and outputs in Fubon's operations. Those changes are then monetized with the help of outside-in

thinking to measure the economic, environmental, and social impact generated by value chain activity, and, by extension, their impact on people's lives and well-being.

The result of that analysis found that Fubon's downstream investments and loans generated NT\$6 trillion in output value in industrial chains, 1.33 million job opportunities and NT\$677.5 billion in wages, while also causing NT\$429.3 billion in environmental costs. The downstream impact generated accounted for more than 95% of the impact generated by the overall value chain.

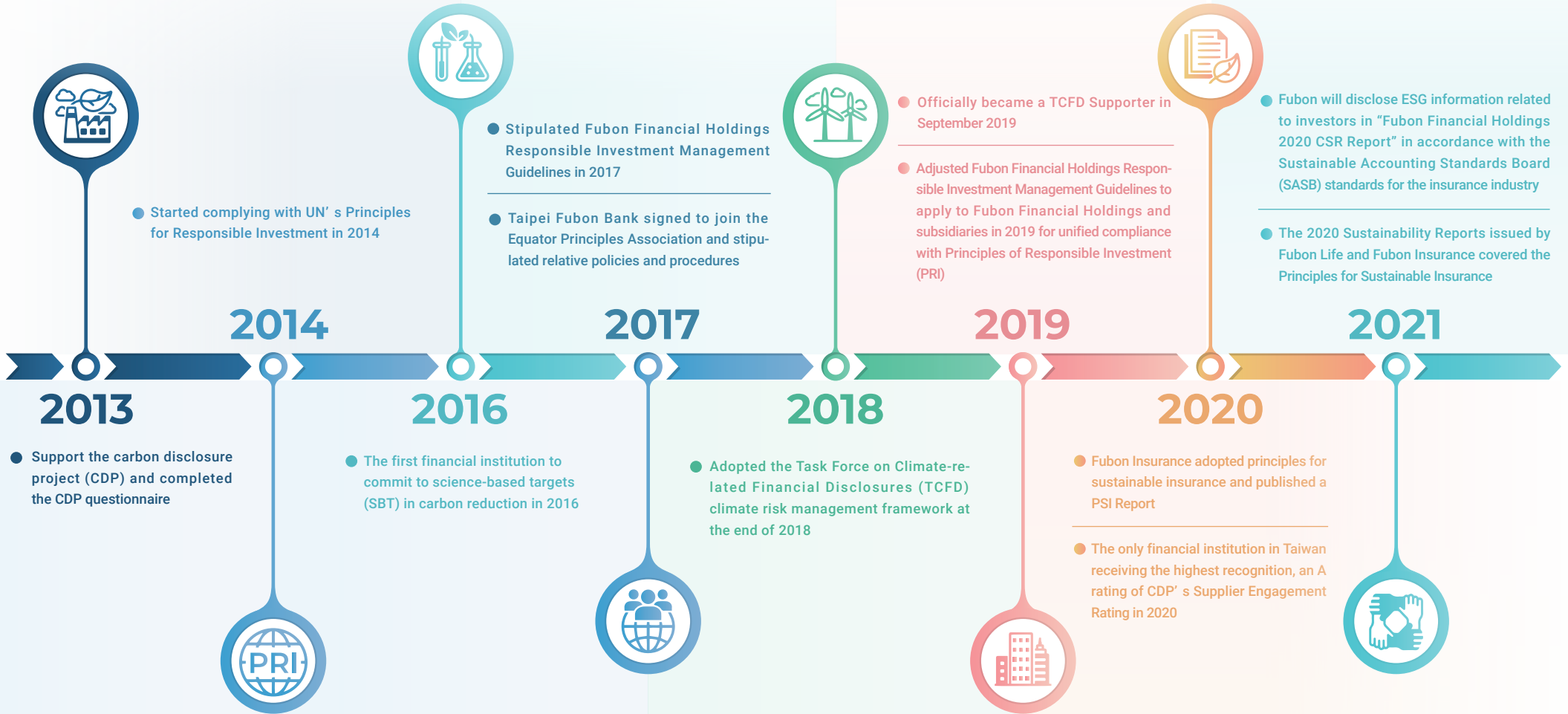


Unit: NT\$



For related notes, please see Appendix 8.2.5

## 2.4 Sustainability Initiatives





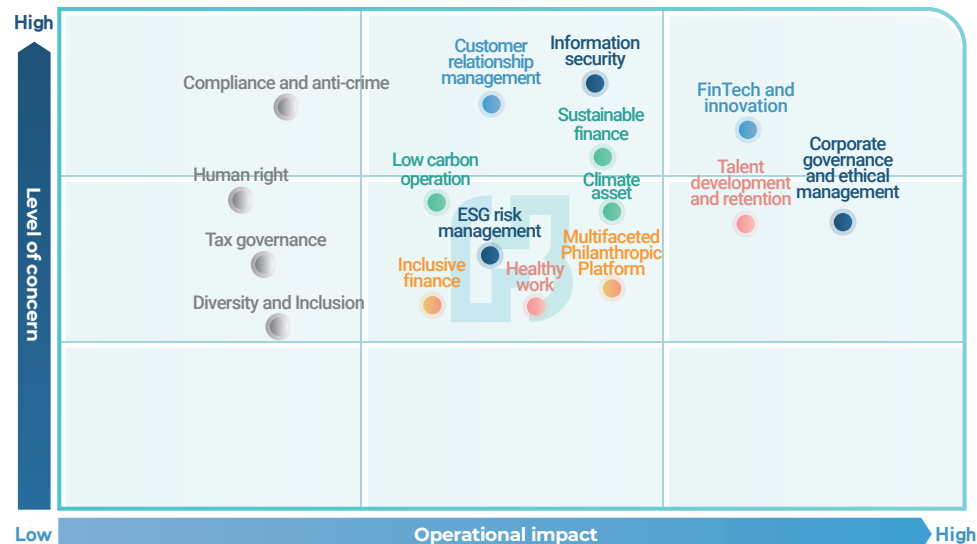
## 2.5 Materiality and Stakeholders

### 2.5.1 Materiality Analysis

In achieving corporate sustainability, Fubon Financial Holdings highly values the opinions of our internal and external stakeholders. We regularly conduct assessments based on GRI Standards and the AA 1000 Stakeholder Engagement Standard (AA 1000 SES). Through identification, analysis and confirmation, the materiality analysis framework identifies material ESG issues and serves as guidelines for suitability strategic planning. It is also a reference for the composition of Fubon Financial Holdings' corporate social responsibility report.



### Fubon Financial Holdings ESG Matrix



### Description of Material Issues

1. Corporate governance and ethical management	Independence and diversity of the board of directors, board of directors' operation and performance evaluation, continuing education for directors, ethical management policies and systems
2. ESG risk management	Risk management structure and policies, emerging risk management, climate change risk management, human rights risk management, risk culture establishment
3. Information security	Information security risk management, alignment with laws and regulations, information security awareness enhancement, defense in depth
4. FinTech and innovation	FinTech, mobile services, innovative services and products
5. Customer relationship management	Customer management, customer satisfaction, comprehensive claim settlement procedures and services
6. Sustainable finance	TCFD high carbon emission assessment, green finance, thematic investing and ESG funds
7. Climate assets	Offer loss control services, agricultural insurance, low carbon lifestyle (eco-friendly sustainable products, preferential loans for green equipment, green purchasing)
8. Low carbon operation	Reduce greenhouse gas emission, implement low carbon environmental friendly measures, enhance energy efficiency, promote paperless services
9. Talent development and retention	Systematically cultivate employee professional competencies, build a diverse, self-motivated learning environment, launch fair and inspiring talent retention mechanism, build an admirable employer image
10. Healthy work environment	Launch marriage and child care programs, health and safety risk management and facilitation program, encourage employee participation in a variety of social issues
11. Inclusive finance	Microinsurance, charitable trusts, assist with the launch of policy-driven loans
12. Multifaceted Philanthropic Platform	Promote financial education, cultural cultivation, disadvantaged care, facilitate national health, children and youth empowerment

## 2.5.2 Stakeholder Communication

Fubon Financial Holdings identified eight primary stakeholders, and stakeholder communication status is reported to the board of directors semiannually.

	Communication Frequency and Channel	Issues of Concern	Response
<b>Competent Authorities</b>	<ul style="list-style-type: none"> <li>Operating data compiled and revenue reported monthly as requested by competent authorities</li> <li>Occasional participation in seminars and briefings held by competent authorities</li> <li>Annual report and CSR report issued annually, shareholders meeting held annually</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance and ethical management</li> <li>ESG risk management</li> <li>Information security</li> </ul>	<ul style="list-style-type: none"> <li>Named as a constituent of the Taiwan Stock Exchange' s "Taiwan Corporate Governance Top 100 Index" six times in a row</li> <li>Discussed with the Department of Financial Inspection of the Central Bank and the Risk Society and Policy Research Center of National Taiwan University about Fubon's status quo in developing sustainable finance and climate change issues and trends in Taiwan</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>CSR supplier training, a CSR evaluation of suppliers and a CSR meeting with suppliers organized annually</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance and ethical management</li> <li>Information security</li> <li>Regulatory compliance and anti-crime measures</li> </ul>	<ul style="list-style-type: none"> <li>CSR evaluations of 197 suppliers completed</li> <li>In response to the COVID-19 pandemic, CSR training (Topic: labor human right management) and a CSR meeting replaced by online courses with a 100% supplier participation rate</li> </ul>
<b>General Public</b>	<ul style="list-style-type: none"> <li>Radio programs and publications produced regularly</li> <li>Occasional events held by foundations</li> <li>CSR mailbox</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory compliance and anti-crime measures</li> <li>Low carbon operation</li> <li>Multifaceted Philanthropic Platform</li> </ul>	<ul style="list-style-type: none"> <li>Participated in the 18th Global Views Leaders Forum to share with the public Fubon Financial Holdings ESG endeavors</li> <li>Invited to share corporate experiences in sustainability efforts in the course "Corporate Sustainability Practices" at the Graduate Institute of Environmental Engineering, National Taiwan University</li> <li>Jointly organized "Chief Sustainability Officer Salons" with Center for Corporate Sustainability to share Fubon's ESG efforts and results</li> <li>Echoed the UN environmental initiatives by conveying the ideas to contestants in Fubon-hosted and sponsored sports events</li> </ul>
<b>Community NPO/NGOs</b>	<ul style="list-style-type: none"> <li>Activities and donations publicly shared on foundations' websites</li> <li>Foundations and community exchanges facilitated through Fubon' s annual gifts and premiums program</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance and ethical management</li> <li>Customer relationship management</li> <li>Multifaceted Philanthropic Platform</li> </ul>	<ul style="list-style-type: none"> <li>Established a communication channel with environmental group "350.org" to learn about climate issues and initiatives</li> <li>Communicated with social enterprise "Domi" on potential partnership on energy issues</li> <li>Discussed with the Risk Society and Policy Research Center of National Taiwan University about the status quo in developing sustainable finance and climate change issues and trends in Taiwan</li> </ul>

	Communication Frequency and Channel	Issues of Concern	Response
<b>Shareholders / Investors</b>	<ul style="list-style-type: none"> <li>Revenues reported monthly</li> <li>Investors conference held quarterly</li> <li>Participation in domestic/ foreign investor forums occasionally to discuss the Company's finances and business</li> <li>Contact persons, email addresses for investors posted on Investor Relations and Stakeholders web pages</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance and ethical management</li> <li>ESG risk management</li> <li>Tax governance</li> </ul>	<ul style="list-style-type: none"> <li>Held 8 investor conferences in Chinese and English in 2020. Due to the pandemic, the physical investor conference conducted in Chinese was held virtually instead</li> <li>Completed quarterly shareholder opinion reports and enhanced shareholder communication management</li> <li>Fubon was invited to join the online forum of the Economist's Climate Risk Asia Week virtual event</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer complaint channels and customer service hotline available</li> <li>Customer satisfaction surveys conducted regularly</li> <li>Corporate seminars and risk management courses held occasionally</li> </ul>	<ul style="list-style-type: none"> <li>Information security</li> <li>FinTech and innovation</li> <li>Customer relationship management</li> </ul>	<ul style="list-style-type: none"> <li>Key service indicators and satisfaction survey monitored and tracked monthly to meet customer needs</li> <li>"Customer Opinion Handling Channel" introduced with QR code plaques and stamp mats to gather customer opinions timely</li> <li>Intelligent customer service system adopted to expand customer service capacity and improve customer satisfaction</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Press release issued occasionally</li> <li>Dedicated divisions and personnel in charge of communicating with and responding to the media</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance and ethical management</li> <li>Information security</li> <li>Regulatory compliance and anti-crime measures</li> </ul>	<ul style="list-style-type: none"> <li>346 press releases issued</li> <li>7 dedicated personnel as liaison officers for the media communication of Fubon Financial Holdings and subsidiaries to timely respond to the media</li> <li>Press conferences held occasionally</li> <li>Fubon Financial Holdings held quarterly investor conferences for the media hosted by Fubon's president where the media ask questions and the president responds to the questions</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>New collective agreements negotiated after three-year terms of previous agreements end</li> <li>Labor-management meetings and occupational safety and health meetings held quarterly</li> <li>Senior management and employee meetings held annually</li> <li>Employee satisfaction surveys conducted biannually</li> <li>Dedicated an "Employee Grievance" section</li> </ul>	<ul style="list-style-type: none"> <li>Talent development and retention</li> <li>Healthy work environment</li> <li>Corporate governance and ethical management</li> </ul>	<ul style="list-style-type: none"> <li>One meeting held for senior management of Fubon Financial Holdings including the chairman to directly interact with employees</li> <li>Employee opinion survey coverage rate reached 82%, a record high; engagement score remained at 75 points</li> <li>4 employee grievances filed; confidentiality was maintained, and all cases were handled based on existing rules</li> </ul>

### 2.5.3 Material Issues and Value Chain

Sustainability Vision	Material Issues	Operational Significance					Specific GRI Topic
		Business Growth	Customer Loyalty	Employee Cohesion	Social Welfare	Environmental Impact	
Corporate Governance	Corporate governance and ethical management	●	●	●	●		Economic performance (201) Anti-corruption (205)/ Anti-competitive behavior (206)/ Socioeconomic compliance (419)/ Environmental compliance (307)
	ESG risk management					●	Economic performance (201)
	Information security	●	●				Customer privacy (418)
Offer the Best Financial Services	FinTech and innovation	●	●				Indirect economic impacts (203)
	Customer relationship management		●				Customer health and safety (416)/ Marketing and labeling (417)
Help Customers Go Sustainable	Sustainable finance					●	Economic performance (201)/ Indirect economic impacts (203)
	Climate asset					●	Economic performance (201)/ Indirect economic impacts (203)
	Low carbon operation	●				●	Energy (302)/ Emissions (305)/ Waste (306)
Foster a Friendly, Healthy Workplace	Talent development and retention			●			Economic performance (201)/ Market presence (202)/ Employment (401)/ Labor management relations (402)/ Diversity and equal opportunity (405) Training and education (404)/ Non-discrimination (406)
	Healthy work environment			●			Freedom of association and collective bargaining (407)/ Forced or compulsory labor (409)/ Human rights assessment (412)
Connecting Society's Positive Forces	Inclusive finance				●		Indirect economic impacts (203)
	Multifaceted Philanthropic Platform				●		Indirect economic impacts (203)/ Local communities (413)

### 2.5.4 Material Issues and Risk Management

Material Issues	Risks Involved	Mitigation Measures	Approach
Corporate Governance and Ethical Management	Markets, international norms and stakeholders all expect enterprises to operate ethically, responsibly, and in compliance with corporate governance best practices. Ineffective risk management, violation of corporate governance regulations, or unethical behaviors can lead to losses, penalties from regulatory authorities, or a tarnished corporate image. It could devastate the Company's sustainable development.	To create a robust governance environment, Fubon Financial Holdings has established "Corporate Governance Best Practice Principles" and "Ethical Corporate Management Best Practice Principles." A "Code of Ethical Conduct" was put in place to set ethical standards for board directors and managers, and "Procedures for Ethical Management and the Guideline for Conduct" were established to deal with developments in ethical management regulations at home and abroad. Measures have also been taken to mitigate the risk of unethical behavior in high-risk business activities including the adoption of "Donation Management Policy," "Financial Consumer Protection Management Policy," and an "Anti-Money Laundering and Counter-Terrorism Financing Program."	Refer to 3.1 Putting Sustainable Governance into Practice and 3.2 Ethical Management in this report.
ESG Risk Management	Investment and lending are the primary operations of the financial service providers. The Company's business performance could take a direct hit from clients that lack mature ESG risk management mechanisms or are subjected to high ESG risks. In addition, the economic impact of climate change also significantly affects the Company's sustainable development. As global supervision standards tighten, information security, human rights, and emerging risk management are also factors that could affect business operations and trigger a reputation crisis.	Fubon Financial Holdings has already stipulated comprehensive risk management systems, policies, and guidelines. Risk management mechanisms are in place, covering the market, credit, country, operations, asset/liability and liquidity, insurance, climate change, technology risks, emerging and reputational risks, information security, human rights, etc. Acting in conformity, Fubon subsidiaries effectively identify, assess, monitor, and manage all risks. The TCFD risk management framework was adopted at the end of 2018. Fubon became a TCFD supporter in 2019 and included ESG factors into sustainability risk assessment procedures.	Refer to 3.3 ESG Risk Management in this report.
Information Security	The rise of FinTech and steady growth in customer numbers has made information security a top concern in corporate operations. An information security incident could lead to an interruption of the business, a tarnished reputation, and financial losses.	Fubon Financial Holdings has put in place an "Information Security Policy" and continued to enhance its information security resilience by strengthening employee awareness, building a comprehensive risk management system, and fostering an environment conducive to both efficient service and information security and protection.	Refer to 3.3.4 Information Security Risk in this report.



Material Issues	Risks Involved	Mitigation Measures	Approach
<b>FinTech and Innovation</b>	In response to Fintech innovation and the growing application of big data and artificial intelligence and customer behavior changes, new business models emerge and create challenges for existing businesses.	Fubon Financial Holdings has mobilized its resources and used emerging technologies and innovative products and services tailored to the needs of society to stay on top of future trends and opportunities.	Refer to 5.1 Innovative Services in this report.
<b>Customer Relationship Management</b>	The quality of service and the customer experience directly affect customer satisfaction and loyalty. If the service is not continuously optimized to meet customer expectations, it may hurt the Company's brand image and reputation or lead to operational losses.	With the rise of FinTech, Fubon Financial Holdings has developed digital platforms to provide customers more timely and convenient services while streamlining transaction procedures and reducing processing time. While customer behavior changes, it indirectly improves customer stickiness and creates green value for society.	Refer to 5.2 Customer Relationship Management in this report.
<b>Sustainable Finance</b>	The Global Risks Report issued by the World Economic Forum listed "extreme weather" and "climate action failure" as top long-term global risks for three consecutive years. Climate change could provoke "green swan" events and further lead to complex and unpredictable systematic financial crises. Climate crises could also affect corporate finance and the stability of the financial sector. Given that sustainable finance is a key government policy and pertinent regulations are increasingly tightened, the financial service providers are to reckon with and respond to global trends in sustainable finance.	Under the sustainability risk management framework, Fubon Financial Holdings established the "Responsible Investment Management Guidelines," and joined The Equator Principles Association (EPs), became a TCFD supporter and complied with the Principles for Responsible Investment (PRI) and the Principles for Sustainable Insurance (PSI). Through environmental and social risk management in investments and financing and by offering sustainable insurance and services, Fubon has leveraged the financial sector's influence in guiding enterprises to operate more sustainably and achieving prosperity for all.	Refer to Ch.4 Helping Customers Go Sustainable in this report.
<b>Climate Asset</b>	Climate change leads to worsened cold damage, torrential rain, and typhoon conditions that lead to corporate equipment damage, financial losses among citizens, and agricultural and fishery losses. If climate risks of financing targets aren't considered, it could result in an increase in the percentage of doubtful debts and natural disaster insurance claims.	Fubon Financial Holdings continues to offer loss control counseling services and adopted global security standards to increase corporate resilience and enhance society's anti-disaster capability. We offer natural disaster insurance plans to farmers and fishermen to help stabilize their income and production. We also offer eco-friendly products and services to encourage customers to achieve low carbon lifestyles and sustainable environment.	Refer to 4.3 ESG-related Insurance Products and Services in this report.

Material Issues	Risks Involved	Mitigation Measures	Approach
<b>Low Carbon Operation</b>	The Paris Agreement signed at the end of 2015 set targets for reducing global greenhouse gas emissions and managing climate change. Enterprises must manage carbon emissions in their operations if the common goal of mitigating global warming is to be achieved.	At the end of 2016, Fubon Financial Holdings committed to science-based targets to help control carbon within its operations. It set several energy-conservation and carbon reduction goals, including the reduction of greenhouse gas emissions, electricity, water consumption and waste.	Refer to 4.4 Green Operations in this report.
<b>Talent Development and Retention</b>	Amid the changing financial markets and the development of digital finance, talent cultivation will affect the Company's operational development and profitability.	Fubon Financial Holdings continues to develop professional competencies and create human capital through systematic programs which further enhance employees' identification and sense of belonging with the Company.	Refer to Ch.6 Fostering a Friendly, Healthy Workplace in this report.
<b>Healthy Work Environment</b>	Human capital is an important asset in corporate sustainable development. If the Company neglects its workers' interests or human rights, it could adversely affect the recruitment and retention of talent, trigger labor-management disputes, and even hurt the Company's reputation and brand image, leading to a loss of business.	The Company complies with domestic labor laws and the spirit of international human rights pacts such as the "Universal Declaration of Human Rights," "U.N. Global Compact," and International Labor Organization conventions. A Fubon "Human Rights Policy" . Grievance and communication mechanisms are also in place to protect the rights and interests of employees.	Refer to Ch.6 Fostering a Friendly, Healthy Workplace in this report
<b>Inclusive Finance</b>	Amid social changes, the wealth gap, unequal distribution of resources, and urban-rural disparity have worsened. The situation will compromise the stability in national development and adversely affect the economy.	Fubon Financial Holdings proactively develops inclusive financial products and services that address social issues based on its core competencies. By achieving inclusive and accessible finance, Fubon contributes to social equality as the urban-rural gap and wealth gap are reduced. Fubon also works with customers on charity causes to exert positive influence.	Refer to 7.5 Inclusive Financing in this report
<b>Multifaceted Philanthropic Platform</b>	Stakeholders expect benchmark enterprises to exert positive influence. As a market leader, Fubon Financial Holdings must actively fulfill corporate social responsibilities and live up to the spirit of "positive energy" exemplified by its brand. Otherwise, the brand image could suffer.	Fubon Financial Holdings is people-oriented and is involved in helping others through four foundations. They engage in public welfare activities catering to groups of all ages.	Refer to Ch.7 Connecting Society's Positive Forces in this report

# Sustainable Governance



## 3.1 Putting Sustainable Governance into Practice

### 3.1.1 Board of Directors' Operations

Fubon Financial Holdings Board of Directors is the highest governance body in the corporate structure. It consists of 15 seats including 2 executive directors and 13 non-executive directors. Starting in 2014, board members are determined by a nomination mechanism. The shareholder's meeting elects nominees from a list of candidates, and directors (including independent directors) are selected and recommended to the board based on the independence standards stipulated by competent authorities, as well as the Company's "Procedures for the Election of Directors". The board convenes at least once a quarter, and 9 board meetings were held in 2020. The attendance rate was 94% (100% if attendance by proxy was included). The Company has stipulated standards for attendance in the board directors' self-assessment questionnaire. For example, an average attendance of 80% translates into 3 points, 85% into 4, and 90% into 5. Refer to 8.2.1 in the appendix for more information on the functional committees under each board. For more details, refer to page 59, 67 and 83 in the Annual Report of 2020.

Starting in 2002, the Company purchases "Directors, Supervisor and Key Staff Liabilities Insurance" on an annual basis to mitigate the legal and financial risks of Fubon Financial Holdings and its subsidiaries and their board directors, board supervisors, and key personnel. The measure was taken in consideration of the importance of board members and key personnel being able to exercise their rights and fulfill their duties and to reinforce the Company's corporate governance mechanism.



Important company rules and guidelines formulated and passed or amended by the board of directors.

In accordance with "Directions for the Implementation of Continuing Education for Directors", the Company's directors have taken at least six hours of continuing education courses in the year to enhance competencies as directors. We also encourage our directors to seek further progress by providing information on a diverse range of courses or seminars held by external institutions. Course topics include ESG, regulatory compliance, financial reporting, risk management, etc. See page 55 in the Annual Report of 2020 for more information on the board directors' continuing education.

### 3.1.2 Board of Directors' Independence and Diversity

The Company currently has 9 external directors<sup>Note</sup> (including 6 independent directors) which account for 60% of the seats on the board. To maintain the board's independence, external directors (including independent directors) continue to account for more than half of the board. Meanwhile, the Company is dedicated to ensuring that independent directors will not be compromised by a long tenure and will continue to fulfill their duties objectively. No independent director has served longer than 9 years on the board. To ensure the Company's business development and corporate governance practices, 2 directors are of the Company's management positions. The average tenure of the entire board of directors is 5.5 years.

Aspiring to bring together people of diverse backgrounds and visions to strengthen the decision-making process, Fubon actively promotes diversity in the board's composition by pursuing a balance of expertise and gender. "The Procedures for the Election of Directors" stipulate that the composition of the board members shall take into consideration basic criteria including gender, age, nationality, and culture. In 2019, an amendment was made to include criteria for directors' professional skills and capabilities. Fubon Financial Holdings' board of directors includes 2 female directors, accounting for 13% of the board members.

Date: 2021/02/28

Directors' Name	Executive Director/ Non-executive Director	Ind. Director	Gender	Tenure (year)			Professional Skills (5 primary areas of expertise)							Qualifications*			Industry Experiences (GICS Level 1) Global Industry Classification Standard			
				<3	3-6	>6	Accounting	Finance	Legal	Commerce	Investment and Merger	Fintech	IT / Information Security	Risk Management	Operational Management	E-commerce / Marketing		Financial Holding	Bank	Insurance
Richard M. Tsai	Non-executive Director		Men		●		●	●	●	●		●	●	●	●	●	●	●	●	Financials
Daniel M. Tsai	Non-executive Director		Men		●			●	●	●		●	●	●	●	●	●	●	●	Financials
Jerry Ham	Executive Director		Men		●		●	●	●		●	●	●	●	●	●	●	●	●	Financials
Eric Chen	Non-executive Director		Men		●		●	●	●		●	●	●	●	●	●	●	●	●	Financials
Howard Lin	Executive Director		Men		●		●	●	●		●	●	●	●	●	●	●	●	●	Financials
Ben Chen	Non-executive Director		Men	●			●	●	●		●	●	●	●	●	●	●	●	●	Financials
*Jia-Jen Zhen Chen	Non-executive Director		Woman	●			●	●	●			●	●	●	●	●	●	●	●	Financials
*Hsiu-Hui Yuan	Non-executive Director		Woman		●			●	●	●		●	●	●	●	●	●	●	●	Financials
*Ruey-Cherng Chen	Non-executive Director		Men	●			●	●	●		●	●	●	●	●	●	●	●	●	Industrials Financials
*Ming-Je Tang	Non-executive Director	●	Men		●			●	●	●		●	●	●	●	●	●	●	●	Healthcare Information Technology Communication Services
*Shin-Min Chen	Non-executive Director	●	Men		●			●	●	●		●	●	●	●	●	●	●	●	Financials Real Estate
*Shu-Hsing Li	Non-executive Director	●	Men	●			●	●	●		●	●	●	●	●	●	●	●	●	Financials Healthcare Information Technology Real Estate Utilities
*Alan Wang	Non-executive Director	●	Men	●			●	●	●		●	●	●	●	●	●	●	●	●	Financials Real Estate
*Jung-Feng Chang	Non-executive Director	●	Men		●			●	●	●		●	●	●	●	●	●	●	●	Industrials Information Technology
*Roy Chun Lee	Non-executive Director	●	Men	●			●	●	●		●	●	●	●	●	●	●	●	●	Information Technology Communication Services

\*: Criteria for assessing external director independence  
An external director's independence is assessed based on the criteria as follows. An external director must meet at least 4 of the following 9 criteria and at least 2 among the first 3 criteria. (Refer to information in the Company's Annual Report of 2020 for statutory standards.)

- (1) During the past five years, the director has not been employed as the Company's high-level managerial staff.
- (2) During the current and past three years, the director and his/her family members have not accepted any payments from the Company or any of its subsidiaries in excess of US\$60,000, with the exception of directors that meet the criteria of the US SEC Rule 4200.
- (3) During the current and past three years, the director's family member has not been employed as the Company or any of its subsidiaries' high-level managerial staff.
- (4) The director is not a consultant of the Company or the management team, and is not an interested person of the Company's consultants.
- (5) The director is not an interested person of the Company's main customers or suppliers.
- (6) The director has no contractual obligation to other enterprises or the executives.
- (7) The director is not an interested person of non-profit organizations that primarily receive donations from the Company.
- (8) During the past three years, the director has not been an employee or co-founder of an external inspection agency.
- (9) The directors and the board of directors operate independently without any conflict of interest.

### 3.1.3 Performance Evaluation

In order to establish a director feedback mechanism to improve the effectiveness of the board of directors' operations, the Company conducts evaluations based on the "Performance Evaluation Policy for the Board of Directors and Its Functional Committees." The Company's board of directors and functional committees undergo an internal performance evaluation based on various indicators at the end of each year. Internal and external performance evaluations shall be completed and submitted to the board of directors' meeting that is to be convened within three months from the beginning of the following year. The 2020 performance of the board of directors and its functional committees were reported and discussed during the board meeting in March 2021. For more information, please see the official website or 2020 Annual Report page 49.



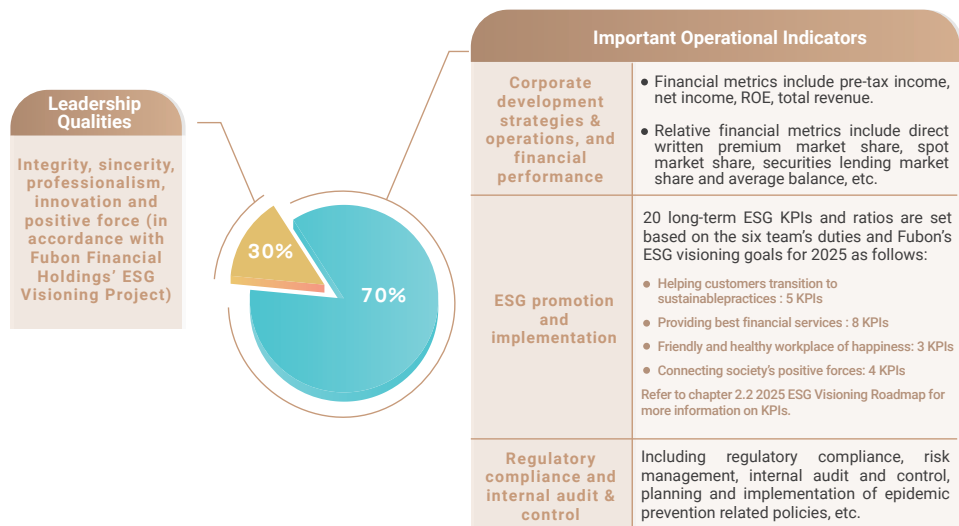
Results of the Board of Directors' Performance Evaluation

### 3.1.4 Sustainability and Compensation

#### | Establishment of Mechanisms for Tying Compensation to Sustainability Performance |

Two broad categories of annual performance indicators – key business indicators (70%) and leadership qualities (30%) – have been set for CEOs and senior managers based on Fubon Financial Holdings' "Performance Evaluation Policy" to enable the Company to operate and develop sustainably, link compensation to performance, and effectively manage risk. Under the key business indicator category, specific indicators and weightings are set for such areas as "company operations and financial results," "ESG promotion and execution," and "compliance, risk management and internal audits/controls," depending on the executive's responsibilities. Annual performance bonuses are issued based on a company's profit and the individual's performance in line with the "Guidelines on Executive Performance Evaluations and Payment of Remuneration." The Company has also set up a "Remuneration and Nomination Committee" that regularly reviews management compensation and reports its conclusions to the board of directors for discussion.

#### Performance target indicators, weights and specifics



Among non-financial sustainability indicators, starting in 2021, ESG goals are set for Fubon Financial Holdings and its subsidiaries' chairman, president and senior managers in their duties and tasks related to ESG promotion and implementation to ensure that ESG initiatives are carried out. Fubon Financial Holdings launched the "ESG Visioning Project" focusing on "decarbonization, digitalization, empowerment and connection". In an effort to strengthen Fubon's ESG endeavors, six task forces are in charge of promoting and implementing a variety of ESG projects and report to the "Corporate Governance and Sustainability Committee" and the Board of Directors twice a year.



## 3.2 Ethical Management

The core values of Fubon Financial Holdings (hereinafter referred to as the "Company") are integrity, sincerity, professionalism and innovation, and "integrity" is foremost among them. The Corporate Governance Team under the ESG Task Force was renamed in 2020 to the Corporate Governance & Ethical Management Team to strengthen the promotion of ethical management throughout the organization and deepen the presence of integrity and ethics in the Company's operating strategy.

### 3.2.1 Policies and Systems

The Company has established several ethics-related rules and guidelines that apply to all subsidiaries and staff, such as the "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," "Procedures for Ethical Management and the Guideline for Conduct," "Donation Management Policy," "Financial Consumer Protection Management Guidelines," and "Group Policy for Anti-Money Laundering and Countering the Financing of Terrorism." The establishment and revision of related rules and policies must be reviewed and approved by the board of directors and then reported at the annual shareholders meeting. New and revised rules and policies are also disclosed on the Taiwan Stock Exchange's Market Observation Post System and the Company's website. Each subsidiary has identified its risks (including the risk of unethical behavior) based on its specific business and risk characteristics, past loss data and operating procedures, and established risk assessment mechanisms encompassing risk and control self-assessments and key risk indicators. These self-assessments and key risk indicators are regularly monitored. All Fubon operating units in Taiwan have completed corruption-related risk assessments, and the results are quantified to identify existing or potential unethical behavior risks and take corrective action. Those who violate ethical management rules are reported for disciplinary action depending on the severity of the offense according to provisions in the Company's "Procedures for Ethical Management and Guideline for Conduct" and employee "Work Rules." Information related to such cases and how they were handled is disclosed on the Company's intranet.

The Company has also established "Employee Oversight Management Guidelines" and "Internal Control Violation Accountability and Punishment Guidelines" WOULD USE: "Accountability and Punishment Guidelines for Internal Control Violations" to ensure that employees take seriously and abide by standard business procedures in compliance with the Company's internal control systems. These guidelines define negligence, attribution of responsibility, boundaries of authority, and punishments, and embed risk management in each employee's job, leading them to put a priority on risk prevention when handling transactions or administrative tasks.

A clear conflict of interest avoidance system has also been established for board directors. In addition to requiring directors to avoid situations as provided by relevant laws and regulations, it also stipulates that directors should recuse themselves if a potential conflict exists on such issues as appointing a financial holding company manager or a subsidiary board director or supervisor or lifting non-competition restrictions. As for implementing Company or subsidiary rules on transactions with stakeholders, the Company's interests shall be the first priority and fair trade principles shall be respected to prevent the pursuit of personal gains. Please refer to the 2020 Annual Report page 44.

### 3.2.2 Commitment and Mechanisms

#### | Outside Engagement |

Aside from posting policy statements on ethical management on the Company's website, Fubon has established a "Supplier Corporate Social Responsibility Code of Conduct" to encourage suppliers of the financial holding company and its subsidiaries to take their social responsibility seriously. Also, ethical behavior clauses are written into contracts with outside parties so that customers and business partners are made clearly aware of ethical management concepts. To urge supplier compliance with the "Supplier Corporate Social Responsibility Code of Conduct", all suppliers in Fubon's electronic procurement system are to sign the "Supplier Standard of Conduct Pledge". In the event of violation, the Company or its subsidiaries can terminate or rescind the contract or partnership and demand punitive fines.

#### | Education and training |

The Company and its subsidiaries provide training on standards of conduct and compliance to all new hires, and arrange compliance classes for all employees and internal control management training for supervisors. Since 2018, Fubon has been ingraining such core values as integrity, anti-corruption and discipline into employee culture through comprehensive education and training every three years. We also provide required risk management training for all employees covering instruction on the Personal Information Protection Act, Money Laundering Control Act and information security to strengthen employee ethics and appreciation for the rule of law. For our suppliers, we demand compliance with the "Supplier Corporate Social Responsibility Code of Conduct" and have them sign the "Supplier Standard of Conduct Pledge". Compliance training is in place for the aforementioned regulations as well. In addition, anti-corruption training for the board of directors is conducted annually. The training coverage rate of the board in 2020 was 100%. The subsidiary's<sup>Note1</sup> code of conduct coverage rate, signing rate, and training coverage rate reached 100% in June 2021.

	Code of Conduct Implementation Status	2020
Employee	Code of conduct coverage (%)	100%
	Code of conduct signing rate (%)	100%
	New hire training coverage (%)	100%
	All-staff regular training coverage (%)	100%
Supplier	Code of conduct coverage (%)	100%
	Code of conduct signing rate (%)	100%
	Training coverage (%)	100%
Joint Venture <sup>Note2</sup>	Code of conduct coverage (%)	100%
	Code of conduct signing rate (%)	100%
	Training coverage (%)	100%

Coverage (%)= Actual number of people covered / number of people intended to cover  
 ·Supplier Code of conduct coverage=Number of suppliers that shall comply with the "Supplier Social Responsibility Code of Conduct" / number of suppliers in the electronic procurement system  
 ·Supplier Code of conduct signing rate=Number of suppliers that had signed the "Supplier Standard of Conduct Pledge" / number of suppliers in the electronic procurement system  
 ·Supplier Training coverage= Number of suppliers that had completed training/ number of suppliers in the electronic procurement system involved in tenders

Note 1: Employees of other subsidiaries not included in this report.  
 Note 2: Business entities created jointly by Fubon Financial Holdings, four Fubon subsidiaries, and third-party corporate bodies.

#### | Evaluations |

The importance of ethics is also emphasized in Fubon's evaluation system. Evaluations of the board of directors and its members cover the Company's core values, and all employee evaluations include criteria related to integrity. Individual employee evaluations include "internal audit and control indicators" that look at whether an employee has violated internal audit or control, compliance or operational risk rules, along with the results of an annual compliance evaluation and an annual special audit.

#### | Whistleblower Policy |

Fubon Financial Holdings' "Whistleblowing Policy" clearly stipulates that anyone who discovers that managers or employees of the Company or its subsidiaries may have committed a crime, committed fraud, or broken the law, there are channels for people to report such a discovery, including the "Independent Director's Mailbox", "Complaint Mailbox" and "Reporting Mailbox". Designated personnel will handle the submission. The "Whistleblowing Policy" stipulates that after a complaint is received, except for cases that are not accepted or transferred, the president should appoint a unit or assign at least three people to form an independent investigation committee to investigate the matter, depending on the situation. The unit conducting the investigation should report its findings within the specified deadline. After the findings have been approved by authorized units/personnel, the investigating unit shall notify the whistleblower of the results. In 2020, all complaints filed by employees were handled effectively following the standard procedures.

#### | Whistleblower Protection Mechanism |

In whistleblower protection, any person who is involved in or is familiar with the case must keep all related information, including details of the case and the identities of the accused and the whistleblower, strictly confidential. Violators will be punished according to the Company's internal regulations. The Company and its subsidiaries must not dismiss, relieve of his or her duty, demote, cut the pay of, impair the benefits entitled by law, contract or customary practices, or impose any adverse treatment on a whistleblower because of the report filed. We also allow anonymous reports and added a provision that allows the Company to give any person reporting an abuse a reward if the report is proved to be true and involves a serious situation.

In 2020, the Company received a total of 35 reports in the reporting mailbox, none of which involved alleged corruption or unethical behavior. The complaints were mainly about service disputes or the optimization of operating procedures. The people whistleblowers have received answers related to the cases. Please refer to the 2020 Annual Report page 74 and page 109.

Complaint Type / Number of Complaints	2019			2020		
	Number of complaints	Handling case	Closed case	Number of complaints	Handling case	Closed case
Code of Conduct	0	0	0	6	0	6
Avoidance of Conflict of Interest	0	0	0	0	0	0
Personal Data Protection	0	0	0	0	0	0
Data Integrity	0	0	0	0	0	0
Business Secret Maintenance	0	0	0	0	0	0
Fair Trade	0	0	0	0	0	0
Others (including customer complaints, employee behavior management, external impersonation cases unrelated to the Company's operations, inquiries, advice, etc.)	21	0	21	29	0	29
<b>Total</b>	<b>21</b>	<b>0</b>	<b>21</b>	<b>35</b>	<b>0</b>	<b>35</b>

Improvement measure: The Company has put in place a "handling policy for complaints" in the first half of 2021. It stipulates an improved handling mechanism for complaints with amendments made to investigation units and case transfer. For verified complaints after investigation, the company involved has already enacted improvement measures such as organizing training with regard to the complaint and making announcements.



Whistleblowing Policy

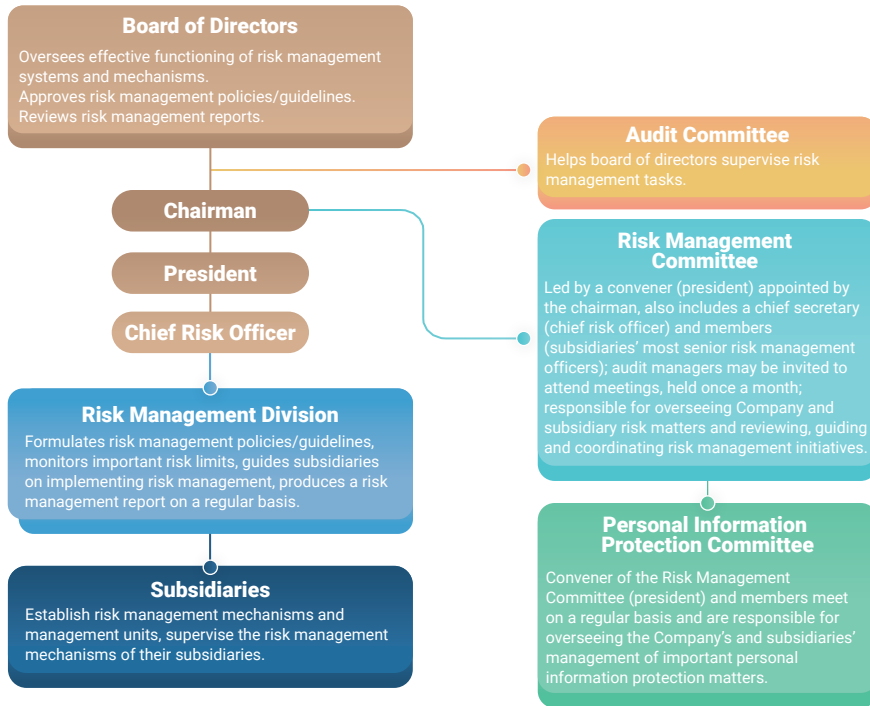


## ESG Risk Management

### 3.3.1 Risk Management Structure

#### Risk Management Structure and Systems

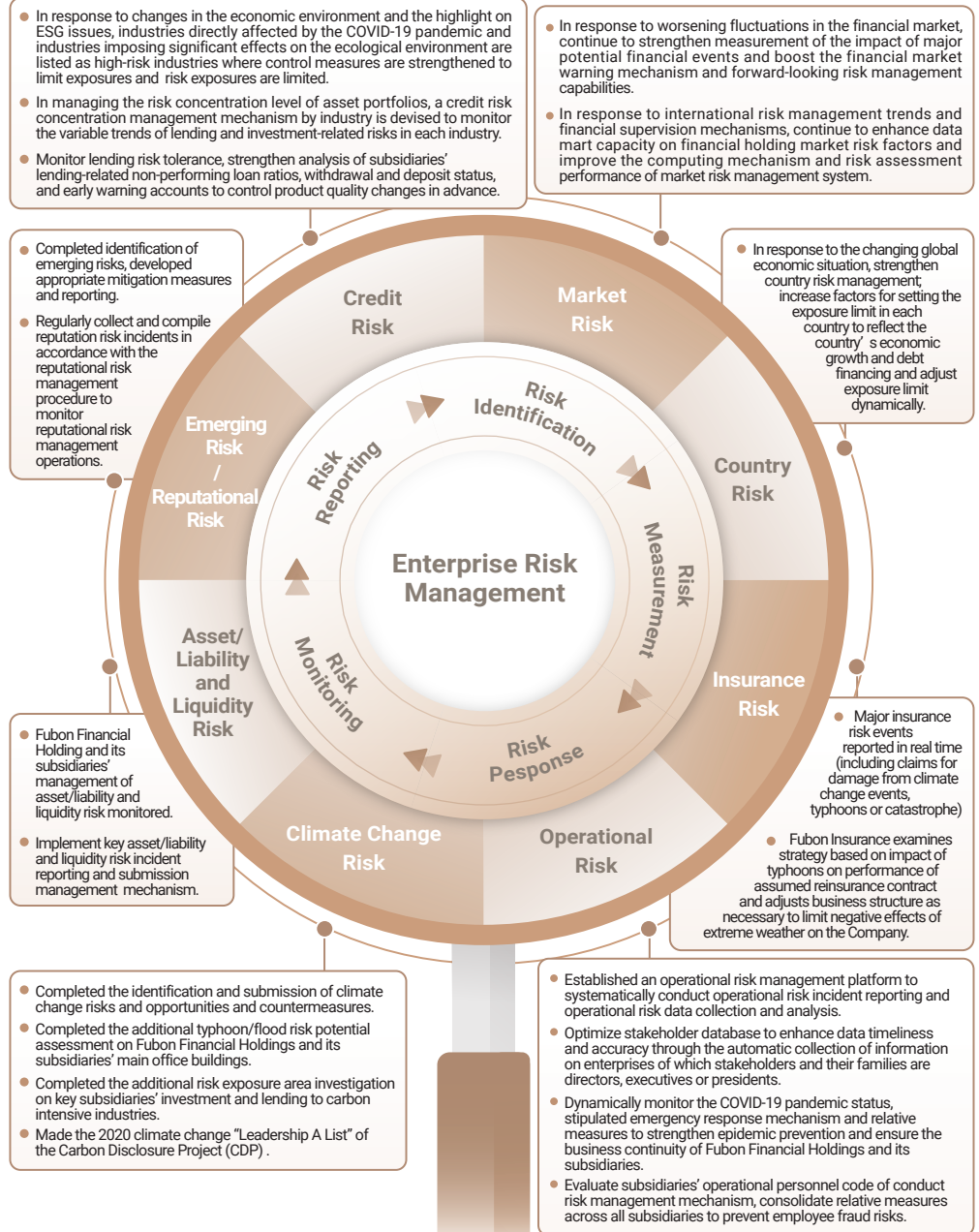
Under an integrated corporate risk management framework, Fubon Financial Holdings has a comprehensive risk management structure and system that takes into consideration operational risks. Risk management policies are in place to manage a variety of risks including credit risk, country risk, market risk, operational risk, asset/ liability and liquidity risk, reputational risk, emerging risk, and climate change risk. The Company also closely monitors global and industrial changes so as to timely and effectively manage and reduce the impact of risks.



#### Enterprise Risk Management (ERM) Model and Three Lines of Defense

The Company has put in place a comprehensive risk management system encompassing risk identification, measurement, response, monitoring and reporting that is founded on an enterprise risk management framework and three lines of defense. Related risk indicators, risk monitoring points and an early-warning mechanisms along with risk controls based on risk attributes have been developed to support the system. The Company has adopted a dual qualitative and quantitative approach to regularly evaluate risk, and it actively monitors and manages various types of significant risk. Risk management reports are presented to the Risk Management Committee, Audit Committee, and Board of Directors on a regular basis.

#### Risk management implementation in 2020



### 3.3.2 Risk Culture

#### Legal Compliance

Regulatory compliance is the foundation of financial operations. Fubon makes sure that we stay up to date on policies, laws, and regulations issued by national and foreign supervisory agencies. Upon the request of competent authorities, Fubon continues to launch action plans to enhance regulatory compliance among all staff members.

**Communicate information on new laws and regulations**

- Compile important regulatory changes weekly and offer comprehensive information updates.
- Launched the "real-time notification for regulatory changes". It compiles regulatory changes, enables staff to search for information, and automatically sends out notifications to all divisions and subsidiaries.

**Issuance of the legal compliance e-newsletter**

An e-newsletter on compliance issues has been issued every other month. In 2020, there were six e-newsletters issued.

**Implementation of Compliance Education, Training, and Promotional Efforts**

Commissioned specialized instructors from outside organizations to provide compliance training classes to employees of the Company and its subsidiaries. A total of 10 classes were held with 541 times of participation.

#### Anti-Money Laundering Week

Regulatory Compliance Activity during Anti-Money Laundering Week Fubon's compliance department invited the anti-money laundering department and Fubon's subsidiaries to jointly facilitate regulatory compliance among Fubon employees through anecdotes shared daily. Employees were encouraged to read the regulatory compliance anecdotes and answer questions online. It was a team challenge that awarded prizes based on accuracy and participation rate. The average participation rate among all staff of Fubon Financial Holdings was 97%.

**2020富邦法遵洗防週開跑 各公司活動接力登場**

08/31-09/11北富銀 09/14-09/18富邦人壽  
09/21-09/25富邦證券-富邦投信  
10/12-10/16富邦金控-富邦產險-富邦行銷-富邦金創-富邦資產管理

敬請參與同仁於所屬公司活動期間點選banner進入活動頁面，並於EIP閱讀法遵/洗防小教室後至 Fubon Academy 完成線上答題！活動主題每天不同囉~

#### Regtech Regulatory Compliance Information System and Platform

This platform is for Fubon Group's regulatory compliance. In 2019, a financial supervision trend observation post was established and enabled with the "regulatory violation auto notification" function. In 2020, two primary functions were added to the platform and officially launched at the end of 2020.

**Compliance Enhancement**

- Added a self-examination mechanism for regulatory violations.
- To examine the regulatory compliance of internal operations and avoid making the same mistakes, each subsidiary can distribute regulatory violation data of the financial industry collected on the platform internally.

**Real-time Regulatory Updates**

- Real-time notification of regulatory changes.
- Every day, the system automatically collects public information on regulatory changes disclosed on the website of the Financial Supervisory Commission, Laws & Regulations Database of the Republic of China, etc. It notifies pertinent units and subsidiaries of the changes while enhancing efficiency in searching and compiling regulatory changes.

#### Regulatory Violations and Corrective Measures

In 2020, Fubon Financial Holdings recorded zero cases of regulatory violation. Its subsidiaries had nine financial violations subjected to the punishment imposed by the Financial Supervisory Committee and four violations of the Labor's Standard Act subjected to the punishment imposed by the competent authority for labor rights. None of the cases is a major regulatory violation (with a fine above NT\$1 million). Fubon's subsidiaries have already implemented corrective measures catering to deficiencies leading up to the violations.

Type	Number of regulatory violations in 2020	Description
Environment (E)	0	-
Society (S)	4	All four cases involved violations of the Labor Standards Act.
Governance (G)	9	None of the cases involved violations of anti-competitive or anti-corruption laws or leaks of personal information.

#### Regulatory Compliance Enhancement Goal for 2021

##### Devise a compliance risk-based compliance self-assessment:

The Company's Legal & Compliance Division is intent on strengthening Fubon's compliance system and more effectively identifying compliance risks. It will ask each department to compile a list of regulatory directives it must follow and match related regulations to corresponding internal regulations, businesses, risks and controls so that the risk level of compliance issues in the self-assessment can be identified. We introduced a general risk-based self-assessment in 2020 (for use by all financial holding company departments). For the second half of 2021, we plan to introduce risk-based self-assessment items for each department (for use by financial holding company departments respectively).

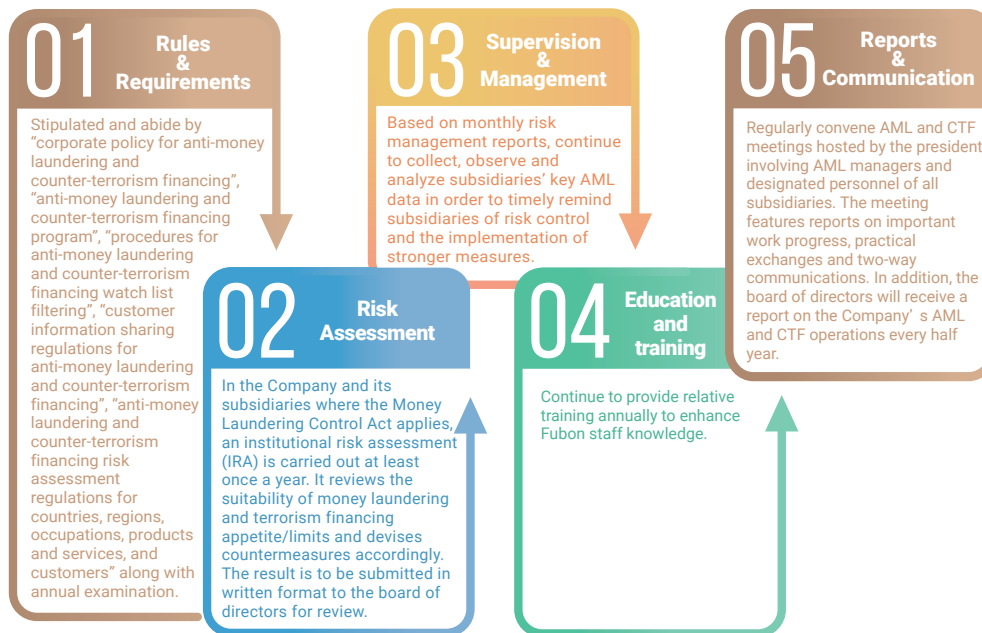
##### Regtech – Building and expanding the compliance information system and platform:

A "Regulatory Trend Observation Post" was brought online in 2019, followed by the "regulatory violation self-examination mechanism" and "regulatory changes real-time notification" launched in 2020. In 2021, the platform will be upgraded with functions "financial examination focus database", "dispatch tracking management for internal regulation examination" and "regulatory compliance violence reporting".

#### Anti-Money Laundering

Fubon Financial Holdings has set forth a specific management framework as an enhanced anti-money laundering mechanism. It lowers the risks of Fubon's products and services being used in money laundering and terrorism financing through systematic management and awareness-building among Fubon employees on the risks of money laundering and terrorism financing.

#### Anti-Money Laundering Management Framework



Seven training sessions were held in 2020 to enhance Fubon employees' knowledge of anti-money laundering measures. The sessions encompass a total of 768 hours of training on best practices of anti-money laundering/counter terrorism financing and AMT trends among global supervisory agencies.

Date	Topic of Internal Training	Participants	Hours
2020/02/24	Anti-Money Laundering and Counter Terrorism Financing Course.	53	3
2020/02/26	Domestic and foreign regulations, international custom and usage, competitors' practice, and suggested handling method for Fubon regarding telegraph scanning and scanned context.	49	1
2020/06/19	Global supervisory agencies' law enforcement and adverse media trends, AML plans and best practices.	55	3
2020/07/23	The usage and application of open data "beneficial ownership".	36	1
2020/07/24	Introduction to AML and CTF laws and watch list filtering .	57	2
2020/09/21	Predicate offense cases and quality enhancement on suspicious transaction reporting.	56	3
2020/12/11	APG yearly typologies report Counter proliferation and economic sanctions, and APG yearly typologies report.	31	2.5

### Action Plans in 2020 and Goals for 2021

Action Plan	Measures and Results	Goals for 2021
Continue to perfect corporate-level policies and mechanisms	<ul style="list-style-type: none"> <li>Refer to directives and best practices of international organizations, introduce new corporate-level regulations for watch list filtering, significantly improve regulations for corporate information sharing, and re-examine the "risk assessment regulations for countries, regions, occupations, products and services, and customers" to readjust country risk assessment methodology.</li> </ul>	<ul style="list-style-type: none"> <li>Continue AML/CFT programs: Assist subsidiaries in addressing pain points in watch list filtering, customer due diligence investigation, transaction monitoring and seek suitable application of technology tools.</li> <li>Diverse training: Collaborate with the Legal &amp; Compliance Division of Fubon Financial Holdings on hosting domestic and overseas regulatory compliance conventions in 2021 and the Regulatory Compliance &amp; AML Week; design training materials catering to the practical need of new hires and current employees.</li> <li>Introduction of AML evaluation mechanism: Plan under the current assessment framework for regulatory compliance. The addition of AML evaluation items for subsidiaries will be introduced in 2021.</li> </ul>
Enhance AML efficiency with the application of technology	<ul style="list-style-type: none"> <li>Dedicated a RegTech team to identify pain points in AML operations from various angles and assist subsidiaries in seeking technological applications and digital solutions. Results included the fraud risk management of internal staff (misconduct of financial specialists), advanced watch list filtering optimization (robotic process automation, RPA), the addition of adverse media search function on the "Financial Holding Open Data Platform" , the expansion of cross-platform search for information sharing, etc.</li> </ul>	
Initiate the corporate risk management report system	<ul style="list-style-type: none"> <li>The Company has completed the short-term goal of examining and supplementing regular report items and IRA indicators in 2020. The mid-term goal is to establish an "AML key risk indicator management platform" to facilitate dynamic risk monitoring and report analysis.</li> </ul>	

### Internal Audits |

Fubon Financial Holdings has developed a chief auditor system based on the "Implementation Rules of Internal Audit and Internal Control Systems of Financial Holding Companies and Banking Industries." A key component of the system is the Audit Division set up under the Board of Directors, which helps the board and top management check and assess the effectiveness of internal control systems. It also offers suggestions for improvements to reasonably ensure that such systems continue to function well.

The Audit Division independently audits Fubon Financial Holdings and its subsidiaries based on annual audit plans and oversees the self-inspection of each units. It also periodically conducts follow-up reviews on internal and external audit findings and regularly reports its audit business to the Audit Committee and the Board of Directors.

In 2020, many units made necessary improvements to deficiencies uncovered by audits within designated deadlines. Undue issues will be monitored until the required improvements are completed. This process has benefited the general operations, organizational operations and system development of Fubon Financial Holdings and its subsidiaries.

### 3.3.3 Emerging Risk

Based on The Global Risks Report, Fubon Financial Holdings compiles a list of emerging risks annually and evaluates the connection between each risk and its operations. The Company further identifies primary emerging risks based on the probability of occurrence and potential degree of impact. After an integrated consideration of occurrence likelihood, the potential degree of impact, and the percentage of subsidiaries' assets, the Company selects emerging risks at the financial holding company-level, develops countermeasures accordingly, and reports the findings to upper management. In 2020, the financial holding company-level emerging risks were identified as the "Social Risk of the Spread of Infectious Diseases" and the "Technological Risk of Cyberattacks" . Comprehensive mitigation measures are already in place, and we will continue to monitor and manage the operation so as to enhance Fubon' s resilience.

	Emerging Risk 1	Emerging Risk 2
Risk	The Spread of Infectious Diseases	Cyberattacks
Risk Type	Social Risk	Technological Risk
Risk Description	Bacterial, viral, parasitic or fungal infectious diseases (e.g. with resistance to antibiotics, antiviral agents, and other therapies) fail to be effectively contained and spread rapidly, causing death and economic destruction.	Malicious email software or massive cyberattacks can cause economic loss or destroy online trust among people.
Impact	The spread of infectious diseases may lead to manpower shortage, product/sales stagnation, and financial impacts like the decline in profit. As the financial market experiences worsened shocks, the lending, investment and insurance operations of subsidiaries are faced with increasing risks and profit and loss fluctuations, which will negatively affect the Company's operation and financial stability.	Massive cyberattacks can disrupt regular online business operations, transactions and services, and affect the Company' s information security. Cyberattacks could also lead to customer data breaches, lawsuits compensation, punitive fines imposed by competent authorities, and a reputation crisis.
Mitigation Measures	<ul style="list-style-type: none"> <li>Fubon Financial Holdings stipulated the "Disaster and Emergency Response Measures Guideline" that offers instructions on departmental operations and business promotion methods and a sequence for notifying different departments in an emergency. It ensures that the response mechanism can be activated smoothly to protect customer rights and maintain business operations if a disaster occurs or there are concerns one will occur.</li> <li>Cooperate with measures announced by competent authorities and formulate infectious disease response mechanisms timely to strengthen epidemic prevention, stop the spread of infectious diseases and ensure the business continuity of the Company and its subsidiaries.</li> <li>Fubon already has a financial market mechanism in place that monitors financial indicators around the clock, including interest rates, exchange rates and stock prices in major economies. If changes occur that exceed monitoring thresholds, an alert management mechanism will be activated immediately.</li> </ul>	<ul style="list-style-type: none"> <li>For internet connections used for important business functions, backup connections have been developed and a system to detect and prevent DDoS (distributed denial of service) attacks, including a traffic scrubbing service, has been put in place. When a cyberattack is detected, the system will immediately block the attack and scrub traffic. Drills are conducted regularly to ensure a rapid response whenever an attack occurs.</li> <li>Suspicious findings or potential attacks detected by network firewalls, application firewalls or network intrusion detection systems are monitored and analyzed and sources of the attacks blocked.</li> <li>Threat intelligence in information security equipment regularly updated to ensure the detection and blocking of cyberattacks in real time.</li> <li>Business impact analysis used to identify risk levels for major business lines and their information systems; software and hardware resources, backup systems and alternative measures planned, designed and upgraded; goal is to lessen the impact of a cyberattack that causes an interruption in service.</li> </ul>

Note: For more information, please see the official website or 2020 Annual Report page304-306



## | Emergency Response Measures for Handling Disasters |

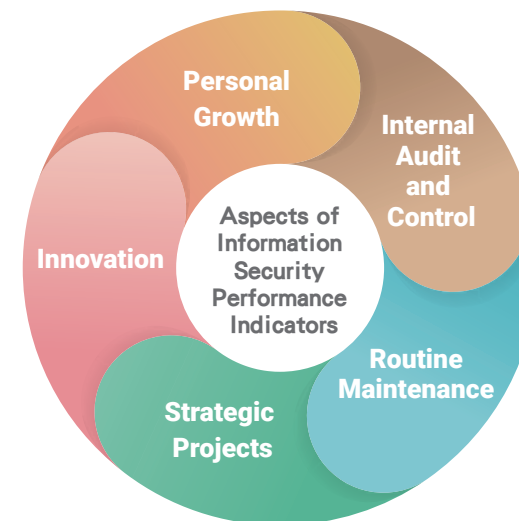
Fubon Financial Holdings has established “Disaster and Emergency Response Measures Guideline” approved by the President that in response to disaster prevention systems and preventive measures to deal with major disasters (climate disasters, infectious disease epidemics). Based on the Guideline, the Company has developed plans for each department’s operations and business promotion methods in an emergency and a sequence for notifying different departments in an emergency so that the response mechanism can be activated without any glitches if a disaster occurs or there are concerns one will occur. This approach will protect the rights and interests of Fubon customers and keep the Company’s operations running normally. See 3.3.6 in this report for measures in response to the COVID-19 pandemic.

### 3.3.4 Information Security Risk

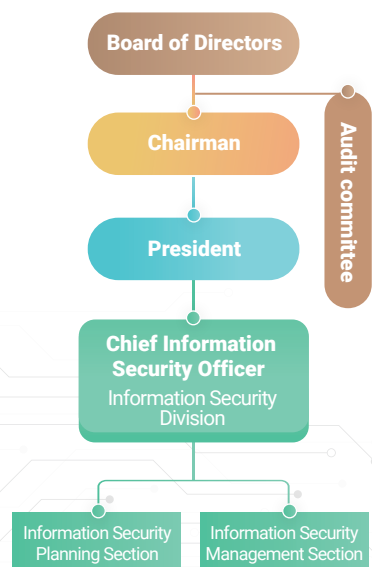
While novel digital financial services are introduced one after another, Fubon Financial Holdings continues to advance its information security management and protection capabilities. The Information Security Division was established in April 2019. Vice President Su Ching-Wei was appointed chief information security officer (CISO). The division is responsible for planning, monitoring and implementing information security management operations. The CISO has over 25 years of solid experience in the research, planning, building, and implementation of information systems, the investigation and prevention of technology crimes and cybercrimes, computer forensics and digital evidence analysis, cybersecurity and information security, and the development of innovative technology applications. In charge of the Company’s information security management, the division reports to the chairman and president monthly on the Company and its subsidiaries’ implementation of information security tasks. It also reports to the Audit Committee and Board of Directors annually on the overall status of the corporate’s information security. Independent director Chang Rong-Feng of the Audit Committee formerly served as the deputy secretary-general of the National Security Council. He offers the Company advice based on his experience in information gathering supported by the national intelligence system and the integrated counterintelligence system that helps the high-tech industry protect trade secrets.

Fubon Financial Holdings and its subsidiaries have established dedicated information security departments responsible for planning, monitoring, and managing the operations of information security systems. Regular meetings are held to stay up to date on the overall information security situation and analyze and discuss information security issues to strengthen joint information security efforts. To facilitate balanced development of each subsidiary’s information security management system, the Company set forth “Information Security Performance Indicators” based on four factors suggested by the Information Systems Audit and Control Association (ISACA): personnel, organization, procedure, and technology, and the MITRE ATT&CK framework. The indicators provide subsidiaries guidance in fine-tuning information security strategies in alignment with the Financial Holdings. Meanwhile, managers use the indicators to evaluate information security task results and implementation status.

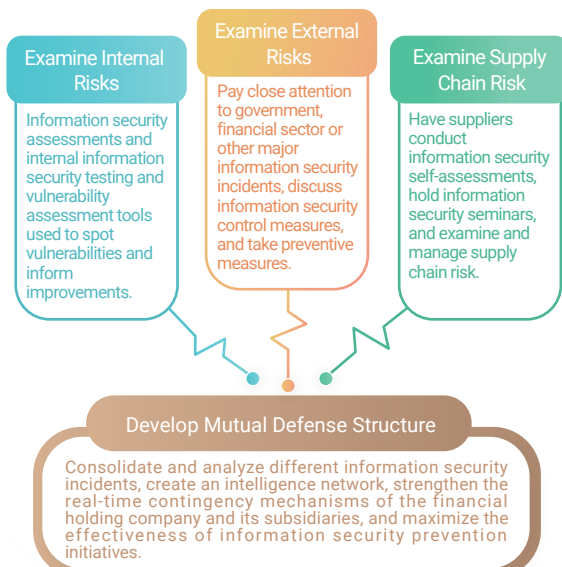
To build a joint defense mechanism for information security, the Company supervises the suitability of each subsidiary’s planning and operations on company information, network system, and information security maintenance. Effective anti-hacking measures are enacted to protect customer privacy. The Company also continues to review system flaws or vulnerabilities by regularly commissioning third-party experts to carry out penetration test or red team assessment that simulate hacking attacks. In addition, the Company purchases information security insurances based on operational needs to protect customer rights. The insurance covers information confidentiality and privacy responsibilities, cybersecurity responsibility, media responsibility, emergency response, operational disruption, etc. Fubon Financial Holdings stipulated a reporting and handling procedure for information security incidents. When an incident occurs, staff will immediately categorize, identify, and report it to the point of contact at the competent division. The division that received the report of an incident must confirm within a time period the scope of effect, investigate potential causes, propose improvement measures and issue a response. The Company regularly discusses and reviews information security incidents with subsidiaries to adjust and optimize the reporting and handling procedure.



Information Security Governance Organization Chart



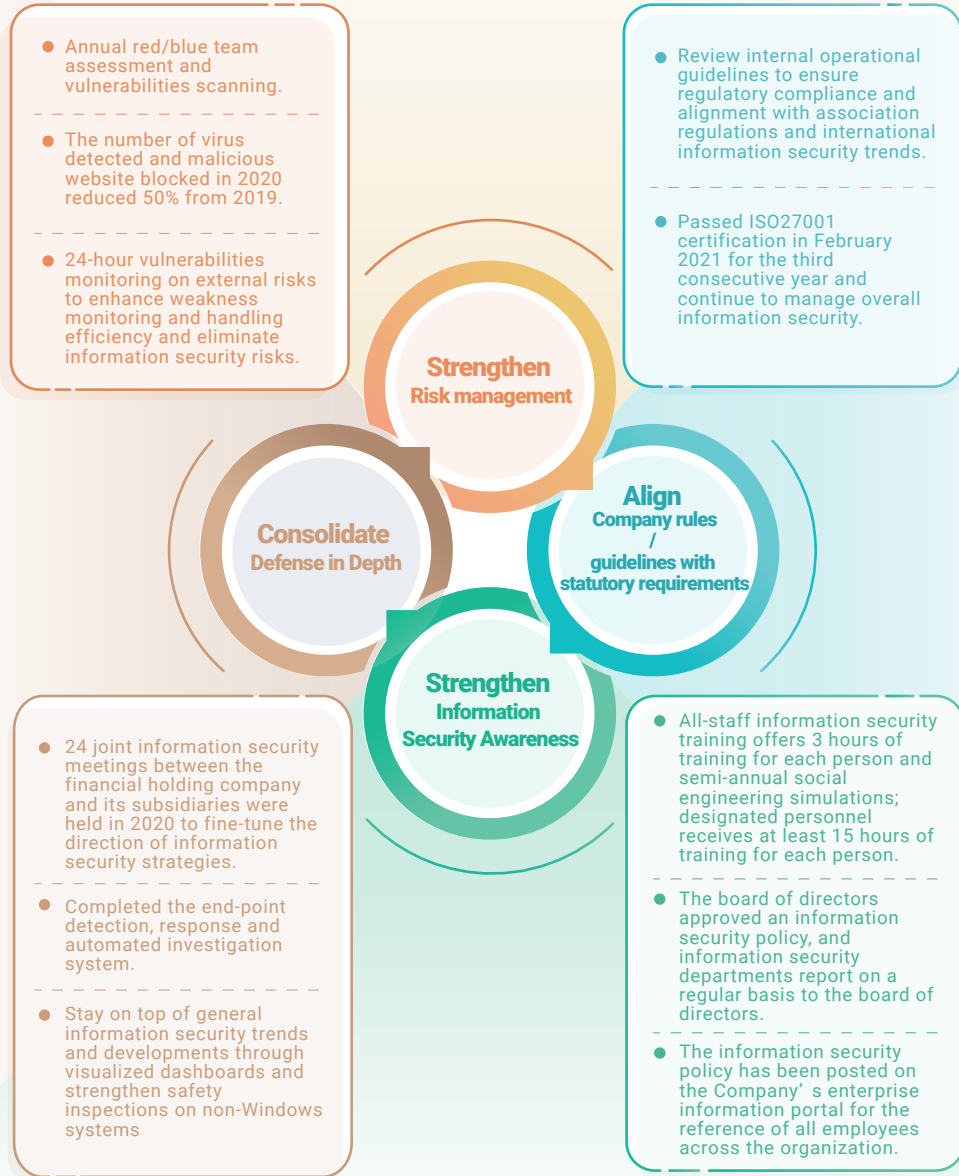
Information Security Risk Management Flow Chart



Information security breaches	2018	2019	2020
Total number of information security breaches or other cybersecurity incidents	6	8	0
Total number of information security breaches involving customers' personally identifiable information	0	0	0
Total number of customers affected by company's data breach	0	0	0
Total amount of fines/ penalties paid in relation to information security breaches or other cybersecurity incident.	161,893	126,494	0

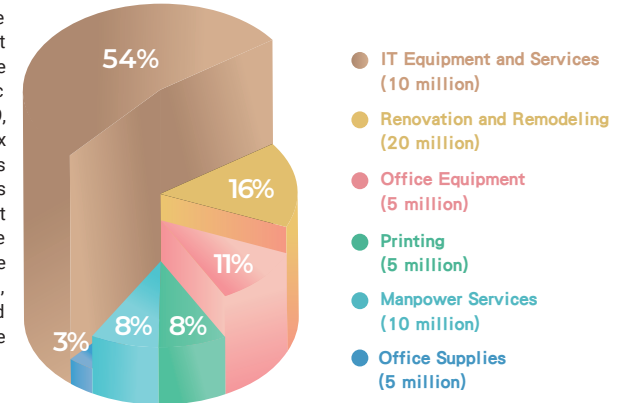


### Information Security Action Plan and Results



### 3.3.5 Supplier Management

The Company continues to manage suppliers in the electronic procurement system through classification. In 2020, the 1,289 suppliers in the electronic procurement system (165 more than 2019, an increase of 14%) were classified into six categories. Among those, 37 key suppliers were selected based on specific thresholds for the monetary amount of procurement in each category, product and service irreplaceability, and their importance to the Company's operations. Categories, procurement amount thresholds and proportion are shown in the graph on the right.



### CSR Requirement in Supplier Qualifications, Electronic Procurement System and Evaluations

Since 2016, Fubon suppliers have been asked to comply with the Company's "Supplier Corporate Social Responsibility Code of Conduct" which clearly commits suppliers to safeguard workers' rights, health and safety, environment protection and prohibit commissions and kickbacks, and sign the "Supplier Standard of Conduct Pledge." The pledge commits suppliers to comply with the provisions in the Code of Conduct, and it lays out penalties for non-compliance. As of the end of 2020, all suppliers in Fubon's electronic procurement system had signed the pledge. The Company's electronic procurement system allows qualified suppliers to view public tender information and directly participate in the bidding. It also offers mandatory online CSR education. Suppliers must complete the training before they access the system for bidding. To ensure the consistency of supplier service quality and enhance supply chain sustainability, the Company has a supplier evaluation mechanism based on supplier performance records and CSR indicators stipulated in the Supplier Corporate Social Responsibility Code of Conduct. Suppliers with poor performance records or that have not carried out CSR initiatives could be downgraded or disqualified as Fubon strengthens partnerships with outstanding suppliers.

### Supplier Sustainability Management

To strengthen the sustainability and resilience of the supply chain, Fubon Financial Holdings will continue to conduct supplier assessments, CSR education, and exchange events to facilitate the communication and exchanges with suppliers and extend the shared value based on the partnerships.



Supplier Corporate Social  
Responsibility Code of Conduct

### Supplier Assessments 1

- A CSR self-assessment questionnaire was designed based on international guidelines like the PSA7000、CERES、GRI Standards and ISO 20400. It covers three aspects, the economy, society and environment. The response rate reached 92% in 2020 (81% in 2019).
- Carried out onsite inspection at 30 key suppliers with a coverage rate of 81%
- Assessment result: The performance on regulatory compliance in economic issues and ethical management stood out in 2020. There is room for improvement in labor rights, health and safety issues and environmental issues.

### Supplier CSR Education 2

- Theme: Labor rights management
- Subject: All qualified suppliers in the electronic procurement system (training courses were launched online in 2020).
- Content: Assist suppliers to build labor rights management mechanisms through the introduction of labor rights regulations and practices.

### Supplier CSR Exchange Events 3

- Purpose: Facilitate exchanges with suppliers, commend outstanding suppliers and offer advice for sustainability improvements.
- Events were replaced by the "2020 Supplier CSR Assessment Result and Advice" issued online for epidemic prevention. A list of outstanding suppliers was announced publicly in the procurement section of the company's website.

## Supplier Human Rights Risk Management

To mitigate labor rights risks among suppliers, the Company organized training sessions for suppliers on labor rights issues in 2019 and 2020 consecutively. The Company also continues to offer guidance to suppliers in the renovation and decoration sector on establishing labor rights policies, conducting staff training, holding labor-management consultations, and developing comprehensive labor rights mechanisms. Suppliers in the renovation and decoration sector that filled out the self-assessment questionnaire in both 2019 and 2020 improved their scores on labor rights management by 45%. It shows that the labor rights issues are increasingly valued and improvement measures are enacted among suppliers in the renovation and decoration sector, and that the Company's supplier human rights management mechanism has yielded tangible results. The 2020 supplier CSR self-assessment questionnaire and assessment did not reveal any additional key labor rights risk groups.

Supplier human rights assessment	Human rights issues	Risk identification	Risk	Mitigation measures
Risk investigation conducted in the annual CSR self-assessment questionnaire.	Prohibit the use of child labor, zero discrimination, equal pay, offer compensatory time and overtime pay in compliance with regulations.	Key risk groups and risk levels are identified by averaging the highest and lowest scores of suppliers of different sections on the assessment questions on labor rights management.	The score of suppliers in renovation and decoration happened to be the average score, so they are identified middle-risk groups.	<ul style="list-style-type: none"> <li>• Supplier labor rights training sessions held in 2020.</li> <li>• Offer suppliers guidance in establishing labor rights policies, conducting staff training, and holding labor-management consultations.</li> </ul>

## 3.3.6 Fubon Financial Holdings Epidemic Prevention Measures

In response to the COVID-19 pandemic, Fubon Financial Holdings devised epidemic prevention guidelines to reduce the impact of the pandemic in four aspects including employee protection, customer security, business operation and services.



To ensure that we can offer the best service to our customers in the midst of the COVID-19 pandemic while securing employee health and safety, a series of countermeasures were enacted right away. Fubon Financial Holdings and its subsidiaries dedicated epidemic prevention response teams on January 26, 2020 and enacted the following measures to ensure continuous operations.

Important Measures	Description
<b>Stipulate an epidemic prevention emergency response mechanism</b>	<ul style="list-style-type: none"> <li>Fubon Financial Holdings Risk Management Division stipulated the "COVID-19 Pandemic Emergency Response Mechanism" and established an epidemic response team in 2020.</li> <li>Announced the "Emergency Handling Procedures for Fubon Financial Holdings and Its Subsidiaries' Employees or Household Members Suspected of Infection or Tested Positive for COVID-19" on April 15, 2020. The procedures stipulated emergency responses to facilitate the handling of such cases in six areas including reporting, personnel safety and disposition, environment disinfection, epidemic prevention communication, operational maintenance and returning to the workplace.</li> <li>Dynamically monitor the information announced by the Central Disease Command Center and Centers for Disease Control, adopt suitable epidemic prevention measures and timely share epidemic prevention related information via Fubon Financial Holdings M+ groups.</li> </ul>
<b>Ensure workplace safety</b>	<ul style="list-style-type: none"> <li>Adopt infrared thermal imager to monitor personnel temperature and use ethanol alcohol for disinfecting; all frontline staff at offices of Fubon subsidiaries wear face masks.</li> <li>Limit visitor access to designated visitor meeting rooms only in lower levels of office buildings and implement epidemic health declaration and real-name registration. Conduct meetings and training sessions via video conferencing, carry out strict risk assessment prior to planning any large-scale events.</li> <li>Complying with the government-issued social distancing guidelines in April 2020, public offices are equipped with transparent partitions and social distancing labels in waiting areas to protect the health of customers and frontline employees.</li> </ul>
<b>Value employee care</b>	<ul style="list-style-type: none"> <li>Give occupational sickness leave to employees who contracted the virus on the job; employees who contracted the virus due to non-work-related reasons will still be given a maximum of 30 days of paid leave during treatment based on medical orders.</li> <li>The epidemic prevention team regularly tracks employee health status and arranges for employees showing symptoms of a fever or flu to work from home case by case; Employees intending to travel abroad for business/tourism or to visit family have to be approved case by case by the president.</li> </ul>
<b>Ensure business continuity</b>	<ul style="list-style-type: none"> <li>Included COVID-19 considerations in the business continuity planning (BCP) and complete drill tests to ensure that all financial services are uninterrupted.</li> <li>Activated offsite backup plans (backup office, work-from-home mode or rotating shifts) for key operations or the entire company in February and March in 2020. Office operations returned to normalcy in June 2020. As the epidemic status worsened in January 2021, offsite backup plans are in place on standby.</li> <li>Established an epidemic prevention reporting platform; employees who had been to the hot spots announced by the CDC or coincided with COVID-19 patient's movement trajectories shall work from home and conduct self-health management for 21 days. The Company also closely tracks the list of employees who traveled overseas during long holidays and requests a 28-day home quarantine and work-from-home scheme that exceeds national standards. All office staff is under self-health management for 7 days starting from the day they return to office.</li> </ul>

In response to the development of the COVID-19 pandemic and the spread of notifiable infectious diseases, Fubon Financial Holdings not only set forth internal epidemic prevention measures but also devised damage response measures catering to customers at subsidiaries that include epidemic prevention products, enhanced online services, financial relief, etc. Meanwhile, the Company has launched customer care services to ensure customer health and safety, jointly combatting the pandemic with our customers while offering genuine and heartfelt services.

Subsidiary	Services in response to the pandemic
<b>Fubon Life</b>	<ul style="list-style-type: none"> <li>Fubon Life introduced Taiwan's first short-term health insurance covering notifiable infectious diseases, "Fubon Life One-year Notifiable Infectious Disease Health Insurance Plan". In the event of a policyholder hospitalized for treatment or died of a notifiable infectious disease, the policy pays a daily medical benefit or death benefit, and an additional "notifiable infectious disease benefit." <sup>note</sup></li> </ul>
<b>Taipei Fubon Bank</b>	<ul style="list-style-type: none"> <li>Strengthen disinfection operations in 127 branches and ATMs across Taiwan.</li> <li>Offer personal account holders affected by the pandemic credit card and house loan payment deferral.</li> <li>Offer extended loan limits or loan increases to Taiwan-funded enterprises and short-term loans and preferential interest rates to small and medium enterprises in epidemic prevention-related industries.</li> </ul>
<b>Fubon Insurance</b>	<ul style="list-style-type: none"> <li>Established "emergency response teams" to actively reach out to disaster-affected customers, follow up on developments leading up to the event and offer assistance when necessary.</li> <li>Eased travel delay coverage restrictions in travel inconvenience insurance policies and expanded the range of medical expenses that could be claimed. Posted a complete list of online service functions to help policyholders quickly find and handle the insurance services they needed online.</li> <li>Took the lead in developing epidemic prevention insurance products. <ul style="list-style-type: none"> <li>Enterprises: In March 2020, Fubon launched an exclusive "Epidemic Salary Payment Insurance" that encourages small business owners to give assurance to employees who are quarantined because they have COVID-19 or came in contact with confirmed cases that their salaries will be protected and paid during their time in quarantine.</li> <li>Individuals: Introduced the industry's first personal epidemic prevention insurance product, "Supplemental Insurance for Notifiable Infectious Disease Treatment and Expenses" offering financial relief to people who lose their incomes because they are infected with a notifiable infectious disease or cannot work because they are isolated at home by covering their expenses while they are ill or in quarantine.</li> </ul> </li> <li>Published the "COVID-19 Business Continuity Guide" as a reminder of the Company's risks in manpower, operation, supply chain and communications.</li> <li>Considering the effectiveness of traditional disinfection methods and that certain places or devices are not suitable for the use of corrosive disinfection agents, Fubon collaborated with Belfor and imported professional sterilization services for our corporate customers.</li> </ul>
<b>Fubon Securities</b>	<ul style="list-style-type: none"> <li>Gather related information on a weekly basis and provide updates on the COVID-19 pandemic and its impact on markets to investors to help them make investment decisions.</li> <li>In order to help investors stay on top of the extent of their losses, designated personnel will make phone calls to notify clients whose unrealized gain/loss (interest included) has reached -15%, and the calls will be recorded. Provide real-time investment loss notifications in real time through the system to help investors stay on top of the extent of their losses during this volatile period.</li> </ul>

Note: There were a total of 27,779 effective Fubon Life epidemic risk insurance policies in 2020; the premium income was 65.7 million.

# 4 Helping Customers Go Sustainable

## 4.1 Responsible Finance Framework

### 4.1.1 Aligning with International ESG Norms

#### | Principles of Responsible Investment (PRI) |

Fubon's investment units abide by the Principles of Responsible Investment (PRI) and establish mechanisms based on specific product characteristics to continuously reduce ESG risks. The implementation of these mechanisms mainly focuses on evaluating ESG indicators and screening blacklists to narrow down potential targets before an investment is made and regularly reviewing investments and engaging in shareholder activism after they are made.



**Incorporate ESG issues into investment analysis and decision-making processes**

- Bond-issuing domestic and overseas companies in which investments have been made checked annually
- Required all stocks in the asset pool to meet ESG guidelines
- ESG investment risk indicators used to assess all investment targets before an investment was made
- Actively pursued thematic investments
- Completed the "Responsible Investment Management Guidelines" at the financial holding company level
- P&C and life insurance units incorporated ESG principles in their investment policies
- Created a "blacklist" of high-risk countries and companies
- Regularly checked and updated the blacklist
- Developed a list of industries with relatively high ESG-related risks

**Promote acceptance and implementation of the principles within the investment industry**

- Issuers of foreign funds and ETFs in which investments have been made checked annually; they were all found to be PRI signatories
- Annually check the ESG practices of the domestic issuers of bonds and ETFs in which investments have been made
- Requested all discretionary investment institutions to provide a summary of their ESG activities; they must also comply with Fubon's blacklists

**Be active owners and incorporate ESG issues into ownership policies and practices**

- Fubon Life has established regulations prohibiting certain actions by personnel involved in domestic equity investments and outlined related reporting requirements to prevent conflicts of interest between personal investment behavior and the Company
- In 2020, Fubon Life, Fubon Insurance, Fubon Asset Management, and Fubon Securities had attendance rates of 100% at shareholder meetings
- All major subsidiaries signed on to the Stewardship Principles for Institutional Investors.

Statement	Fubon Life	Fubon Securities	Fubon Insurance	Fubon Asset Management	Taipei Fubon Bank
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**Work with others to enhance our effectiveness in implementing the principles**

- Sponsored several investment forums in 2020 held by other organizations and offered views on ESG investment trends
- Joined the FAIRR Initiative to use the financial sector's influence to address material issues and hidden ESG risks in the livestock industry
- Communicated with environmental groups to explain Fubon's responsible investment initiative and actions taken
- Participated in several public project meetings held by government agencies
- Participated in ESG forums held by outside organizations

**Seek appropriate disclosure on ESG issues by the entities in which we invest**

- Collected and reviewed the CSR reports of domestic companies in which investments have been made
- If a specific stock has violated ESG standards and the Principles of Sustainable Insurance, that company is put on the blacklist and no new investments in that company can be made

**Report on our activities and progress toward implementing the principles**

- Regularly reported on the implementation of the responsible investment strategy to the ESG Task Force
- Publicly conveyed Fubon Financial Holdings' emphasis on responsible investment through the annual CSR report



## | Equator Principles (EPs) |

Since joining the Equator Principles Association, Taipei Fubon Bank has referred to the Equator Principles and IFC Performance Standards when reviewing applications to which the principles apply to assess the potential environmental and social impact of each case. It has also requested customers to adopt appropriate risk mitigation measures based on Equator Principles guidelines to reduce the adverse environmental and social impact of their operations.

When handling Equator Principles cases, business departments must explain the applicability of the Equator Principles to a particular case in the "Sustainability Risk Assessment Checklist." Taipei Fubon Bank also requires its business departments to review the Equator Principles and related regulations with clients before they apply for financing, confirm they are willing to follow them, and help clients comply with the Equator Principles before applying and while the financing is in effect. If a client is unable to fully comply, its application for credit should be turned down.



## | Principles for Sustainable Insurance (PSI) |

In 2020, Fubon Insurance introduced the Principles for Sustainable Insurance (PSI) Initiative launched by the United Nations Environment Programme (UNEP), and published its PSI Report for 2019. By identifying, assessing, managing and monitoring risks and opportunities associated with ESG issues, Fubon Insurance is hoping to develop innovative solutions, incorporate sustainability principles in its business and products, and join efforts to lead the industry in developing sustainability.

Pillars	Fubon Insurance's Main Approaches
Embedding ESG issues into corporate decision-making and building internal ESG capacity	<ul style="list-style-type: none"> <li>Fubon Insurance set up a "Sustainability Strategy Task Force" led by senior executives to take stock of and devise development plans for Fubon Insurance's key sustainability businesses</li> <li>Fubon Insurance identifies emerging risks, climate risks, and catastrophe risks concerning ESG issues, and conducts situational stress tests on a regular basis</li> <li>Fubon Insurance has also developed ESG-related job-specific training, designed to help employees integrate ESG principles into customer service as they gain knowledge and put their expertise into practice</li> </ul>
Integrating ESG issues into underwriting, claims and investment management	<p><b>Underwriting management:</b> Fubon Insurance has put in place a reporting process for cases with high ESG-related risks and an Underwriting Committee to monitor the risks. Coverage amounts are adjusted according to such factors as the business involved, ESG-related risk levels, the items covered and the scope of the coverage. In 2020, Underwriting Committee discussed 3 high-tech industry and offshore wind power business activities and resolved the percentage of self-retention by considering the business practice information, underwriting evaluation report and opinions of business entities.</p> <p><b>Insurance product coverage:</b> Amounts are adjusted according to such factors as the business involved, ESG-related risk levels, the items covered and the scope of the coverage.</p> <p><b>Claims management:</b> Fubon Insurance not only provides multiple claims channels, such as through its website or app, intelligent customer service solution, or customer service hotline.</p> <p><b>Investment management:</b> Fubon Insurance has established an ESG-integrated investment management mechanism based on the PRI principles.</p>
Providing sustainable products and services and raising clients' ESG awareness	<ul style="list-style-type: none"> <li>Review the ESG risks and chances with 100% customers and offer sustainability-related insurance including natural disasters, agriculture, green energy and liability insurance.</li> <li>Thanks to loss control technologies, Fubon Insurance can help clients quickly rebuild their businesses and reduce capital expenditures, limiting potential risks and damage when accidents occur.</li> <li>Fubon Insurance holds corporate loss control seminars and events on agriculture insurance and the prevention of auto insurance losses.</li> </ul>
Working together with industries, the public sector, universities and other key stakeholders to promote widespread action across society on ESG issues	<p><b>Public sector:</b> Fubon Insurance has teamed up with the Council of Agriculture to develop agriculture insurance and supports the development of Taiwan's green energy industry in line with national energy policy.</p> <p><b>Academic and research institutions:</b> Fubon Insurance has developed a sustained partnership with academic and research institutions, national associations institutions, etc. Fubon Insurance engages in in-depth technical cooperation and exchanges with these institutions through contractual or technical cooperation arrangements to improve the professional skills of loss control engineers and develop quantitative assessment systems.</p> <p><b>Industry associations:</b> Fubon Insurance also looks into potential ESG-related risks across industries and communicates with those associations.</p>

## 4.1.2 Incorporating ESG into Business Practices

### | ESG Investments |

Each subsidiary has set or revised internal management policies and rules to implement the Principles for Responsible Investment and comply with Fubon Financial Holdings' Responsible Investment Management Guidelines. In line with these policies and rules, ESG actions, such as identifying, evaluating and measuring sustainability risks based on ESG checklists and indicators, are applied to every asset class. In 2020, the company developed a list of industries with relatively high ESG risks to strengthen responsible investment mechanisms and maintain stable investment yields over the long term. It also revised its "Guidelines on Personnel Involved in Domestic Stock Investments Declaring Personal Investments" to beef up measures preventing conflicts of interest among related employees.

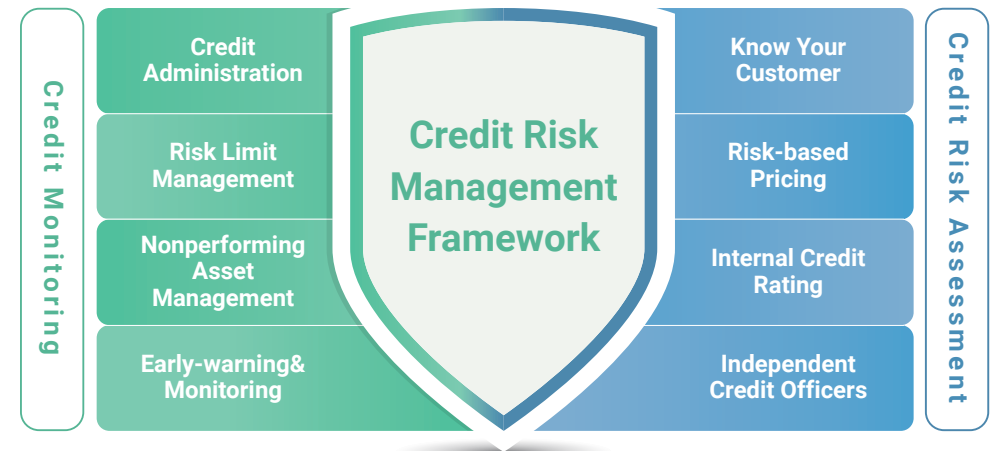
Fubon Financial Holding Co., Ltd. and Subsidiaries Responsible Investment Management Guidelines	Asset Categories Managed
<p><b>Responsible investment strategy and action plans:</b> The guidelines stipulate that the use of funds must comply with responsible investment principles and action plans must be provided that can be followed and adopted for each principle. These include the six Principles for Responsible Investment and ESG action plans.</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>ESG issues incorporated into related investment decision-making</li> <li>Developed a list of high-risk ESG countries that takes into consideration each country's protection of human rights, helping prevent investment in bonds issued by high-risk countries; developed a list of high-risk industries or companies that takes into consideration their protection of workers' rights, helping prevent investments in high-risk industries or companies. If investments must be made in the above-mentioned high-risk countries, industries or companies, a process to manage exceptions can be used that relies on more detailed explanations of the investment being considered, raising the level at which key decisions are made, or actively engaging in shareholder activism.</li> <li>Different screening strategies adopted – negative screening used to eliminate industries or target companies that violate ESG principles; positive screening used to solidify pre-investment evaluations with the help of outside resources or tools.</li> <li>Ownership rights actively exercised by incorporating ESG issues into ownership policies and practices</li> </ul>	<ul style="list-style-type: none"> <li>✓ Listed Equity</li> <li>✓ Fixed Income</li> <li>✓ Private Equity</li> <li>✓ Infrastructure</li> <li>✓ Derivatives &amp; Alternatives</li> <li>✓ Property</li> </ul>

Focus of ESG investment action plan	Description	Coverage (% of AuM)
Monitoring of Foreign Discretionary Investment Institutions	Verification of foreign discretionary investment institutions' ESG practices	Checks done to verify that discretionary investment institutions are signatories of the U.N. Principles for Responsible Investment or requests made for reports of how their ESG principles are implemented
	Blacklist	Domestic discretionary investment institutions must comply with Fubon company blacklists
Support from Overseas Organizations	ESG-related information from outside sources or ratings agencies identifies high-risk countries or companies	<ul style="list-style-type: none"> <li>Fubon Life's foreign fixed income division completed procedures for managing investments in high-risk countries and companies based on information from outside sources</li> <li>The investment team of Fubon Asset Management reviews and discusses the ESG status of issuers of foreign bonds held by all funds on a quarterly basis based on information from outside sources</li> </ul>

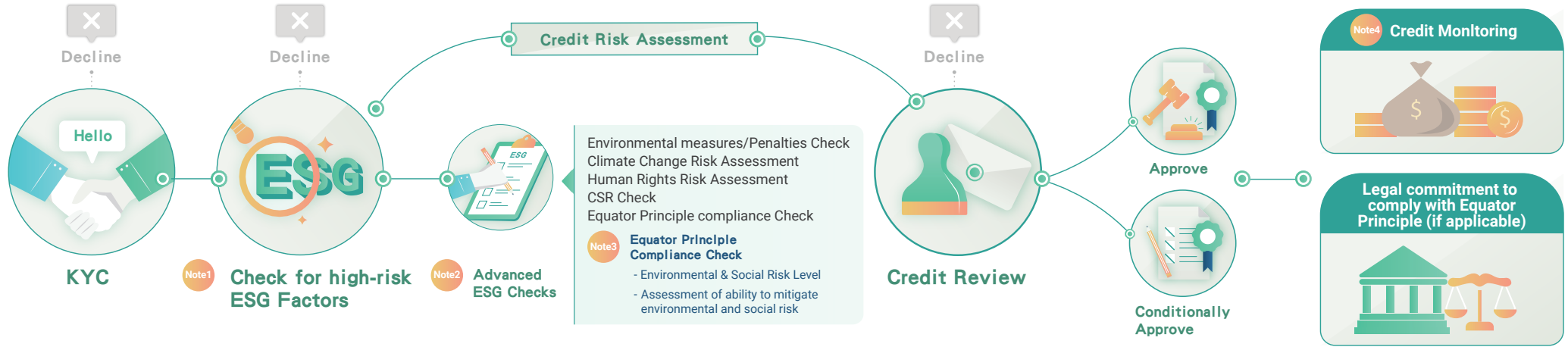
Focus of ESG investment action plan	Description	Coverage (% of AuM)	
Pre-investment Checks	Setting ESG investment risk indicators	Indicators cover environmental, social and corporate governance factors; an assessment is conducted prior to any investment and the analysis is to be disclosed	
	Establishing a blacklist	<ul style="list-style-type: none"> <li>Cross-check with the list of high-risk countries and companies before making an investment; no investment should be made in a potential target on the list unless special management measures are taken</li> <li>Countries that violate human rights or are negligent in anti-money laundering/combatting the financing of terrorism efforts are put on the ESG blacklist</li> </ul>	
	Building an ESG asset pool of domestic equities	All stocks in the asset pool must comply with ESG rules; no investments may be made in targets not included in this pool of investment assets	
	Set monitoring indicators for industries with high ESG risks	Added monitoring indicators for industries with high ESG risks and included them as factors in PRI evaluations	
Post-investment Checks	ESG checklist for bond investments	Company investments in foreign bonds	Indicators include environmental, social and corporate governance factors, and checks are conducted annually
		Company investments in overseas bond funds and ETFs	Check done annually to verify if the bond/ETF issuers are signatories of the U.N. Principles for Responsible Investment
		Company investments in domestic bonds	Indicators include environmental, social and corporate governance factors; checks are conducted annually
		Company investments in domestic bond funds and ETFs	Check done annually to verify the ESG practices of the fund/ETF issuers

### Responsible Lending Management Mechanism

Taipei Fubon Bank has based its credit business on the five fundamental principles of security, liquidity, the common good, profitability and growth and adopted the following mechanisms to assess credit risk: Under Taipei Fubon Bank's management framework for sustainability risk, sustainability risk assessments involving credit have been incorporated into KYC (know your customer) and credit check processes. That means that sustainability risk is identified, assessed and weighed in all credit cases (including those that must meet Equator Principles guidelines and other project financing cases) based on sustainability risk assessment procedures and Equator Principles compliance within the existing credit risk management framework.



### Sustainability Risk Assessment Procedure



#### Note1 Checks for high-risk ESG factors

Taipei Fubon Bank treats business activity or behavior that has significant adverse impact on environmental and social sustainability as a high-risk environmental, social and governance (ESG) factor. A checklist has been established to help business departments identify such factors. If a potential borrower's main business activity involves any high-risk activity on the checklist, the bank should decline the customer's business.

#### Note2 Advanced ESG checks

Taipei Fubon Bank has established detailed ESG credit checks covering five broad areas – environmental measures/penalties checks, climate change risk assessments, major human rights risk assessments, CSR checks, and Equator Principles checks – to further assess each potential borrower's ESG risk and gauge its potential impact on the Bank's credit risk assets. These steps are taken to inform the appropriate risk response option (accepting the risk – loan approval; mitigating risk – conditional approval; and avoiding risk – declining the application).

#### Internal Education and Training

The sustainable risk management framework and Equator Principles have been incorporated into the content of talent cultivation programs and management associate training courses

#### Note3 Equator Principle compliance checks

Business departments must review the Equator Principles and related regulations with customers before they apply for financing, confirm that customers are willing to follow them, and help clients comply with the Equator Principles before applying and while the financing is in effect. If a client is unable to fully comply, their application for credit should be turned down.



Equator Principle

#### Note4 Credit Monitoring

Clients whose loan applications have been approved or conditionally approved continue to be monitored for major ESG risk events after the loan has been disbursed. In addition, if the Equator Principles apply to a credit case, and the case's environmental and social risk is classified as Category A (high risk) or Category B (medium risk), the client must commit to comply with the Equator Principles and that commitment must be included in the loan contract, as stipulated in the Equator Principles. Regular compliance checks are also conducted. In short, Taipei Fubon Bank uses the credit-monitoring phase to get clients to fully appreciate the importance of ESG practices to their sustainability and to encourage them to take appropriate actions to fulfill their responsibilities as corporate citizens.



Sustainability Risk  
Assessment Procedure

### Execution of Sustainability Risk Checks |

When institutional clients apply for a credit line, Taipei Fubon Bank personnel fill out a Sustainability Risk Assessment Checklist for each client to accurately assess their ESG risk. (A total of 7,495 checks were conducted in 2020.) Sustainable lending guidelines have been in place since 2015, and through 2020 loan applications for more than US\$200 million had been rejected because the client was involved in a high ESG-risk industry, had an environmental issue, major human rights risk or CSR violation that caused a material adverse impact, or had yet to fully comply with the Equator Principles. Also, there were 3 credit cases that were required after undergoing standard checks to meet the Equator Principles. Among them, two had Category B (medium risk) environmental and social risk levels and the other one had Category C (low risk) risk level.

2020 Category B Cases	Environmental and Social Impact	Important measures limiting the environmental and social impact
Offshore wind power	Fishermen's livelihoods	The projects' impact on fishermen's operations in and around their area was continuously evaluated starting from the planning stage, and channels of communication were established with the local fishermen's associations and fishermen.
	Noise pollution	Noise issues were continuously assessed and monitored starting in the planning stage, and attention was given to making sure all requirements in the projects' environmental impact assessment reviews were met; the impact of construction on local residents was regularly monitored.
	Surrounding ecosystem	Starting from the projects' construction phase, changes in numbers of endangered species (such as the Indo-Pacific humpback dolphin) or protected species in the projects' vicinity were continuously monitored.

### 4.1.3 Climate risk and opportunity

#### TCFD Framework |

Fubon Financial Holdings has been intent on bringing new momentum to efforts to create a global low-carbon economy, including adopting the TCFD (Task Force on Climate-Related Financial Disclosures) recommended framework issued by the Financial Stability Board. The TCFD framework helped the Company and its subsidiaries develop a climate risk and opportunity matrix and identify corresponding measures while also taking stock of high- and low-carbon businesses the Company is involved with. These initiatives have strengthened the integration of climate change considerations into product risk management systems and improved the Company's resilience to climate risks.

Disclosure	Approaches	Implementation Results
Governance Board of Director oversight	<ul style="list-style-type: none"> <li>The Corporate Governance and Sustainability Committee under the Board of Directors oversees the implementation of CSR and sustainability practices, and an "ESG Task Force" has been set up under the Committee to carry out action plans.</li> <li>The Board of Directors monitors the effectiveness of risk management systems and mechanisms and reviews and approves risk management policies and guidelines</li> <li>ESG performance indicators are included in the performance evaluation policy covering the Company's Board of Directors and functional committees, and the board's self-evaluations also cover such factors as risk assessments of internal controls and engagement in sustainability initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>The ESG Task Force reports its actions plans on climate change for the coming year at the beginning of each year and reports on the progress or result of each plan every six months. After being reviewed by the Committee, the reports are submitted to the Board of Directors.</li> <li>Information on climate-related assessments is disclosed on a regular basis in risk management reports.</li> <li>If a major investment proposal under review by the board of directors involves a climate-related issue, it should also take into consideration those climate-related assessments.</li> <li>Climate change indicators are included in ESG performance evaluations.</li> </ul>

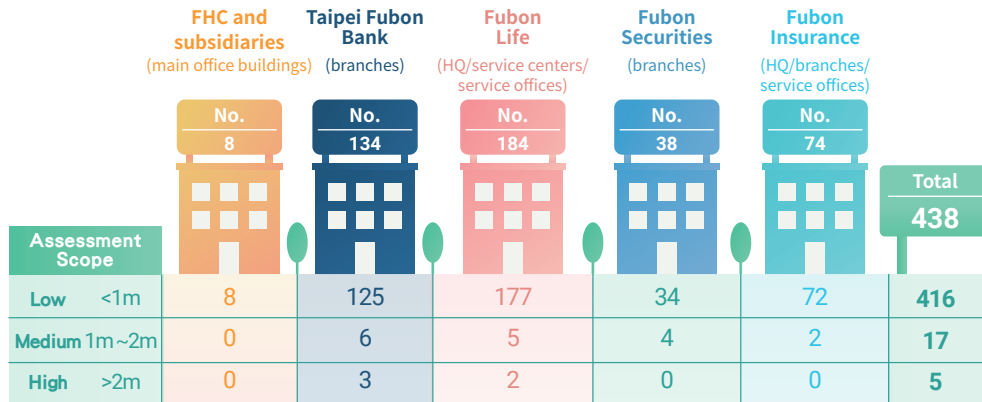
	Disclosure	Approaches	Implementation Results
Governance	Management level operations	<ul style="list-style-type: none"> <li>The Responsible Finance and Environmental Sustainability teams under the ESG Task Force are responsible for issues related to climate change.</li> <li>The Responsible Finance Team plans the procedures for assessing subsidiaries' climate-related risks and opportunities and handles the identification and reporting of those risks and opportunities.</li> <li>The Risk Management Committee is led by a convener (president) appointed by the chairman of the board and also includes a chief secretary (chief risk officer) and members (subsidiaries' most senior risk management officers). It is responsible for overseeing the risk management practices of the entire organization and reviews, coordinates and guides risk management efforts.</li> </ul>	<ul style="list-style-type: none"> <li>The Responsible Finance and Environmental Sustainability teams report their action plans and progress made to the ESG Task Force every six months.</li> <li>Initiatives, standards and indicators put forth by the United Nations and other related international organizations have been included as a reference in Fubon's Guidelines on Climate Change Management, and climate change management procedures and mechanisms have been strengthened.</li> <li>A risk management report (which covers climate change) is presented to the board of directors four times a year.</li> </ul>
	Short-, medium- and long-term risks and opportunities	<ul style="list-style-type: none"> <li>The sources and magnitude of short-, medium-, and long-term physical and transition risks are regularly identified.</li> </ul>	<p><b>Short-term risks/opportunities:</b> extreme weather events (typhoons, heavy downpours)/post-disaster loss control services and new weather-related insurance products.</p> <p><b>Medium-term risks/opportunities:</b> costs of transitioning to a low-carbon economy resulting from more sustainability-related requirements and norms/green finance.</p> <p><b>Long-term risks/opportunities:</b> rising sea levels, uncertainty of market signals/circular economy, entry into new markets.</p>
Strategies	Risks and opportunities associated with major impacts	Use qualitative and quantitative methods to assess risks and opportunities that could have a major impact on business, strategies and financial planning and their potential impact on the Company's operations and finances, and devise responses.	<ul style="list-style-type: none"> <li>Ongoing efforts are made to reduce or mitigate potential losses from risks with major impacts, including typhoons, heavy downpours, and technology transformation.</li> <li>In terms of responsible finance, implemented green finance, continued to develop new climate insurance products and services as part of efforts to create innovative services.</li> </ul>
	Scenario analysis	<p><b>Transition :</b> Impact assessments and analyses conducted based on 1.5°C-well-below 2°C target and NDCs (nationally determined contributions)</p> <p><b>Physical :</b> RCP2.6, RCP4.5, RCP6.0 and RCP8.5 used to conduct temperature and rainfall forecasts</p> <p><b>Scope :</b> Upstream suppliers, Fubon operating locations, downstream customers</p>	<p><b>Transition:</b> Assessed whether suppliers, the Company and customers are complying with regulations completed; in the future, financial inputs or operating expenses will be added to the assessments</p> <p><b>Physical:</b> Analyzed the disaster risk of suppliers, Fubon service locations and investment/loan/P&amp;C insurance clients, and estimated the potential impact of changes in rainfall and temperatures on them</p>
Risk Management	Identification and assessment procedures	Identify clients' sensitivity to climate change based on a consistent assessment method focused on three main dimensions: hazard, exposure and vulnerability.	Each subsidiary subsidiary now provides the degree of climate exposure of its clients, which has been added to the hazard and vulnerability variables used to rank the climate sensitivity of clients.
	Management procedures	Adopt an ERM risk management framework to guide risk identification, measurement, response, monitoring and reporting.	Develop responses to major risks to mitigate and divert their impact on the Company to control potential losses; find new business opportunities from the opportunities list and stay on top of possible developments related to the low-carbon economy.
	Integrated management	Incorporate climate change risk management in the Company's overall risk management policy	Climate finance promoted using the integrated risk management mechanism and incorporated into the Fubon ESG Visioning Strategy.
Indicators and targets	Indicators and performance	Put responsible investment into practice, support green finance.	4.2 Responsible Finance Practices
		Development of low-carbon products and services	4.3 ESG-related Insurance Products and Services 5.1 Innovative Services
		Greenhouse gas inventory, energy and environmental management, green energy/purchasing/operations	4.4 Green Operations



### Physical and transition risk assessments of value chains |

When Fubon assesses climate risks, it considers two main types of risks. The first are transition risks associated with meeting legally mandated or carbon reduction goals (1.5°C and NDCs); the second are physical effects caused by changes in climate parameters (RCP 2.6, 4.5, 6.0 and 8.5). Investment portfolios have different vulnerabilities to climate risks, and suppliers, clients and investment targets have different risk profiles based on their geographical locations. Transition risk can easily result in increases in companies' operating costs, restrictions on sales of certain products, and even a loss in competitiveness. Physical climate risks can influence the performance and productivity of suppliers, clients and investment targets at any time, and extreme events can lead to the destruction of fixed assets, an interruption in operations, losses in production, and potential changes to asset values.

To understand the potential impact of physical risks on its own buildings and service locations, Fubon analyzed the potential flooding of the offices and service locations of Fubon Financial Holdings and its main subsidiaries based on 24-hour precipitation events expected to occur once every 50 years and once every 100 years. The assessment covered a total of 438 office buildings and service locations in Taiwan, and the worst-case scenario, a once in 100 years flood scenario, was used to determine the physical risk of flooding. The emergency contingency measures established by Fubon Financial Holdings and its subsidiaries for various disasters (including a typhoon flooding protection plan) were found to be adequate in coping with and reducing the potential negative impact of the simulated flooding.



Note 1: Data for flood potential analysis from the Ministry of Economic Affairs, Water Resources Agency

### Identifying Sensitivity to Climate Risk through Clients |

There are three major factors that determine Fubon's sensitivity to climate risk through clients and investments: exposure, hazard, and vulnerability. The main considerations for gauging exposure to clients or investments are total investment, outstanding loans, outstanding mortgages, and underwriting retention, and the exposure is then assigned a weighting based on whether those amounts are high or low. Considerations related to hazards mainly involve the potential for such natural disasters as flooding, mudslides and landslides triggered by climate change to affect clients or investments, and these can be assessed using a two-axis matrix plotting time on one axis and scale on the other. Vulnerability is mainly based on industries identified by the TCFD and CPD frameworks as being relatively vulnerable to climate change, such as the financial, energy, transportation, materials, and construction sectors. Also included in the vulnerability assessment is the pressure felt from laws that make the reporting of emissions inventories compulsory. These three factors are differentiated by their relative importance and given weighted scores depending on the nature

of the client's business. The higher the score for sensitivity of climate-related risk, the higher the sensitivity to climate change. Fubon identifies the materiality of the climate sensitivity based on the type of transaction being considered, be it investments, financing, mortgages or P&C insurance underwriting.

- ✓ Climate sensitivity assessments for investments were done for domestic investments by subsidiaries in 2020 that exceeded NT\$100 million, while overseas investments or those with unknown locations were excluded.

#### Investment

Of the 217 investments that met the criteria, the highest climate sensitivity score was 100, at the upper boundary of the low sensitivity category. Eleven cases scored in the 51-100 range, and these accounted for 18.18% of the total amount invested in the 217 investments assessed. The other investments had climate risk sensitivity scores of 50 or below.

Climate Risk Sensitivity Score <sup>1</sup> (Exposure*Vulnerability* Hazard)	<10	11~50	51~80	81~100
No. of Cases	130	76	4	7
Investment Amount <sup>2</sup> (% of total)	9.60%	72.22%	3.43%	14.75%
Total	217			



Note 1: Investment exposure measured on a scale of 1-10, vulnerability measured on a scale of 0-2 and hazard measured on a scale of 3-15; highest climate risk sensitivity score is 300. A climate risk sensitivity score of 201-300 is high sensitivity, 101-200 is medium sensitivity and 100 or below is low sensitivity  
 Note 2: Figures based on investment amount as of the end of 2020; does not include government bonds, ETFs, and funds, and does not include cases in overseas areas or those with unclear addresses.

- ✓ In terms of financing, climate sensitivity assessments were done for 709 domestic loans exceeding NT\$100 million made by Taipei Fubon Bank.

#### Financing

In this assessment, the highest climate risk sensitivity score was 100, at the upper boundary of the low sensitivity category. Five cases scored in the 51-100 range, and these accounted for 9.16% of all outstanding loans assessed. All other loans had climate risk sensitivity scores of 50 or below.

Climate Risk Sensitivity Score <sup>1</sup> (Exposure*Vulnerability* Hazard)	<10	11~50	51~80	81~100
No. of Cases	541	163	4	1
Outstanding Loan Amount (% of total)	54.54%	36.30%	1.66%	7.50%
Total	709			



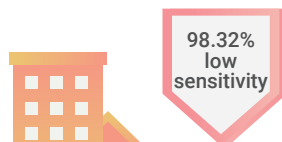
Note 1: Financing exposure measured on a scale of 1-10, vulnerability measured on a scale of 0-2 and hazard measured on a scale of 3-15; highest climate risk sensitivity score is 300. A climate risk sensitivity score of 201-300 is high sensitivity, 101-200 is medium sensitivity and 100 or below is low sensitivity.  
 Note 2: Figures based on financing amount as of the end of 2020; does not include cases in overseas areas or those with unclear places of business.

✓ Climate sensitivity assessments of mortgages focused on mortgages with loan-to-value ratios higher than 60%, or 41,930 mortgages in all.

**Mortgages**

In this assessment, the highest climate risk sensitivity score was 40, in the medium sensitivity category. A total of 195 mortgages scored in the 26-40 medium sensitivity range, and these mortgages accounted for 1.68% of the value of all of the assessed mortgages as of the end of 2020. All other mortgages had climate risk sensitivity scores of 25 or below.

Climate Risk Sensitivity Score <sup>1</sup> (Exposure*Hazard)	<10	11~25	26~40
No. of Cases	28,122	13,613	195
Outstanding Mortgages Amount (% of total)	41.17%	57.15%	1.68%
<b>Total</b>	<b>41,930</b>		



Note 1 : Mortgage exposure measured on a scale of 1-5, hazard measured on a scale of 3-15; highest climate risk sensitivity score is 75. A climate risk sensitivity score of 51-75 is high sensitivity, 26-50 is medium sensitivity and 25 or below is low sensitivity.

Note 2 : Figures based on outstanding mortgages as of the end of 2020

✓ Cases used to assess Fubon Insurance were those in which the company had invested NT\$100 million or underwrote insurance with retained coverage of at least NT\$100 million as of the end of 2020, not including investment targets or underwriting cases in overseas areas or those with unclear addresses. A total of 1,096 underwriting cases were assessed,

**Insurance**

And the highest climate risk sensitivity score in the assessment was only 48, in the low sensitivity category.

Climate Risk Sensitivity Score <sup>1</sup> (Exposure*Vulnerability*Hazard)	<10	11~20	21~30	31~40	41~50
No. of Cases	1,065	24	5	1	1
Retained Underwriting Amount (% of total)	92.24%	3.29%	2.48%	0.78%	1.21%
<b>Total</b>	<b>1,096</b>				



Note 1 : Underwriting exposure measured on a scale of 1-10, vulnerability measured on a scale of 0-2 and hazard measured on a scale of 3-15; highest climate risk sensitivity score is 300. A climate risk sensitivity score of 201-300 is high sensitivity, 101-200 is medium sensitivity and 100 or below is low sensitivity.

Note 2 : Figures based on Fubon Insurance's retained coverage as of the end of 2020

## 4.2 Responsible Finance Practices

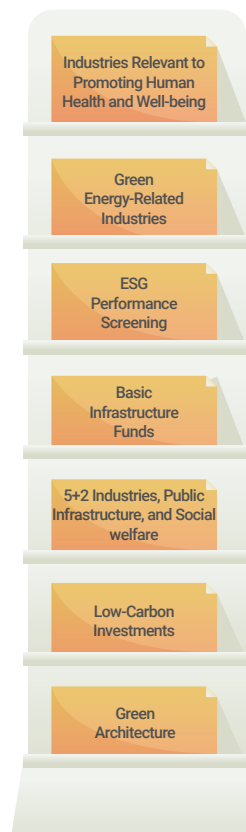
### 4.2.1 Responsible Investment and Credit Results

#### Responsible Investment Management Mechanism

Fubon has created an ESG assessment mechanism based on three lines of defense and developed ESG thematic investments. The mechanism is carried out through the setting of policies and implementation of ESG action plans and is applied not only to internal investment positions but also to discretionary investment institutions and other financial institutions with which Fubon has business relationships. The Company also established the "Fubon Financial Holding Co., Ltd. and Subsidiaries Responsible Investment Management Guidelines" to ensure that environmental, social and corporate governance issues are considered when allocating capital and that this is uniformly followed by the financial holding company and subsidiaries.

## Responsible Investment Strategy and Action Plan

### ESG Theme-Based Investment



### ESG Evaluation Mechanism

#### Self-Managed Portions

##### Inspection

Targets are on the blacklist.

##### Evaluation

Investment analysis should include not only financial analysis but also ESG investment risk indicators.

##### Post-Investment Tracking

- Tracking annual inspections shall be made according to the ESG inspection criteria.
- If enterprises invested in are involved in ESG-related news, actively inquire to understand the situation, to strengthen the company's communication with invested enterprises investment targets regarding ESG.
- Attend shareholders' meetings of listed companies that the company has invested in, and do not vote in favor of any proposals that violate ESG.

#### Outsourcing Institutions

Take the Supervision of Outsourcing Institutions into Fubon Financial Holdings' ESG action plans

#### Financial Industry Peers

Confirm whether enterprises have signed the UN's Principles for Responsible Investment (PRI), or require ESG implementation methods

Promote sustainable performance in investment targets and among peers in the financial industry

## ESG Products for Asset Managers |

When Fubon Asset Management issued the "Fubon TWSE Corporate Governance 100 ETF," which tracks the performance of the TWSE Corporate Governance 100 Index, it was Taiwan's first domestic equity ETF to focus on corporate governance. The company's newest product issued in 2020, the "Fubon Taiwan Sustainable Development High Dividend Fund," consists of constituents from sustainability-oriented indexes and companies in the top 50% of the Taiwan Stock Exchange's Corporate Governance Evaluation or included in other sustainability-related evaluations or reports. Investment targets comprise large, medium-sized and small stocks, which is different from other high-dividend funds on the market. After this fund was issued, Fubon Asset Management became Taiwan's first asset manager to have both sustainability-oriented Taiwan equity active and passive funds, a reflection of parent company Fubon Financial Holdings' support for sustainability.



ESG Fund Size (NT\$100 million)	2017	2018	2019	2020
Fubon TWSE Corporate Governance 100 ETF	24	31	49	77
Taiwan Sustainable Development High Dividend Fund	-	-	-	40
<b>Total</b>	<b>24</b>	<b>31</b>	<b>49</b>	<b>117</b>
Share of total AUM of two above funds combined (%)	1.9%	1.9%	1.6%	3.7%



## Bond Funds |

At the beginning of 2020, Taipei Fubon Bank partnered with a securities and trust firm to offer Taiwan's first global ESG bond fund and the first bond fund managed through quantitative R&D. To draw market attention to this fund and popularize the concept of ESG investing, Taipei Fubon Bank held 101 training sessions for financial advisors and 62 briefings on the product for clients. During the IPO process, more than NT\$9 billion was raised, and by the end of the year, the fund had a yield of 6.8%. It remains Taiwan's biggest ESG bond fund with NT\$24.2 billion in assets under management.

## 4.2.2 Sustainability-themed Investments

In 2020, the Company continued to look for ESG-themed opportunities, and its investment in basic infrastructure or companies with strong ESG performances or involved in the government's 5+2 innovative industries plan rose compared to 2019 levels. The Company also began taking inventory of its low-carbon investment in May 2019, and subsequent monthly inventories have found it to be on the rise, a reflection of Fubon's efforts in implementing its responsible investment strategy.

SDGs	Action Plan		Type of Investment	2017	2018	2019	2020
				Unit: NT\$ billion			
	Invest in businesses developing new drugs and biotech therapeutics	Drug development and biotechnology companies	Stocks	10.7	11.9	13.7	15.6
			Bonds	35.1	75.9	63.2	85.7
	Invest in green energy or alternative energy enterprises	Wind power and solar power	Stocks	8.3	6.8	5.2	5.3
		Offshore wind power and solar power plants	Loans	1.2	4.2	8.9	13.9
		Green bonds	Bonds	1.5	13.9	12.6	14.3
		Green bonds <sup>note1</sup>	Issued	-	10	-	-
		Low-carbon investment <sup>note2</sup>	Stocks	-	-	1,601.7	1,678.0

SDGs	Action Plan		Type of Investment	2017	2018	2019	2020
				Unit: NT\$ billion			
	Invest in planned property development projects with energy-saving designs and invest in basic infrastructure	Planned property developments with energy-saving designs	Total project budgets	25.0	52.0	51.4	64.2
		Green Building	Loans	11.7	12.2	13.1	18.0
		Seeking out basic infrastructure investment opportunities	Fund	49.0	8	13.9	23.0
	Expand ESG screening methods and invest in Taiwanese enterprises with strong ESG records; invest in enterprises covered under the 5+2 innovative industries plan, in basic infrastructure and in social enterprises	Companies rated as good ESG performers	Stocks/Bonds	-	288.7	419.8	471.3
		The 5+2 innovative industries, basic infrastructure and social welfare <sup>note3</sup>	Stocks/Bonds	-	349.0	393.7	522.7
		5+2 industries: green energy technologies and other sectors recognized as green energy-related	Loans	105.6	89.9	87.0	93.6

Note 1: The NT\$1 billion in green bonds (G107BH) issued on March 1, 2018, reached maturity on March 1, 2020; funds were used for the development of renewable energy and energy technologies.

Note 2: The formal accounting (inventory) of low-carbon investment began in May 2019, and therefore the figure shown is cumulative through May 2019. Low-carbon investment consisted of constituent companies of the iShares MSCI ACWI Low Carbon Target ETF.

Note 3: Infrastructure and social welfare category includes social bonds and sustainability bonds.

Total Carbon Reduction of Green Loans	2017	2018	2019	2020
	Unit: tCO2e/year			
Renewable energy loans	-	114,411	247,343	477,193

## 4.3 ESG-related Insurance Products and Services

### 4.3.1 Natural Disaster Services and Agriculture Insurance

Fubon Insurance provides business continuity planning and post-disaster loss control services that help customers quickly rebuild their operations and reduce capital expenditures when a disaster occurs, limiting the potential risks from accidents. With the backing of the global reinsurance market, the company offers complete protection against natural disasters to companies and the public through earthquake, typhoon and flood insurance and business interruption insurance. Fubon Insurance has actively participated in the Council of Agriculture's pilot

program for crop insurance, developing insurance products best suited to Taiwan. Since its launch of Taiwan's first agriculture insurance policy (for top grafted pear crops) in 2015, Fubon Insurance has introduced policies covering pears, rice, bananas, grouper, milkfish, striped bass and tilapia as well as typhoon and flood insurance for agricultural facilities. These products give Taiwan's farmers and aquaculture operators insurance options that help them divert risks from natural disasters. Fubon Insurance has also worked closely with experts in other fields to develop innovative products tailored to the special characteristics of different crops.



Loss Control Services and Agriculture Insurance Products		2017	2018	2019	2020	2017	2018	2019	2020
		Policies				Premium Income (Unit: NT\$ million)			
Natural Disasters	Natural Disaster Insurance	435,086	466,206	477,669	501,959	3,050	3,139	3,036	3,646
	Pear Crop Insurance	230	304	645	1,012	7.5	9.4	19.7	25.7
Crops	Rice Crop Insurance	4,367	10,728	16,491	16,723	20.7	58.4	90.6	95.5
	Banana Crop Insurance	-	-	291	182	-	-	12.0	4.5
Aqua-culture	Temperature-indexed Parametric Aquaculture Insurance	18	199	173	93	3.0	33.7	30.5	16.3
	Parametric Rain Aquaculture Insurance	-	-	-	5	-	-	-	0.4
Agricultural Facilities	Typhoon and Flood Agricultural Facility Insurance	-	206	414	752	-	2.4	5.5	8.0
<b>Total</b>		<b>439,701</b>	<b>477,643</b>	<b>495,683</b>	<b>520,726</b>	<b>3,082</b>	<b>3,243</b>	<b>3,194</b>	<b>3,796</b>
<b>Share of total underwriting portfolio (%)</b>		<b>4.02%</b>	<b>4.01%</b>	<b>3.86%</b>	<b>4.03%</b>	<b>8.52%</b>	<b>8.39%</b>	<b>7.63%</b>	<b>8.42%</b>

### 4.3.2 Insurance for Green Energy Products

Fubon Insurance has made harnessing its core competencies to create environmentally friendly products and services a top priority. Beyond using its influence to push green concepts, it also hopes to achieve its vision of a low-carbon lifestyle and environmental sustainability by giving customers incentives to get involved.

Insurance for Green Energy Products	2017	2018	2019	2020	2017	2018	2019	2020
	Policies				Premium Income (Unit: NT\$ million)			
Eco-friendly Car Insurance	247	500	1,579	2,081	14.7	19.3	62.3	81.5
Special Green Energy Insurance	721	1,054	1,257	1,547	45.4	140	1,000	899.8
Working with Electric Motorbike Sharing Services	-	-	7,132	10,117	-	-	4.8	8.3
<b>Total</b>	<b>968</b>	<b>1,554</b>	<b>9,968</b>	<b>13,745</b>	<b>60</b>	<b>159</b>	<b>1,067</b>	<b>990</b>
<b>Share of total underwriting portfolio (%)</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.08%</b>	<b>0.11%</b>	<b>0.17%</b>	<b>0.41%</b>	<b>2.55%</b>	<b>2.20%</b>

### 4.3.3 Sustainability-related Insurance Products

Fubon Insurance rolled out "Environmental Pollution Liability Insurance" to raise environmental awareness among ESG-sensitive gas station owners and storage tank operators and help them manage pollution risks to the soil and groundwater. This coverage offers protection against liability for losses, compensation, or cleanup or remediation costs generated by accidental or gradual pollution. But if a potential client for this insurance has been put on a government watch list, indicating that the location where the client operates could have soil or groundwater pollution issues, the applicant will only be able to get insurance once it completes a remediation plan and is removed from the watch list.

Sustainability-related Insurance Products	2017	2018	2019	2020	2017	2018	2019	2020
	Policies				Premium Income (Unit: NT\$ million)			
Environmental Pollution Liability Insurance	-	21	13	14	-	4.1	2.6	2.7
<b>Share of total underwriting portfolio (%)</b>	<b>-</b>	<b>&lt;0.01%</b>	<b>&lt;0.01%</b>	<b>&lt;0.01%</b>	<b>-</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>



### 4.3.4 Liability and Innovative Insurance

To address global emerging risk, Fubon Insurance relies on liability insurance and new types of insurance products to help companies operate sustainably and strengthen their corporate governance, make it easy for enterprises and individuals to divert risk, and beef up social resilience.

Liability and innovative insurance products	2017	2018	2019	2020	2017	2018	2019	2020
	Policies				Premium Income (Unit: NT\$ million)			
Information security insurance	10	22	36	39	6.0	7.2	21.8	24.4
Directors & officers liability insurance	616	647	467	395	168	185	169	134.7
Public accident liability insurance	36,169	38,163	40,733	43,255	351	358	377	388.0
Corporate epidemic prevention insurance	-	-	-	175	-	-	-	1.4
Personal epidemic prevention insurance	-	-	-	118,724	-	-	-	219.0
Targeted cancer therapy insurance	-	-	-	10,576	-	-	-	37.8
Self-driving vehicle test insurance	-	-	3	15	-	-	0.06	0.75
Parametric earthquake insurance	-	41	18	3	-	0.11	0.02	0.005
Marine activity insurance	-	-	-	1,512	-	-	-	1.3
<b>Total</b>	<b>36,795</b>	<b>38,873</b>	<b>41,257</b>	<b>174,694</b>	<b>526</b>	<b>551</b>	<b>568</b>	<b>807</b>
Share of total underwriting portfolio (%)	0.34%	0.33%	0.32%	1.35%	1.45%	1.42%	1.36%	1.79%

Total GHG Emissions	2017	2018	2019	2020	2020 Target
	Unit: tCO2e				
Scope 1	4,315	4,634	4,797	3,553	4,186
Scope 2	47,406	47,336	44,141	41,272	45,984
<b>Total</b>	<b>51,721</b>	<b>51,970</b>	<b>48,938</b>	<b>44,825</b>	<b>50,169</b>
Scope 3: Employee Commuting	-	-	34	35	-
Scope 3: Fuel and energy-related activities	-	11,167	11,657	8,892	-

Note 1: Inventory covers Fubon Financial Holdings and its four main subsidiaries.  
 Note 2: Inventory method based on ISO 14064-1:2018, the Greenhouse Gas Inventory Protocol – corporate accounting and reporting standards – and the GHG Emissions Registry Guidelines; GWP values use 2013 IPCC AR5 emissions factors used Version 6.0.4 of the Environmental Protection Administration's GHG Emission Factor Management Table.  
 Note 3: Emissions factors for power consumption by year (kgs. CO2e/kWh): 0.529 (2017); 0.528 (2018); 0.533 (2019); 0.509 (2020)

Emissions from Business Travel	2017	2018	2019	2020	2020 Target
	Unit: tCO2e				
Airline Flights	395	457	428	33	-
High-Speed Rail	121	131	119	63	-
Company Fleet	215	199	212	182	-
<b>Total</b>	<b>731</b>	<b>787</b>	<b>759</b>	<b>278</b>	<b>709</b>

Note 1: Emissions from Business Travel are the accumulations of company fleet gasoline emissions, airline flights and high-speed rail emissions.  
 Note 2: The emissions from airline flights and high-speed rail in 2017 are calculated based on the mileage of the year and the ratio of the average carbon emission factor in 2018. The 2018, 2019, and 2020 figures were calculated by BSI based on the ISO 14064-1:2018 standard.  
 Note 3: 2020 target was a 3% reduction from the 2017 baseline

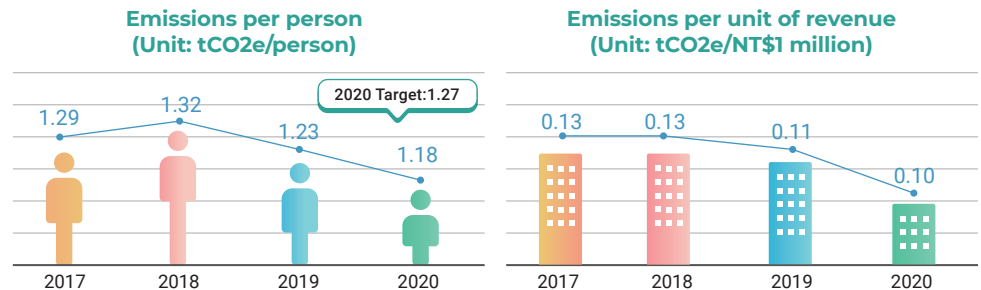
The carbon intensity per person was 1.18 metric tons/person, achieving 647% of the target. Carbon intensity per unit of revenue was 0.10 metric tons per NT\$1 million of revenue, down 9.1% from 2019. The intensity target, the per capita carbon reduction target, with 2017 as the base year and 3.5% reduction by 2025.

## 4.4 Green Operations

### 4.4.1 Greenhouse Gas Reduction and Renewable Energy

#### Organizational Inventory

Fubon launched the ISO14064 greenhouse gas inventory certification process in 2012. Since 2017, the inventory has had 100% coverage. The Company set an absolute emissions reduction target of 12% by 2025 compared to 2017 baselines. In 2020, the total greenhouse gas emissions of Scope 1 and Scope 2 were 44,825 tons, a decrease of 8.4% compared with 2019, and the target achievement rate is 444%. In 2016, Fubon committed to introducing Science-based Targets (SBT) for emissions, and it is planning to submit low-carbon targets based on the SBT Initiative's financial sector science-based targets by 2022. Given that commitment, Fubon continuously evaluates and installs new energy-saving equipment to lower power consumption and carbon emissions, and evaluates green power purchases after a review of overall carbon reduction needs to ensure it can continue to meet medium and long-term carbon reduction targets.

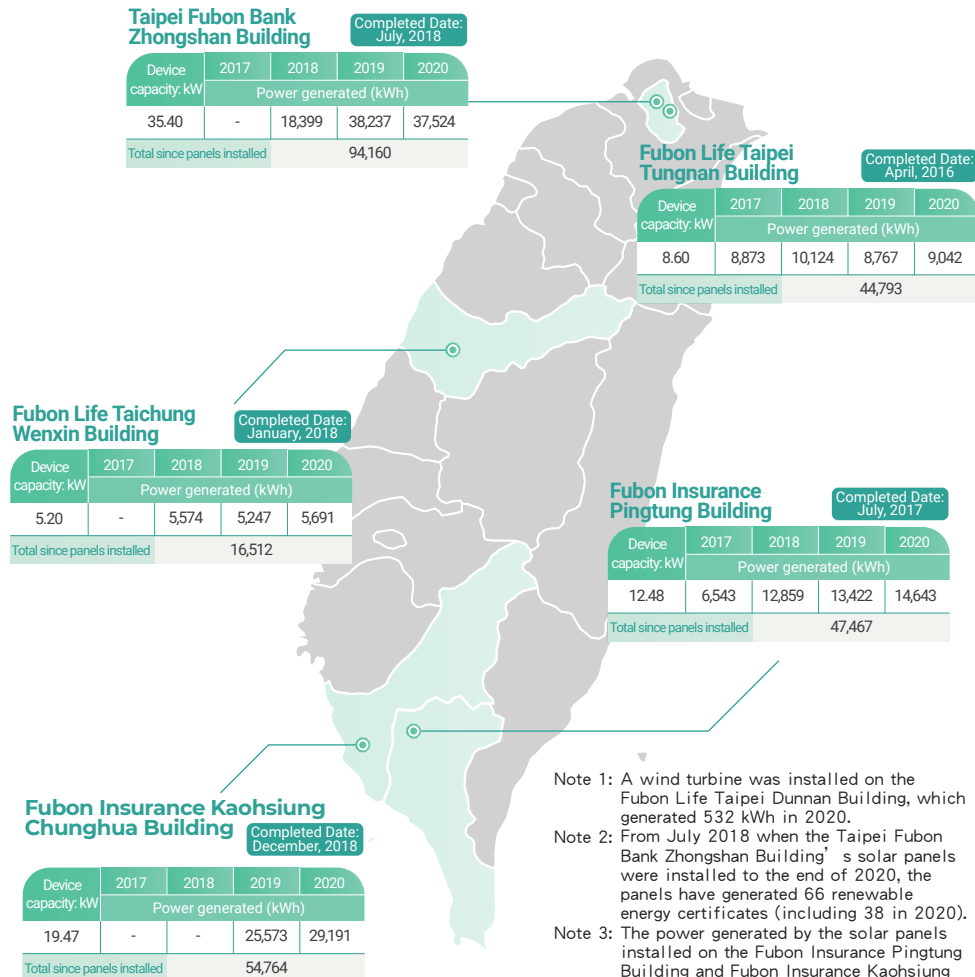


Note: Emissions represent Scope 1 + Scope 2 emissions

### Promoting Green Energy |

Fubon has successively installed solar panels on the roofs of five office buildings it owns since 2016, with a combined installed capacity of 81.15 KW. In 2020, these panels generated a total of 96,091 kWh, which avoided the emission of 48.91 metric tons CO<sub>2</sub>e of greenhouse gases. The Company will continue to evaluate the feasibility of installing solar panels on other buildings in the future.

#### Power generated



- Note 1: A wind turbine was installed on the Fubon Life Taipei Dunnan Building, which generated 532 kWh in 2020.
- Note 2: From July 2018 when the Taipei Fubon Bank Zhongshan Building's solar panels were installed to the end of 2020, the panels have generated 66 renewable energy certificates (including 38 in 2020).
- Note 3: The power generated by the solar panels installed on the Fubon Insurance Pingtung Building and Fubon Insurance Kaohsiung Chunghua Building was sold to Taiwan Power Company. All other power generated was used by the Company.

#### Total emissions avoided by solar power

Location	2017	2018	2019	2020	Total since panels installed
	Total emissions avoided by solar power (kgs. CO <sub>2</sub> e)				
Fubon Life Taipei Tunngan Building	4,916	5,609	4,673	4,602	24,225
Fubon Insurance Pingtung Building	3,625	7,124	7,154	7,453	25,356
Fubon Life Taichung Wenxin Building	-	3,088	2,797	2,897	8,782
Taipei Fubon Bank Zhongshan Building	-	10,193	20,380	19,100	49,673
Fubon Insurance Kaohsiung Chunghua Building	-	-	13,630	14,858	28,488
<b>Total</b>	<b>8,541</b>	<b>26,014</b>	<b>48,634</b>	<b>48,910</b>	<b>136,524</b>

#### Internal Carbon Pricing |

Fubon is ready to embrace the global trend toward internal carbon pricing and promote better low-carbon practices. Beginning this year, it plans to adopt an "implicit pricing" model in its program to evaluate the carbon reduction impact of new equipment purchases and calculate carbon reduction costs (carbon price). It will also compare the benefits of similar types of equipment by looking at their average carbon reduction cost (average carbon price). Carbon price estimates are calculated based on the equipment's purchase price, electricity savings, and service life, while the average carbon price is based on the average of carbon prices for different types of equipment accumulated over years of use. Fubon announces its latest carbon price standards annually for seven types of equipment. In 2021, the cost of reduce a metric ton CO<sub>2</sub>e of carbon emissions ranged from -NT\$900 and NT\$51,900 based on the different levels of power consumption of different pieces of equipment.

#### 4.4.2 Low-carbon Services

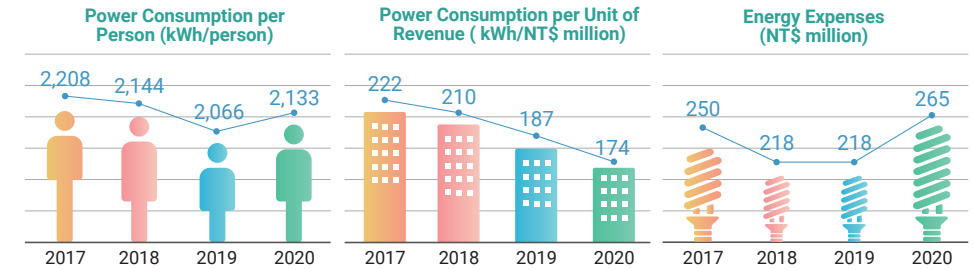
##### Environmental and Energy Management Systems

Since 2016, Fubon Financial Holdings has received ISO 14001:2015 environmental management certification, established the Fubon Financial Holdings Environmental Management Policy, and issued an Environmental Policy Statement. Subsidiary Fubon Insurance received ISO 14001:2015 certification in 2018, and Fubon Life, Taipei Fubon Bank and Fubon Securities adopted the environmental management system and received certification in 2019. After Fubon Financial Holdings and subsidiary Fubon Insurance received ISO 50001 energy management certification in 2017, Fubon Life, Taipei Fubon Bank and Fubon Securities were certified under the standard in 2018.

Power Consumption	Unit	2017	2018	2019	2020	2020 Target
Renewable energy for own use	kWh	8,873	34,097	52,251	52,257	47,736
Non-renewable energy purchased	kWh	88,797,285	84,601,555	82,021,875	81,084,159	84,535,015
Gasoline	Liter	91,188	84,206	88,528	76,219	-
	kWh	826,645	763,351	802,531	690,946	-
Diesel	Liter	3,418	5,196	6,179	6,573	-
	kWh	33,369	50,727	60,324	64,171	-
<b>Total</b>	kWh	89,666,172	85,449,730	82,936,981	81,891,533	-

Note: The thermal value of gasoline for vehicles is 32.635 million joules/liter, and 35.146 million joules/liter for diesel fuel. 3.6 million joules = 1 kWh of electricity.

##### Energy Management Performance



Note: Energy expenses = Annual electricity expenses + diesel and gasoline expenses - income from sale of solar power to Taiwan Power Co.

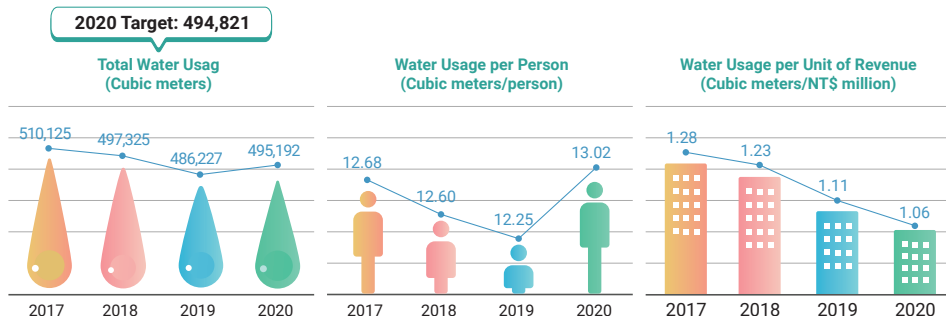
Fubon continues to replace and upgrade equipment used in its operations to lower power consumption in its office buildings and service locations. By upgrading equipment and changing the habits of employees, energy can be used more efficiently, and the Company has set a goal of reducing energy consumption by 12.8% by 2025 compared with 2017 levels.

2020 Energy Management Measures	Environmental Benefits	
	Annual Power Savings (kWh)	Annual Carbon Reduction Unit: tCO2e
Installed Energy-Efficient Lights	379,255	193
Installed Neon Light Advertising Towers	114,925	58
Replaced Air Conditioning Equipment	33,800	17
PUE Data Center Power Usage Effectiveness Enhanced	133,514	68
<b>Total</b>	<b>661,494</b>	<b>336</b>

## Water Resources

Fubon is constantly evaluating the need for water-saving equipment to reduce water consumption at its offices and branches and has put in place related measures. Based on a 2017 baseline, the target has been to save 3% in water consumption by 2020, 4% by 2021 and 10% by 2025. In line with government COVID-19 prevention guidelines, Fubon had employees work in different areas and start work at different hours, and encouraged them to frequently wash their hands and maintain good hygiene. As a result, water consumption in 2020 rose 1.84% from a year earlier to 495,192 cubic meters, achieving 97.58% of the target. Average water consumption per person rose 6.29% compared with 2019 to 13.02 cubic meters, but average water consumption per NT\$ million of revenue fell 4.5% from a year earlier to 1.06 cubic meters.

### Water Management Performance



### Water Conservation Measures

Changed equipment



Recycled water



Held water-saving contest



### Results

- 2017-2019 potable water consumption, water consumption per person, and water consumption per unit of revenue all fell from year to year
- Fubon will continue to consider installing water-saving equipment when appropriate to save water, and depending on the effectiveness of such moves gradually implement them in different office buildings and service locations.

## Paper

To reduce the use of copy paper in office buildings, Fubon has launched a paperless office campaign and set targets for reducing A3 and A4 paper usage. Based on a 2019 baseline, the reduction target was 2.5% in 2020, 5% in 2021, 8% in 2022 and 20% by 2025. The amount of copy paper purchased has increased in the past two years because of robust business growth, to 321,465 packs in 2020, but the target in the future has been set at 301,514 packs. After the paper reduction goal was set in 2020, the annual increase in paper purchased fell to 3.95% in 2020, from 9.01% in 2019.

2020 Copy Paper Reduction Measures	Results
Digital documents and announcements	Promote the use of digital document systems, sign/approve documents and make announcements online or through EDMs, emails, M+ messengers and other digitalized channels to replace traditional paperwork.
Paperless travel expense reimbursement	Encourage the use of Fubon's taxi-hailing app.
Other paperless measures	Encourage double-sided printing, reuse internal envelopes, and replace paper documents in meetings with powerpoint slides.

As the digitalization of financial services has become more common, Fubon subsidiaries have made a concerted effort to reduce paper usage in basic service processes. Fubon subsidiaries combined in 2020 to reduce the paper used in service processes by about 828 metric tons, which, based on the government's Carbon Footprint Calculation Platform, avoided 3,533 metric tons of greenhouse gas emissions. That is equal to the emissions generated by about 1.5 million liters of gasoline or 6.94 million kWh of electricity.

2020 Paperless Services Results	Reduction of Paper Usage (kgs.)	Reduction in Emissions (kg CO2e)
Fubon Life	52,908	244,330
Taipei Fubon Bank	411,821	1,746,122
Fubon Insurance	90,050	381,812
Fubon Securities	273,792	1,160,878
<b>Total</b>	<b>828,571</b>	<b>3,533,142</b>

Note: According to the Carbon Footprint Calculation Platform of Taiwan's Environmental Protection Administration, plain copy paper made from virgin fibers has a carbon footprint value of 4.24 kg CO2e



## Waste Management

Fubon continues to promote waste reduction through publicity campaigns and specific measures to limit the environmental footprint of the Company's operations. Waste reduction targets have been set at a 2% reduction in waste per person in 2022 and a 5% percent reduction in waste per person in 2025 compared to 2021 levels. In 2020, a total of 842,099 kgs. of waste were generated, down 1.63% from 2019.

Waste Management Results	Unit	2017	2018	2019	2020	2020 Target
Total waste generated (A)	KG	822,861	861,936	856,014	842,099	-
Recyclable waste generated (B)	KG	518,134	569,173	557,916	532,873	-
Regular office waste generated(A-B)	KG	304,727	292,763	298,098	309,226	-

Note 1: The statistics of recyclable waste above include recyclable waste generated in all buildings owned by the Fubon Group.

Note 2: The figures for regular office waste above include waste generated in the main office buildings of Fubon Financial Holdings and its subsidiaries. Waste disposal is outsourced to a waste management company that collects and incinerates waste to generate electricity.

Note 3: Waste reduction targets had yet to be set in 2020.

2020 Waste Reduction Measures	Results
Maximized recycling	Recycling bins for sorting solid waste and food scraps were installed on the floors of all office buildings, helping employees sort their trash and recycle waste.
Reduced waste	Used EDM, email and M+ Messenger platforms to communicate information on internal activities, prohibited the purchase of plastic cups and water in plastic bottles, and barred the use of single-use tableware and Styrofoam food boxes in Fubon offices; employees were encouraged to use eco-friendly cups and reduce the generation of single-use waste.

## Green Building

To further enhance energy efficiency and fulfill our environmental protection commitments, Fubon worked on green landscaping and obtained the "green building label" and "Green Building Candidate Certificate".

Location	Level of the Green Building
Linsen South Road Zhongzhen District Hotel	the gold-level Green Building Label Certificate
The Fubon Xinyi A25 Integrated Commercial Building	the gold-level Green Building Candidate Certificate
Taichung Wenxin Office Building	the bronze-level Green Building Label Certificate
Fubon Life Tongshan Building	the bronze-level Green Building Label Certificate

## Raising Employees' Awareness on Environmental Sustainability

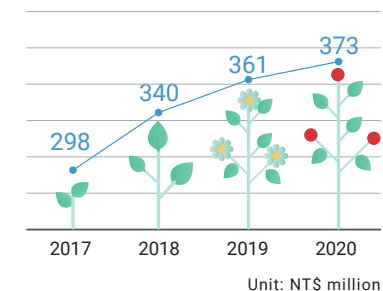
Fubon offers incentives and promotes good environmental practices through an "Environmental Protection Competition" for offices and "Energy Conservation Competition" for business units to raise employees' environmental awareness, deepen their appreciation for sustainability, and encourage them to identify with and take part in Fubon energy conservation and carbon reduction efforts.

Title	Frequency	Methods	Incentives	Results
Environmental Protection Competition	Quarterly	Two environmental impact assessment committee members are appointed for each office building (18 members in total) to conduct spot inspections each quarter and propose improvement plans and key efforts to be made accordingly.	Outstanding floor managers and chief building managers are identified and publicly honored with outstanding floor manager and outstanding chief building manager awards at annual Fubon Group gatherings. Because of precautions taken for COVID-19, the large-scale gathering and award presentations were not held in 2020.	Fubon's environmental education activities have significantly raised employee awareness of the need to save energy and reduce emissions. They are now in the habit of turning off lights when not needed, conserving water, and sorting waste, and have reduced unnecessary copying.
Energy Conservation Competition	Annual	Various environmental protection training is held to educate employees, as well as tabulate energy consumption of the current year and the year prior.	The 10 best units at saving energy in each competition division are given cash prizes or eco-friendly gifts. In 2020, eco-friendly gifts worth about NT\$120,000 were awarded.	

## Green Purchasing

Fubon Financial Holdings actively purchases products certified with the energy conservation label, the green mark (environmental protection label), and the green building material label. The number of purchased items and spending has been on the increase over the years. In 2020, total spending on green purchasing was NT\$373 million, down 3.3% increase compared to 2019. Fubon Financial Holdings received several related honors in 2020, including being cited as an "Outstanding Green Purchasing Promoting Unit" by the Environmental Protection Administration and as an "Outstanding Civil Enterprise and Group in Green Purchasing" by the Department of Environmental Protection of Taipei City. It was also given an "Honorable Mention for Green Buying" by the Department of Environmental Protection of New Taipei City.

### Spending on green purchasing

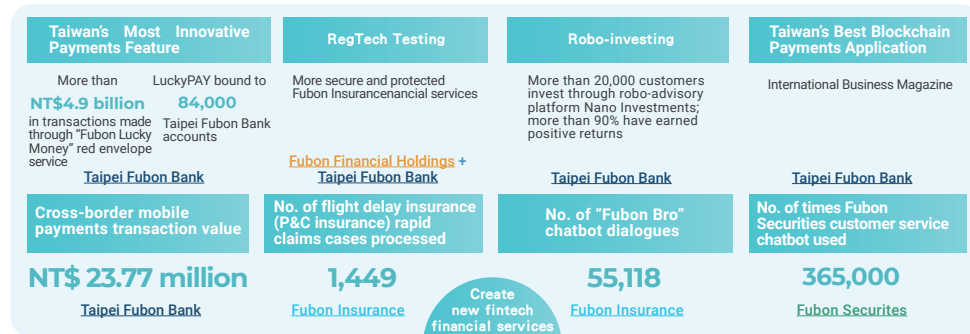


# Providing the Best Financial Services

## 5.1 Innovative Services

### 5.1.1 FinTech

The financial sector is aggressively applying technology to further strengthen the efficiency of its services and create new models, businesses, processes and products. Fubon Financial Holdings is no exception, focusing on fintech (financial technology), big data and intellectual property rights to optimize fintech services. Within that framework, forging new ecosystems by integrating Group and outside resources and forming cross-sector partnerships and opportunities remains key to Fubon's vision of more inclusive and customized financial services that are better integrated into daily life.

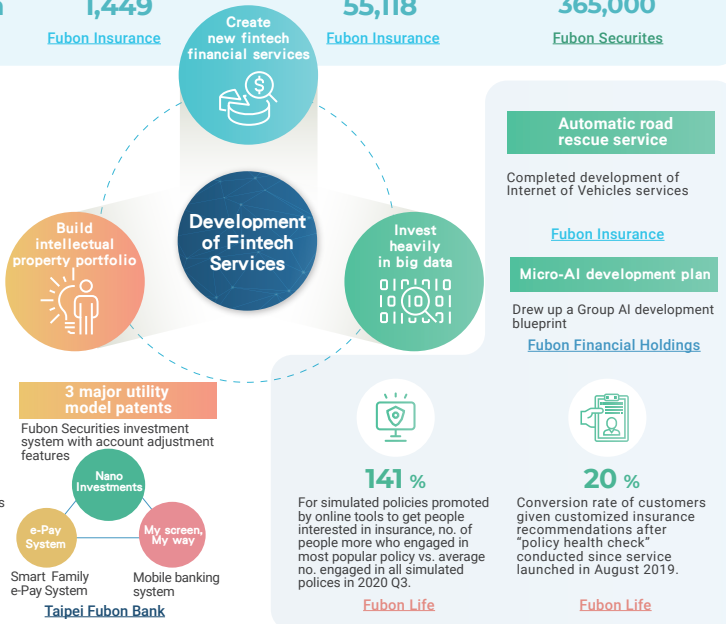


Amount invested in R&D for the year  
**NT\$ 23.25 million**

4 major subsidiaries  
Continuous innovation  
Fintech patent applications encouraged  
**Fubon Financial Holdings and 4 main subsidiaries**

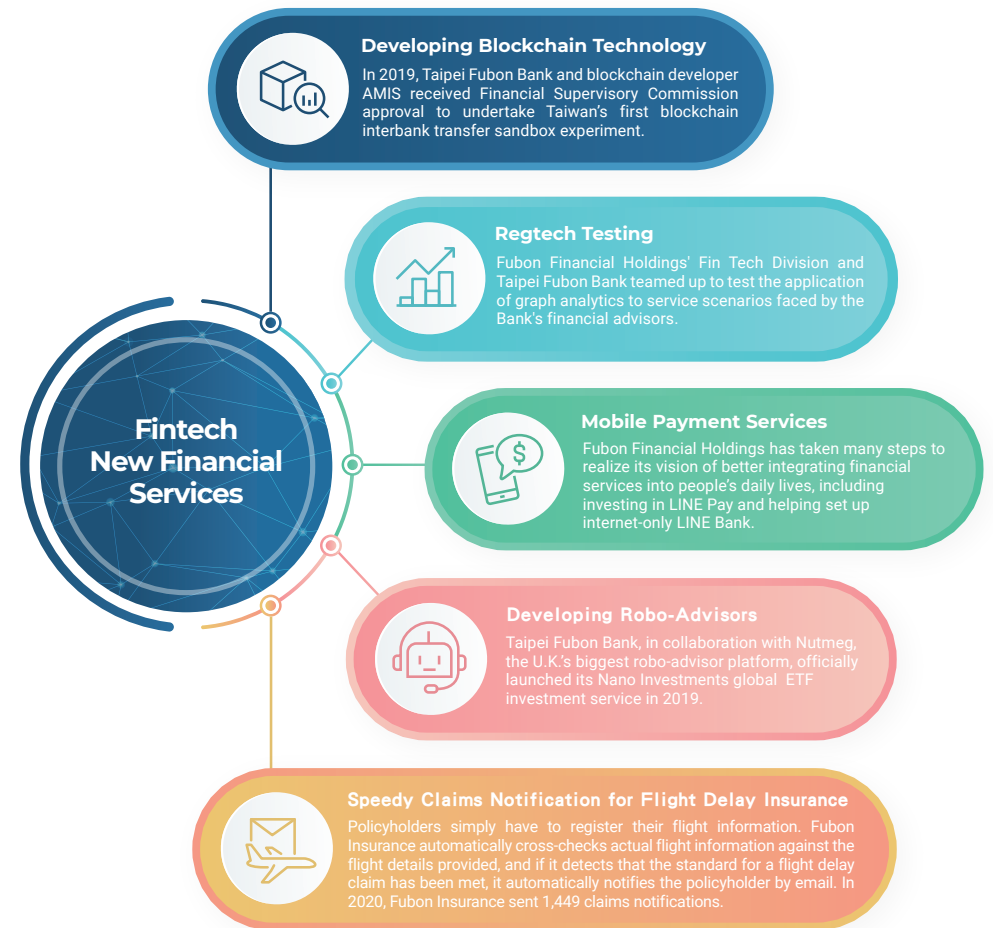
No. of patents

No. of patents approved in 2020: **27**  
Total No. of patents approved as of the end of 2020: **74**  
**Fubon Financial Holdings and 4 main subsidiaries**



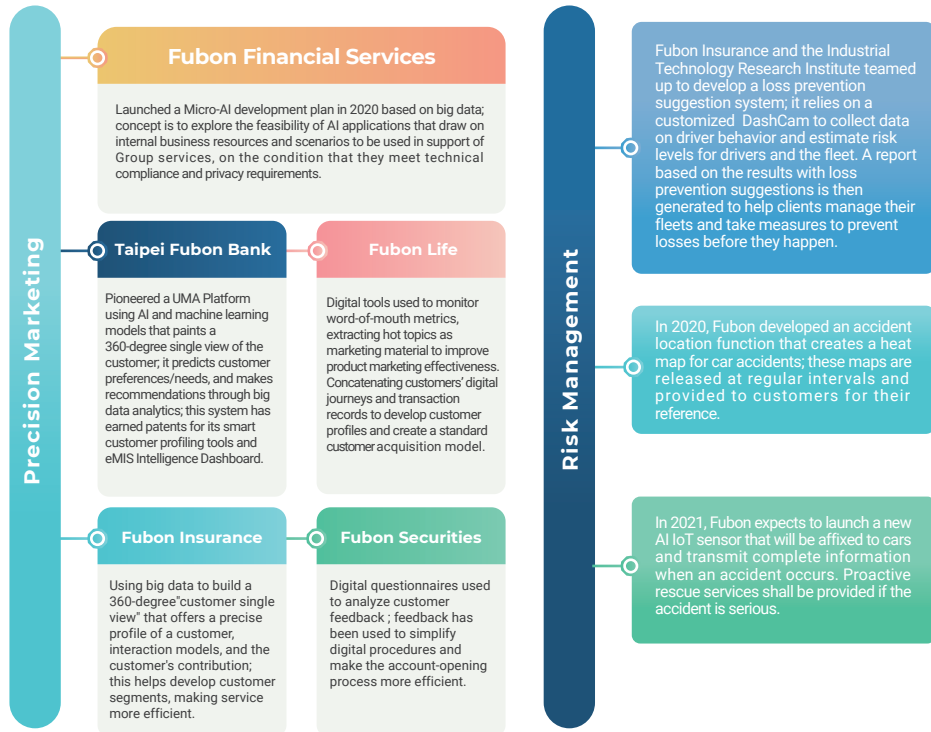
### | Exploring New Fintech-enabled Financial Services |

Fintech represents an important link in developing innovative financial services. Fubon Financial Holdings and its subsidiaries are investing heavily in blockchain technology R&D, regtech (regulatory technologies), mobile payments, robo-advisor services, and speedy claims notifications for flight delay insurance as they continue to explore and open new financial services frontiers.



## Investing in Big Data |

Investing in big data infrastructure and R&D is vitally important to marketing and risk management operations in the financial sector. In recent years, Fubon Financial Holdings and its subsidiaries have moved aggressively into data-driven development to provide smart services and fortify the customer experience, enabling each subsidiary to expand its customer base and deliver greater customer value.



## A Growing Intellectual Property Portfolio |

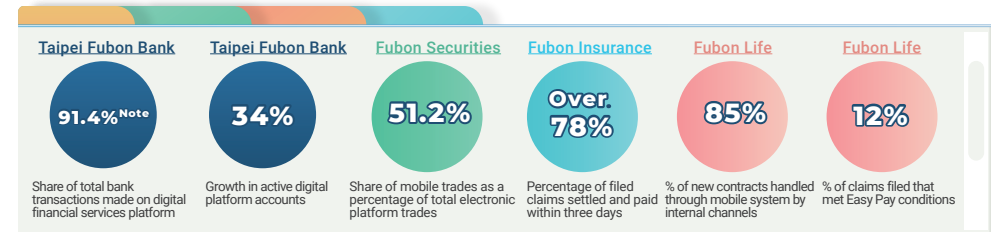
Fintech-driven digital transformation has emerged as a key trend in the global financial sector, highlighting the importance in the future of developing fintech-related intellectual property. As it strides closer to its vision of becoming one of Asia's first-class financial institutions, Fubon Financial Holdings has devised an intellectual property management plan and is now implementing it. Fubon Financial Holdings and its subsidiaries were awarded a total of 27 patents in 2020, and they will continue to invest in R&D to help cement Fubon's status as the industry's leading brand.

## Approved Patents in 2020

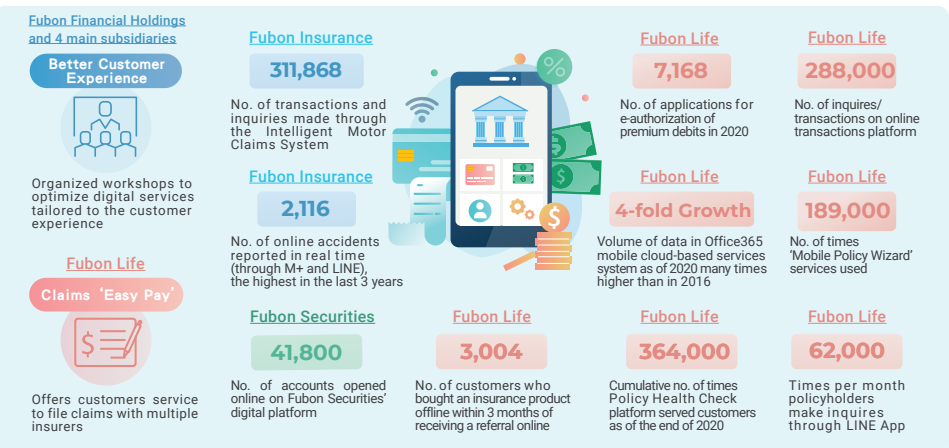
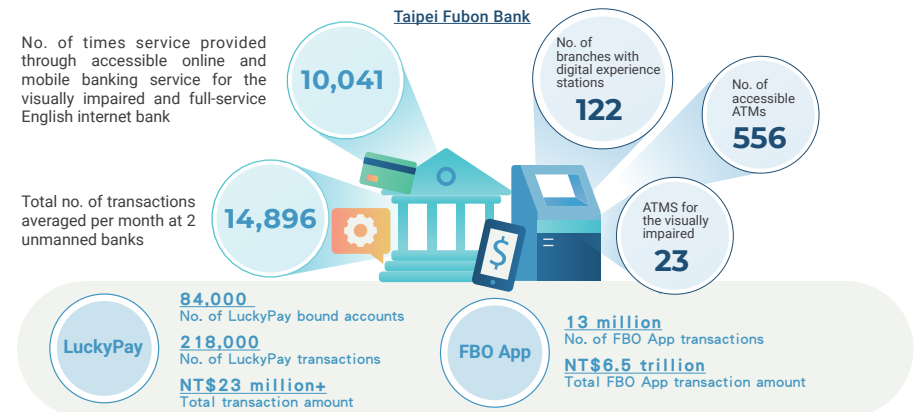
	Fubon Financial Holdings	Taipei Fubon Bank	Fubon Life	Fubon Insurance	Fubon Securities
Invention Patents	1	1	1	3	1
Utility Model Patents	0	8	12	0	0
All Received Patents by the End of 2020	11	10	23	14	16
2020 R&D expenses (NT\$10,000)	-	115	1,683	512	15

## 5.1.2 Mobile Services

Fubon Financial Holdings and its subsidiaries have aggressively moved their services to electronic and mobile platforms to provide customers greater convenience and mitigate the environmental impact of traditional transaction processes. Fubon offers a wide array of financial products and excellent service around the clock that satisfy customers' diverse needs and maximize the value of service innovation.



Note: Figures as of September 2020; because the operating system was changed and used a different baseline, the figures will not be included among full-year statistics.



## Fubon Financial Holdings

### Elevating the Customer Experience

Fubon Financial Holdings' FinTech Division develops and promotes customer-oriented digital service concepts, organizes seminars and workshops for the Group and subsidiaries, and devises Fubon Group user experience guidelines. Its goal is to devise a uniform experience across platforms and build up "positive energy" that reflects the spirit of the Fubon brand, helping customers to get to know Fubon better at an emotional level. The division works closely with subsidiaries on the user interfaces their customers face based on actual case studies, engaging in in-depth design thinking to improve ease of use, simplify procedures and beef up after-sale services. Then end-users are interviewed and asked for feedback to finalize these design solutions, which are then turned over to subsidiaries to be implemented.

### Fubon Life

Fubon Life does its utmost to provide helpful mobile services to sales agents and policyholders at all stages of the insurance process, whether before, during or after a customer takes out insurance. It also remains mindful of the effects of social change and uses its core competencies to create initiatives that benefit society.

### Mobile Services

#### Before Getting Insurance Robust multi-device cloud services

- **Outside sales agents**—Use Microsoft Office365 multi-device cloud services to make service more efficient; features include email, calendar, contacts, and cloud storage, and it has also incorporated the verification service found on the Fubon sales agent website ("mobile office"); new services will continue to be added in the future.

#### While Getting Insurance Interactive services and mobile applications

- **Interactive game experiences**—Online insurance calculator and interactive games offer insight into customers' needs; these customers then guided to offline sales agents for more diversified product options, ensuring they have access to the most comprehensive coverage.
- **Mobile apps**—Enable customers to get insurance in real time; identity-proofing and telephone interview procedures begin as soon as customers upload the necessary documents. Real-time videoconference identity-proofing services introduced in July 2020, and real-time phone interviews were launched in December.

#### After Getting Insurance Electronic authorization and mobile payments

- **Electronic authorization**—A groundbreaking service was introduced that allows electronic authorization for automatic debits of premiums. Policyholders simply scan a QR code or click on a link in a text to complete a Fubon Life premium debit agreement. Added to that is an "e-Direct Debit Authorization" that authorizes the debits to be made.
- **Added mobile payment channels**—Fubon Life was the first in the industry in initiating a mobile payments mechanism and giving policyholders the option to pay their premiums using a mobile device. This service earned an award in 2020 from the Digital Banker.

Fubon Life offers e-policy downloading and electronic signatures and diversified the formats of its policies to make it easier for customers to get insurance, strengthen their coverage and protect the environment. These measures have dramatically reduced processing times and improved service efficiency, creating a win-win situation for customers and the company.

#### E-Policy Upgrade - Easy Download, e-Signature Function

In 2019, a new channel for downloading e-policies and signing them electronically was added, optimizing the e-policy downloading and signing process. Customers simply have to enter their ID number and birth date and use a one-time password to log in and sign an e-policy; in 2020, 51,555 policies were signed electronically through this channel, accounting for 92% of all e-policies.

#### Diversification of Policy Format, e-Terms Easily Scanned with QR Code

In 2019, aside from existing "paper policy" and "e-policy" formats, a new "e-terms and conditions" policy was launched that still uses paper for key insurance documents needed to be signed or for payment, while the terms of the policy and its description can be viewed digitally by scanning a QR Code with a mobile phone, tablet or other mobile device. In 2020, 39,027 policyholders got this function, with the application rate for it in the sales agent channel rising from 3.9% to 11.0% of all policies.

### e-Service that Never Sleeps

Fubon uses cloud technology to provide secure, convenient and responsive services without disruption. It has introduced an online transactions platform and the "Mobile Policy Wizard" service in the "Policyholders Section" of its website. The online transactions platform allows customers to borrow against their policies and make 19 different policy changes entirely online. The "Mobile Policy Wizard" enables agents to calculate policyholder premiums and fill out and send the necessary application forms when making changes to a policyholder's coverage. The operating system used for changing policies has been revamped to improve the overall efficiency of service, and allows virtual images in place of hard copies when processing changes.

### Impact of e-services

#### Online Transaction Policyholder Members



12,416 new members added in 2020, of which 5,879 joined by applying for membership online; online applicants up 33% from 2019.

#### Online Transactions



More than 1.31 million changes to insurance contracts and policy loans have been completed on the platform in just under 6 years; the no. of times the platform was used rose 30.3% in 2020.

#### Mobile Policy Wizard



- Handled 189,000 applications in 2020, up 16% from the 163,000 handled in 2019.
- Insurance calculator used 1.14 million times in 2020.



## Taipei Fubon Bank

### Forging a Strategic Partner Ecosystem and Cashless Society

Since 2018, Taipei Fubon Bank has invested in LINE Pay and developed a strategic partner ecosystem that connects 8.4 million LINE Pay members and small vendors, and helps these vendors build an integrated online to offline customer management model. The bank has worked closely with LINE Pay in the credit card business, offering a J Point card that offers LINE Points rewards and getting consumer outlets that did not accept credit cards to allow LINE Pay payments. These efforts are consistent with Fubon's efforts to better integrate financial services into people's daily lives.

### Serving Small Investors in Support of Financial Inclusion

Taipei Fubon Bank teamed up with Nutmeg, the United Kingdom's biggest online investment management service, to create the Nano Investments global ETF robo-advisory platform. Investors can invest as little as US\$100 in a wide range of global ETFs while getting access to services of an international standard that empower investors through technology and offer multi-asset portfolios.

### Increasing Number of Active Digital Platform Customers

Business strategies, customers' transactions, and application processes are analyzed in order to continue to enhance and optimize the digital platform. Suitable functions and other new features are introduced in response to customer needs to help fuel growth in the number of active users.

Item	Internet Banking/ Mobile Banking
Growth in active digital platform customers	Grow 34%
Percentage of all bank transactions made on digital platforms	91.4% <sup>Note</sup>

Note: Figures as of September 2020; because the operating system was changed after this and used a different baseline, the figures will not be included among full-year statistics.

### Mobile Payment Innovation, Bringing Financial Services in Tune with Daily Life

Taipei Fubon Bank continues to use apps linked to credit cards and bank accounts to optimize Taiwan's first instant messaging app (M+) payment service. In 2020, a password validation function for payments was introduced that cut the number of steps and the time needed to complete a transaction. The goal in the future will be to overcome restrictions on interbank transfers and develop Taiwan's first instant messaging platform that can deduct funds from accounts in several different banks.

### 'Commercial Micro Loan Factory' App Upgrade

In 2019, Taipei Fubon Bank introduced a new AI loan approval app featuring big data and AI technology – called "Commercial Micro Loan Factory" (CMLF) – that simplified the often complicated and cumbersome loan processes faced by micro, small and medium enterprises. Equipped with Taiwan's first mobile credit check feature, the app can link up from a remote location with the Joint Credit Information Center (JCIC) to check a company's credit on the spot and calculate a precise credit line and loan rate. It also relies on AI to conduct credit checks, enabling loan requests to be approved in as little as three days after an applicant presents the necessary documents, far shorter than the standard 15-20 days for similar cases seen in the industry. The CMLF app is now recognized in the domestic banking sector as the AI system that handles customer loan requests the fastest, and a utility model patent has been obtained for the app.

### Nano Investments Features

#### Paperless Functions

Many functions are now completely digital and use no paper, greatly reducing the emissions generated by using paper and sending documents by mail. These include risk adaptation assessments (know your customer), portfolio recommendations, transaction confirmations, discretionary individually managed trust agreements, mailings of bank statements, and investment performance statements.

#### More ESG Investment Targets

Investment portfolios have gradually added ESG-themed ETFs, and plans are to continue to increase their weight in the investment mix. As of the end of 2020, more than 23,000 people had invested through the Nano Investments platform, with total AUM at US\$46.45 million. Over 98% of investors generated positive investment yields; the average return on investment was 8.68%.

In 2020, the bank rolled out an upgraded version of the app and also used big data and AI technology to further encourage digitalization. At the same time, a link-up with the JCIC's SME financing platform and the Small & Medium Enterprise Credit Guarantee Fund was completed, simplifying the customer application process and speeding up the transmission of information. Taipei Fubon Bank, meanwhile, was ranked first for the percentage of its own and public economic relief cases handled online during the COVID-19 pandemic.

### Expanding the Financial Services Network with 8 New Branches

To move closer to its vision of becoming one of Asia's leading financial services brand, Taipei Fubon Bank continues to bring its industry-leading financial services to new markets with considerable potential, hoping to narrow the gap in branch numbers with its main competitors. Consistent with its commitment to corporate social responsibility, the bank also provides a complete range of financial services in more rural and remote areas through cross-selling services that draw on Group resources. In November 2019, it applied to set up eight new branches around Taiwan, and five – the Zhongdong Linkou branch, South Taoyuan branch, Taitung branch, Yilan branch and Zhunan branch – began operations in 2020. The Guangming branch, North Tainan branch and Huwei branch will open in 2021.

## Fubon Insurance

### Intelligent Motor Claims System and Online Accident Reporting

Fubon Insurance's "Intelligent Motor Claims System" was upgraded in 2020, adding smart risk assessment and case risk alert capabilities. It also strengthened its "Mobile Claims App" so that claims adjusters can check a customer's coverage information at the scene of an accident and propose a settlement on the spot. The settlement takes effect as soon as it is confirmed and signed by the customer. The settlement can also be signed online and the payment, within a certain amount, can be transferred immediately. The streamlined process allows claims to be settled at once. A total of 47 cases have been handled this way in the past two years. Fubon Insurance has also deployed an "Online Accident Reporting" service to provide even greater convenience. The service can be accessed through the company's website, instant messaging software M+, or the "Fubon" LINE account. In cases where liability is straightforward, a customer service associate on the 0800 customer service hotline can help the customer quickly clear the scene, dramatically improving the quality of service.

### Online Accident Reporting

Year	M+	Line	Total Number
2018	445	-	445
2019	664	484	1,148
2020	485	1,631	2,116

### Smart Claims Compensation and Automatic Underwriting

Fubon Insurance has developed a smart AI claims review system through which simple claims can be processed automatically to allow express payouts. All information related to each case is compiled and transferred to a centralized system that reviews the claim and calculates the amount that should be paid. It then determines automatically whether to approve the claim before closing the case, a process that speeds up the handling of claims cases. More than 78% of the claims cases that have met the automatic review criteria have been settled within three days. In 2020, meanwhile, the automatic underwriting system was completed. Relying on an automatic underwriting logic and rules, the system follows those rules to screen and review travel, health and personal injury, and residential fire insurance. If there are no issues, applications can be approved automatically, without the need for human intervention. The system can also detect missing documents, saving the time it would take sales agents to perform the task. The system is supplemented by an expert review process for special cases that enables those cases to eventually be handled automatically in a standardized way.

## Fubon Securities

Drawing on both online and offline resources, Fubon Securities' mobile services enhance the value of physical channels, create a "one-cloud multi-screen" electronic trading environment, and encourage mobile account opening, trading and investing. Partnerships are set up with other sectors and social communities to provide customers diversified financial management services. The Fubon Securities mobile trading platform has been optimized and its systems upgraded, helping improve efficiency and lower costs. In 2020, the company's electronic trading market share was 4.0%, and mobile orders accounted for 51.2% of all electronic trades. In 2021, the platform's user interface and user experience will be strengthened to provide simple, intuitive usage and empower users to customize their home trading page. New online transactions will also be developed to broaden an already comprehensive range of financial products.

## 5.2 Customer Relationship Management

### 5.2.1 Treating Customers Fairly

Fubon Financial Holdings puts a high priority on financial consumer protection and has embraced Treating Customers Fairly Principles as core values and as part of its corporate value system and code of conduct. Compliance training for employees has also been strengthened to increase consumer confidence in the company and ensure its sustainable development.

Treating Customers Fairly (TCF) principles	Personal Information Protection and Management System	Complaint management and redress
<ul style="list-style-type: none"> <li>A Treating Customers Fairly Policy and Treating Customers Fairly Strategy have been established.</li> <li>Regular 3-hour training sessions held on the Treating Customer Fairly Principles; main subsidiaries provided 175,000 hours of training for 60,112 people.</li> <li>Results of training efforts reported to the board of directors on a regular basis.</li> <li>Customer complaints/consumer disputes are checked to see if issues involved violate the Treating Customers Fairly Principles.</li> <li>Fubon Insurance, Fubon Life, and Fubon Securities ranked in top 20% of Financial Supervisory Commission's evaluation of Treating Customers Fairly practices.</li> </ul>	<ul style="list-style-type: none"> <li>Adequacy of personal information protection and management guidelines reviewed regularly.</li> <li>2020 personal information protection and management plan set to establish the tasks and schedules related to personal information protection for the year.</li> <li>Personal information protection and management tasks executed based on the "Plan-Do-Check-Act" process.</li> </ul>	<ul style="list-style-type: none"> <li><b>Fubon Life</b> : All complaint cases resolved in 30 days; all Financial Ombudsman Institution cases resolved within 10 days.</li> <li><b>Fubon Life</b> : 894 case studies compiled on platform for sharing studies of complaint cases, including 110 added in 2020.</li> <li><b>Fubon Life</b> : 99.1% of support service cases handled within 10 working days.</li> <li><b>Fubon Life</b> : Service feedback mechanism leads to 36 suggestions being reported and evaluated.</li> <li><b>Taipei Fubon Bank</b> : QR code customers can use to send feedback shown on display stands and stamp pads at all 135 branches, enabling customer feedback to be compiled in real time.</li> </ul>

## Treating Customers Fairly Principles

To ensure that Treating Customers Fairly Principles are effectively implemented, Taipei Fubon Bank, Fubon Life, Fubon Insurance, and Fubon Securities have established a Treating Customers Fairly Policy, a Treating Customers Fairly Strategy, and related guidelines. The policy is also incorporated into education and training programs, which are provided on a regular basis. The results of these programs are presented for review at the annual meeting of senior executives and then reported to the board of directors to facilitate timely revisions of the Treating Customers Fairly Strategy.

### 2020 Treating Customers Fairly Education and Training Programs

Fubon Life	Taipei Fubon Bank
<ul style="list-style-type: none"> <li>Board of directors approved revisions to the Treating Customers Fairly Policy and Strategy.</li> <li>"Business outlook meeting" held and attended by 83 department-level supervisors.</li> <li>Published editions 3 to 8 of "TCF Principles Journey," an internal publication issued once every two months.</li> <li>Total of 45,853 participants – 42,050 outside agents and 3,803 office staff – took part in a combined 137,559 hours of instruction.</li> </ul>	<ul style="list-style-type: none"> <li>7,112 people received 21,336 hours of training on the Treating Customers Fairly Principles.</li> <li>Organized TCF-themed publicity and contests, in line with company's 361-degree service culture that comes with an extra degree of warmth.</li> </ul>
Fubon Insurance	Fubon Securities
<ul style="list-style-type: none"> <li>"Friendly Financial Services" established to ensure that the fundamental rights of customers with disabilities are respected and that they have access to equal and convenient financial services; accessible financial services offered, fostering a friendly financial services environment.</li> <li>5,472 people attended 10,778 hours of classes on Treating Customers Fairly Principles and guidelines on friendly financial services.</li> </ul>	<ul style="list-style-type: none"> <li>1,675 people received about 5,025 hours of training.</li> <li>A Treating Customers Fairly section was added to the company's website in December.</li> </ul>



## 5.2.2 Personal Information Protection

Protecting the personal information of customers is one of Fubon Financial Holdings' highest priorities. We have established the Fubon Financial Co., Ltd. and Subsidiaries Personal Information Protection Policy, which clearly stipulates the responsibilities and obligations of employees in handling and protecting personal information, and posted a "Privacy Statement" on our website, informing customers of their rights and the measures taken to protect the confidentiality of their personal information. If a customer suspects their personal information has leaked, they can report their suspicions through the customer service center or website mailbox or at a local office. The department that receives the complaint will notify the responsible operational risk department or a related unit, and that unit will determine if there was a personal information breach. If a breach has occurred, the case should be handled and reported based on the Personal Information Protection Act and the Fubon Financial Holding Co., Ltd. and Subsidiaries Operational Risk Reporting and Management Guidelines. If a case reaches the media, the media strategy should be handled based on the "Fubon Financial Holding Co., Ltd. and Subsidiaries Principles for Media Crisis Management."

To ensure the protection of personal information, the "Personal Information Protection and Supervision Committee" set up under Fubon Financial Holdings' Risk Management Committee oversees the protection and management of personal information by the financial holding company and its subsidiaries and reports on the situation to the Risk Management Committee on a quarterly basis. Each unit conducts a semi-annual self-check of its internal controls and compliance practices and a self-assessment of compliance issues, and auditing units check on a regular and irregular basis how effectively each unit is managing personal information protection. In 2020, there were 38 cases of formal personal information complaints filed by customers internally and externally, of which 10 were filed through outside organizations, and nine were filed through regulatory authorities. They were all settled appropriately. The other 19 complaints were filed through internal channels, and a breach of a customer's privacy was found in one of those cases. In that situation, a Taipei Fubon Bank branch staffer tried contacting a customer several times on a banking matter, without success, and gave the customer's personal information to a third party to enlist its help in tracking the customer down. The customer then complained that the bank had leaked their personal information, and those involved in the mishap were disciplined according to company rules. At the same time, the bank strengthened employee education to remind workers to follow procedures in protecting customers' personal information.

In response to the growing demand for digital services, Fubon Financial Holdings subsidiaries use big data analysis to provide the best possible customer experience based on customers' needs. All uses of the data and related marketing activities are handled in accordance with the Personal Information Protection Act and internal operating rules to safeguard the rights and interests of customers and the security of their personal information. In 2020, 56.7% of customer information was used by Fubon subsidiaries at least twice.

In response to the EU's implementation of the GDPR (General Data Protection Regulation), Fubon Financial Holdings and its four main subsidiaries established a "GDPR privacy protection mechanism and personal information certification project" to set up a GDPR privacy protection mechanism. Taipei Fubon Bank, Fubon Life, and Fubon Insurance also sought to align themselves with the GDPR and received certification under the BS10012:2017 Personal Information Management System (PIMS) standard.

Several steps have also been taken to cultivate and strengthen Fubon employees' professional knowledge and abilities related to protecting customer information. Training in this area is provided to all Fubon employees on a regular basis, and resources are continually invested in publicizing the latest regulatory directives to instill both awareness of and concepts related to personal information protection into the company culture and daily tasks. When an employee violates the personal information protection management policy, the individual is punished based on human resources regulations and the severity of the offense.

Personal Information Complaints	Total	No. of Confirmed Cases	Outcomes
Internal (customer service center, website, service location)	19	1	The individuals who were negligent were disciplined according to the rules. Education on personal information protection was also strengthened.
External Units (incl. the Financial Ombudsman Institution)	10	0	
Regulatory Authorities	9	0	Cases handled appropriately.

## 5.2.3 Customer Satisfaction

Fubon Financial Holdings takes several steps to better understand the needs of its customers and improve customer satisfaction, including conducting satisfaction surveys related to its full range of services and continuously gathering and compiling customer reaction and feedback. Through these steps, Fubon hopes to get closer to its customers and provide services that exceed their expectations, helping Fubon become the benchmark for outstanding financial services.

Initiatives	Units	2020 Action Plans	Results
General FHC Satisfaction Survey	Fubon Financial Holdings	Annual satisfaction survey of four main subsidiaries' products and quality of service conducted.	Overall satisfaction with service at Fubon's banking, life insurance, P&C insurance and securities units 83%; the net promoter score was 34 points.
Real-time Satisfaction Surveys	Taipei Fubon Bank	Satisfaction surveys conducted at points of contact on an ongoing basis; the surveys examine and analyze causes of customer dissatisfaction and provide a basis for improving processes.	Conducted surveys to gauge satisfaction with nine different types of services in real time; percentage of responses of "satisfied" or above was 93.24% (goal was 92%).
Counter Services Satisfaction Surveys	Fubon Securities	Satisfaction surveys for counter services were launched in September 2020; they consist of brief real-time questionnaires to get immediate feedback and suggestions and inform improvements.	From September to December 2020, 99.88% of customers were satisfied with the company's account opening process; the net promoter score was 66 points.

Initiatives	Units	2020 Action Plans	Results
Mystery Shopper Audits	Fubon Life	Professional consulting firm commissioned to conduct the survey annually; results used to strengthen the quality of service provided by Fubon Life staff at retail locations and enhance customer satisfaction.	Overall average satisfaction in 2020 was 92.47 points, up 0.79 points from 2019.
	Taipei Fubon Bank	Service quality at points of contact monitored from a more comprehensive perspective.	More than 1,200 calls made to customer service and 170 visits made to branches during the year; checks of branches had an average score of 83.23.
	Fubon Securities	Professional consulting firm commissioned to conduct survey annually.	On-site checks conducted at 14 branches in 2020, with an average score of 88.6; phone service checks conducted at 37 branches, with an average score of 87.9.
Customer Satisfaction with Major Businesses	Fubon Life	Surveys on "Overseas Emergency Services" and "Telephone Inquiry Services" conducted.	All 49 Fubon Life overseas emergency rescue services beneficiaries surveyed, satisfaction was 100%; 41,761 customers surveyed on satisfaction with inquiries made - 99.6% were "satisfied" or above (goal was 92%).
	Taipei Fubon Bank	Surveys covering customer satisfaction with digital platform conducted.	Internet Bank satisfaction at 92.84%; Mobile Bank satisfaction at 88.17%.
	Fubon Insurance	Continue to improve claim satisfaction and roadside assistance satisfaction.	In 2020, satisfaction with motor claims service was 92.22% from January to June and 85.18% from August to December; satisfaction with roadside assistance service was 98.62%, and satisfaction with counter services was 98.44%.
	Fubon Securities	Online satisfaction surveys related to opening accounts continuously conducted.	Satisfaction was 94.6% in 2020.
Service Quality Awards	Taipei Fubon Bank, Fubon Insurance	<ul style="list-style-type: none"> <li>The bank holds an annual "Service Star" awards ceremony.</li> <li>Fubon Insurance commends toll-free customer service hotline associates for outstanding service every month.</li> </ul>	<ul style="list-style-type: none"> <li>In 2020, 16 employees were selected as "service stars".</li> <li>Fubon Insurance selected two people for outstanding service every month.</li> </ul>
Provide Professional financial service	Fubon Securities	<ul style="list-style-type: none"> <li>Organized investment seminars to help customers manage their portfolios.</li> <li>The Fubon Trend podcast helps customers stay on top of global market trends.</li> </ul>	<ul style="list-style-type: none"> <li>Because of the COVID-19 epidemic in 2020, only organized four medium-sized investment seminars, attended by a total of nearly 220 people.</li> <li>The Fubon Trend podcast, launched in June 2018, attracted a total of 201,474 listeners in 2020. The podcast began an online video version of the show in June 2020 that gave people another way to keep up with the latest industry trends.</li> </ul>

Beyond the strategies mentioned above for enhancing customer satisfaction, Fubon Financial Holdings subsidiaries continue to engage in other practices to embed customer satisfaction into their daily operations and sharpen the features of their products and quality of their service.

## Taipei Fubon Bank

### Conducted Real-time Satisfaction Surveys

Using electronic questionnaires and short texts messages to gather information on how satisfied customers were with the service they just received. The results were made part of the retail banking service KPIs to be monitored and reviewed at the bimonthly service quality meeting chaired by upper management.

### Customer Satisfaction Surveys with Digital Platform

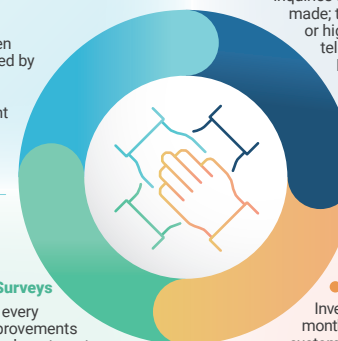
Collecting customer feedback via a number of channels.

### Conducted Service Quality Audits

A mystery shopper audit mechanism has been developed, run by a specialized mystery shopper team. Aside from conducting monthly checks as mystery shoppers, team members also appear on-site to observe service processes and see how real customers feel about the service they receive to identify problems.

### Customer Feedback Management

Customer feedback is gathered and then discussed at service quality meetings led by top executives to find opportunities for improvement; a voice of customers (VOC) platform and customer complaint platform are in place to collect customer feedback and suggestions.



## Fubon Insurance

### Motor Insurance Claims Satisfaction Surveys

Survey results are given to related units every month to be reviewed and to inform improvements and then passed on to customer service departments for further review; the goal is to achieve a satisfaction rate of 75% or higher every month.

### Roadside Assistance Satisfaction Surveys

Customer feedback or expressions of dissatisfaction are compiled monthly in a "Roadside Assistance Satisfaction Table," which is given to roadside assistance service providers to review and help them propose solutions. The number of surveys conducted must be at least 10% of total cases processed in a particular month. In 2020, surveys were conducted in 25.5% of total cases processed.

### Counter Services Satisfaction

Surveys on satisfaction with counter services are conducted immediately, with customers filling out questionnaires on an iPad. The goal for overall satisfaction every month is 95% or higher.

## Fubon Life

### Satisfaction surveys on counter services

Every year from July to September, a professional consulting company is commissioned to conduct on-site evaluations of counter services. The goal is to achieve a satisfaction rating of 85 points or higher.

### Conduct surveys on "Overseas Emergency Services"

After "Overseas Emergency Services" cases are settled, a call is made to the policyholder/family member to comfort them and conduct a satisfaction survey; the goal is to achieve a satisfaction rating of 95% or higher.

### Conduct surveys on the "Telephone Inquiry Service"

Satisfaction surveys of randomly sampled telephone inquiries are conducted by phone after an inquiry is made; the monthly goal is a 92% satisfaction rate or higher. (Parameters for randomly sampled telephone inquiries: calls must have been at least 3 minutes in length, sampling rate 3%.)

## Fubon Securities

### Provide diversified financial information

Investment seminars organized and weekly and monthly investment reports issued to provide customers wide-ranging investment information; in the FubonTrend podcast, experts analyze the latest market trends, giving customers insight into global markets.

### Counter Services Satisfaction Surveys

Real-time counter services satisfaction surveys launched in September 2020 in which customers can scan a QR code to answer a questionnaire; monthly satisfaction rate goal is 95%.

### Online satisfaction surveys related to opening accounts

A survey on satisfaction with account opening services was launched in 2014; an online questionnaire is sent to customers one week after they open a new account, and their feedback informs improvements to the process.

### Service Quality Audits

Mystery shopper audits conducted since 2011; branches conduct self-evaluations on a monthly basis and a professional third party is commissioned to conduct an annual mystery shopper evaluation to help improve the quality of service.



To improve the quality of service and satisfy customers' needs, Fubon Financial Holdings subsidiaries conduct annual satisfaction and net promoter score (NPS) surveys of active customers from the previous year, and use the customer feedback to motivate improvements. In 2020, Fubon Financial Holdings customers had an overall satisfaction rating of 83%, about the same as in 2019, and a relational net promoter score (R-NPS) of 34 points. Fubon Financial Holdings and its subsidiaries have set a satisfaction goal of 90% by 2025 to push themselves to enhance their quality of service, reflecting their strong commitment to putting the customer first.

Net Promoter Score (NPS) Surveys		2020
NPS Scores	Fubon Financial Holdings	34
	Fubon Life	34.8
	Fubon Insurance	33.6
	Taipei Fubon Bank	33.2
	Fubon Securities	33.2


Note: Coverage of the surveys done by Fubon Financial Holdings and its subsidiaries is 100%.

Fubon Financial Holdings and Subsidiaries Customer Satisfaction Surveys		2018	2019	2020
Customer Satisfaction (%)	Fubon Financial Holdings	86	83	83
	Fubon Life	86.6	82.2	85.8
	Fubon Insurance	82.7	88.4	79.2
	Taipei Fubon Bank	85.8	81.5	84.0
	Fubon Securities	87.6	78.6	82.4

Note: Coverage of the surveys done by Fubon Financial Holdings and its subsidiaries is 100%.

### A Variety of Streamlined Complaint Channels

Each Fubon Financial Holdings subsidiary has set up a variety of channels to handle customer questions in real time and provide timely service. These channels help customers solve problems and respond to their needs, tightening the bond between Fubon and its customers.

Complaint Management	Taipei Fubon Bank	Fubon Life	Fubon Insurance	Fubon Securities
Channels	<ul style="list-style-type: none"> <li>24-hour customer service hotline (02)8751-6665/ 0800-007-889.</li> <li>Customer service mailbox.</li> <li>Digital services.</li> <li>New Bank HQ complaint hotline, set up in 2020.</li> <li>"Real-time feedback QR code" newly installed at all branches around Taiwan in 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Customer service Hotline 0809-000-120.</li> <li>Customer service mailbox complaints.life@fubon.com</li> <li>On-line customer service center.</li> <li></li> <li>Delivering a written request to 13F No.236 Section 2 Jianguo N Road, Taipei.</li> </ul>	<ul style="list-style-type: none"> <li>Lists local customer service hotlines and a customer service mailbox on its website (www.fubon.com).</li> <li>24-hour toll-free customer service hotline(0800-009-888).</li> </ul>	<ul style="list-style-type: none"> <li>Toll-free customer service hotline at 0800-073-588.</li> <li>Each subsidiary's service outlets.</li> <li>Customer service mailbox.</li> </ul>

Complaint Management	Taipei Fubon Bank	Fubon Life	Fubon Insurance	Fubon Securities
Cases	428	2,853	573	78
% of Cases Settled	100%	100%	100%	100%
Improvements Made	<p>Causes of customer complaints compiled and systematically analyzed on a monthly basis and possible improvements analyzed; cases are also incorporated into education and training programs to prevent similar complaints from reoccurring.</p>	<p>Organized three large-scale lectures to strengthen the ability of employees to respond to and handle complaints and propose improvements depending on how serious the issue is.</p>	<ul style="list-style-type: none"> <li>Revised the "Guidelines on Handling Customer Complaints" in December 2019 to require that people involved in sales, underwriting and claims comply with Fubon's Treating Customers Fairly Principles in handling complaints.</li> <li>Organized 159 lectures on auto insurance loss prevention steps to raise public awareness of proper driving and auto insurance concepts.</li> </ul>	<p>Causes of customer complaints compiled and categorized and real-time electronic direct mail alerts used to prevent similar cases from reoccurring.</p>
Results	<p>Customers applied for a formal ombudsman review in 3.23% of cases, down 1.21 percentage points from 2019.</p>	<ul style="list-style-type: none"> <li>%of cases that went to the Financial Ombudsman Institution for resolution was 0.044264842 per 10,000, the lowest among Taiwan's 22 life insurance firms.</li> <li>Ranked in the top 20% in the insurance industry in a Treating Customers Fairly evaluation.</li> </ul>	<p>% of cases that went to the Financial Ombudsman Institution for resolution was 0.046783856 per 10,000; ranked in the top 20% in the non-life insurance sector in a Treating Customers Fairly evaluation.</p>	<ul style="list-style-type: none"> <li>There is a designated unit of 12 full-time customer service representatives to operate the 0800 hotline.</li> <li>The staff answered a total of 198,000 phone calls.</li> </ul>

# Fostering a Friendly, Healthy Workplace



## 6.1 Diversity and Inclusion

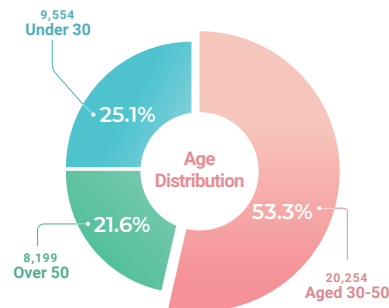
### 6.1.1 Employee Demographics and Workplace Equality

Fubon Financial Holdings has fostered a diverse and inclusive workplace built on mutual respect. Because Fubon's operations are based primarily in Taiwan, the vast majority of employees are hired locally in Taiwan and all senior managers are local residents. As of the end of 2020, Fubon had 38,007 full-time employees and 716 hourly workers, contract workers and temporary workers who accounted for 1.8% of the total workforce. A total of 288 foreign nationals from nine countries (including people hired locally at overseas offices) are employed legally, and they are given assistance in getting acclimated to the workplace environment in accordance with the "Regulations on the Permission and Administration of the Employment of Foreign Workers." Fubon also respects minorities and does not discriminate. In 2020, it employed 448 people with disabilities, accounting for 1.2 percent of the workforce. The total was 78 more than required by law. In addition, 294 Indigenous employees, accounting for 0.8% of the workforce, are given days off for "Indigenous festival leave" to allow Indigenous workers to return home for special ceremonies. Fubon will continue to make every effort to further foster a friendly workplace environment and workplace equality. As of the end of 2020, female participation in the workplace had risen across almost every group compared to 2019. Women accounted for 61.6% of all full-time workers and 55.2% of all managers, including 57.3% of all managers in revenue-generating functions, and they held 51.4% of all positions requiring STEM (science, technology, engineering, mathematics) skills.

Fubon Financial Holdings has incorporated United Nations sustainable development goal no. 5 – gender equality – into its human resources processes, ensuring that men and women are treated equally when recruiting, hiring, cultivating or promoting people. Those efforts to promote gender equality have been recognized both at home and abroad. Fubon was honored with a "Taipei City Workplace Gender Equality Certificate" in 2020, the first time the certificate, the first of its kind in all of Asia, was awarded. The Company also finished in the top 10 among Asian banks and first among Taiwanese banks for women employees as a percentage of total staff in Asiamoney's "2020 Leaders for Women Survey," indicating Fubon's emergence as a corporate benchmark for gender-friendly employers.

Note: Because employees hired locally at overseas offices are not covered by the human resource systems, covering salary, benefits, and training, used in Taiwan, they are not included within the statistical boundaries of this report.

2020 Employee Distribution		Managers		Non-managers		Total Employees	
		No.	Share of Total (%)	No.	Share of Total (%)	No.	Share of Total (%)
Men	Under 30	987	11.0	3,716	12.8	4,703	12.4
	30-50	1,997	22.2	5,182	17.9	7,179	18.9
	Over 50	1,037	11.6	1,668	5.7	2,705	7.1
	Subtotal	4,021	44.8	10,566	36.4	14,587	38.4
Women	Under 30	730	8.1	4,121	14.2	4,851	12.7
	30-50	2,430	27.0	10,645	36.7	13,075	34.4
	Over 50	1,808	20.1	3,686	12.7	5,494	14.5
	Subtotal	4,968	55.2	18,452	63.6	23,420	61.6
Total		8,989	-	29,018	-	38,007	-



**53.3%** of employees aged 30-50

We have great respect for employees of all age groups. As a rapidly growing organization that needs institutional knowledge to be handed down, Fubon Financial Holdings benefits from having more than half its workforce aged 30-50 because that group serves as foundation for maintaining our operating capacity.

### Distribution of Female and Minority Employees

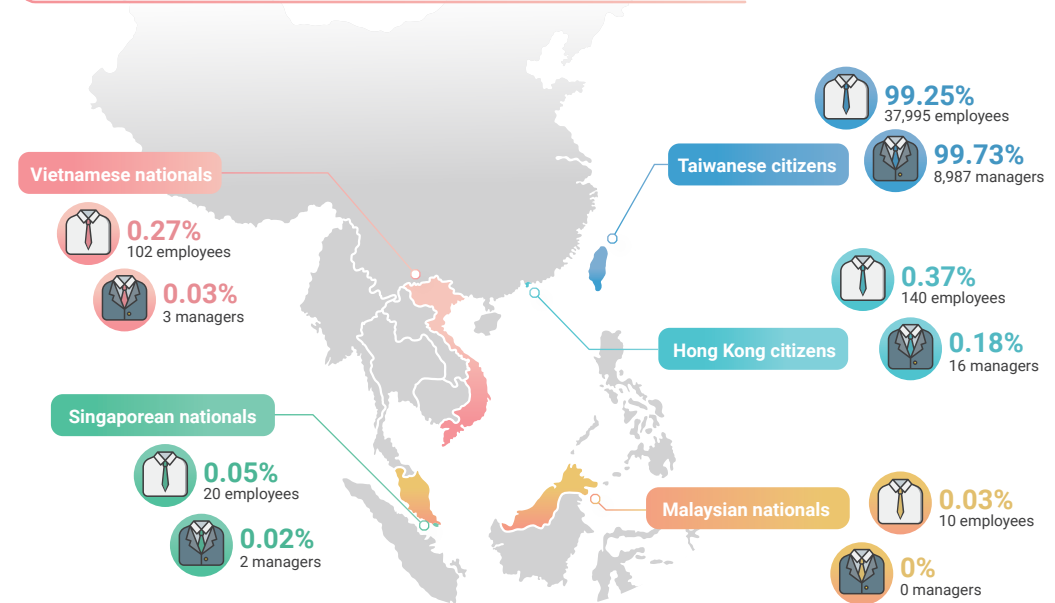
	2017	2018	2019	2020	
Women	Total female employees (share of total employees)	60.3%	60.8%	61.1%	61.6% ↗
	Female managers (share of total managers)	54.9%	55.3%	54.8%	55.2% ↗
	Share of women in top manager positions	38.7%	40.1%	39.5%	41.1% ↗
	Share of women in junior manager positions	56.5%	56.9%	56.4%	56.7% ↗
	Share of women in management positions in revenue-generating functions	56.0%	56.1%	55.9%	57.3% ↗
	Share of women in non-managerial positions	61.8%	62.4%	62.9%	63.6% ↗
	Share of new hires who are women	57.5%	55.1%	57.9%	54.4%
Minority Groups	Employees with disabilities (share of total employees)	1.4%	1.1%	1.1%	1.2% ↗
	Indigenous employees (share of total employees)	0.9%	0.8%	0.8%	0.8%

Note 1: Junior manager positions refer to managers at the section level; top manager positions refer to all managers from department-level managers to company president

Note 2: ↗ indicates a year-on-year rise from 2019

Note 3: Data for share of new hires who are women does not include Fubon Life outside sales agents.

### Distribution and Share of Employees who Are Foreign Nationals (Share of total employees/share of total managers)



Note: Figures include employees hired locally by overseas offices; overall, the Fubon Financial Holdings organization has 288 foreign national employees from nine countries, of whom 24 are managers, or 8.3% of all foreign employees. The nine countries or territories from which at least 10 foreign employees originate are Hong Kong, Vietnam, Singapore, Malaysia, China, Indonesia, India, South Korea and the United States.

## 6.1.2 Talent Recruiting

Fubon Financial Holdings relies on a wide variety of recruitment channels and digital technology to hold campus and community recruiting events, and follows online public opinion to help shape recruiting messaging, attract top-notch talent, and optimize the selection process. The Company has collaborated with universities for more than a decade on academia-industry programs in which nearly 10,370 hours have been invested to nurture close to 650 students. Those who perform well in these programs or in internships are given priority when applying for full-time positions with Fubon.

In 2020, 1,534 new employees joined the Fubon organization, accounting for 10.0% of the workforce. Most of them were aged 30 or under, part of a generation of younger workers ready to be molded into professionals who have a passion for the workplace and will bring new energy to the Company's human capital. In recent years, the average cost of recruiting efforts has trended higher for several reasons, including business and organizational growth and the need for people with computing, data analytics, fintech and digital transition skills who are in short supply.

### New Hire Demographics and Recruiting Costs

New hires		2017		2018		2019		2020	
		No.	Share	No.	Share	No.	Share	No.	Share
		1,768	11.8%	1,622	10.8%	1,954	12.8%	1,534	10.0%
Gender	Men	751	5.0%	728	4.9%	823	5.4%	700	4.6%
	Women	1,017	6.8%	894	6.0%	1,131	7.4%	834	5.5%
Age	Under 30	967	6.4%	846	5.6%	1,024	6.7%	809	5.3%
	30-50	756	5.0%	725	4.8%	881	5.8%	674	4.4%
	Over 50	45	0.3%	51	0.3%	49	0.3%	51	0.3%
Position	Top managers	4	0.0%	10	0.1%	10	0.1%	14	0.1%
	Junior managers	37	0.2%	39	0.3%	51	0.4%	38	0.2%
	Non-managers	1,719	11.5%	1,562	10.4%	1,779	12.3%	1,482	9.7%
Cost of recruiting new hires per person (NT\$)		10,138		10,450		12,473		15,503	

Note 1: Fubon Life's outside sales agents were not included in these figures because of the special nature of their jobs  
 Note 2: New hires did not include Fubon Life outside sales agents; without Fubon Life outside agents, the total workforce consisted of 15,265 people as of the end of 2020.

## 6.2 Talent Development and Retention

### 6.2.1 Talent Development

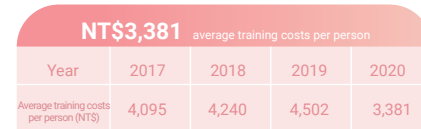
#### Employee Development Programs

In 2020, Fubon Financial Holdings held 2,589 training classes, with an average satisfaction rating of 4.5 (out of 5.0), and employees averaged 35.9 hours of training, or about 4.5 working days (see Appendix for average training hours per employee by job grade). The average cost of this training was NT\$3,381 per employee. To ensure that training classes are effective, a specific attendance requirement is set for every learning program. Also, the Kirkpatrick Model framework has been adopted to review the indicators and evaluation methods for key training programs and quantify training performance, making it possible to measure learning outcomes and the benefits of investing in human capital.

An analysis of training hours by age and other factors found that employees under 30 had the highest training hours per person, mainly because of the many new hires who are younger than 30. Subsidiaries arrange comprehensive training programs for new employees, including instruction on specialized financial knowledge and compliance and training for their specific positions, so that they can quickly pick up the expertise necessary to do their jobs.

Junior and top managers also averaged more training hours than regular staff, in large part because of the demands of the Company's transition to digital finance. Beyond the compliance training and specialized financial training these managers need for their jobs, they must also continue to strengthen their organizational management and digital finance capabilities to carry out the Company's digital finance transformation.

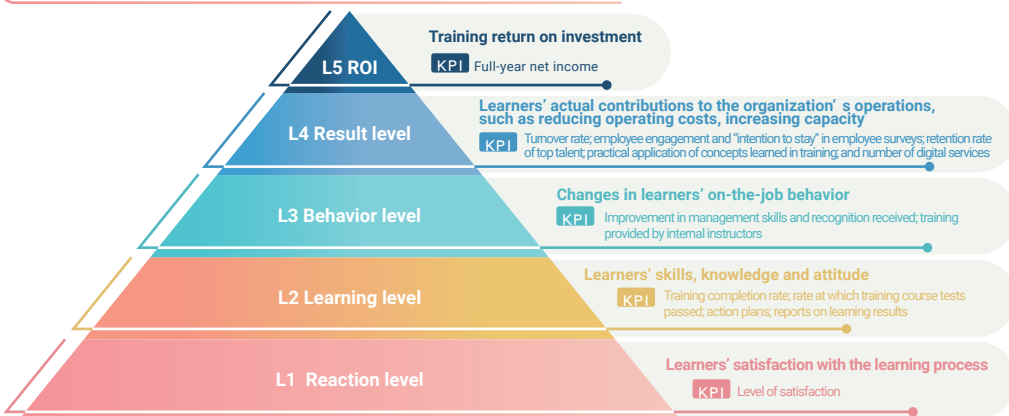
In terms of types of training provided, "compliance" training, "digital information" training, and training that builds "job-related expertise" is required for all Fubon employees and the main focus of Fubon training programs at present.



Description		2020	
		Average hours	Share
Gender	Men	39.0	53.5%
	Women	33.9	46.5%
Type of Training	Job expertise	23.9	13.4%
	Organizational management	2.7	1.7%
	Compliance	113.6	70.8%
	Digital information	22.3	13.9%
	Other	0.3	0.2%
Age	Under 30	66.0	41.6%
	30-50	48.1	30.4%
	Over 50	44.4	28.0%
Position	Top managers	59.9	31.3%
	Junior managers	85.3	44.7%
	Regular staff	45.9	24.0%

Note: Fubon Life's sales agents are not included in this table's breakdown of training hours by age or position.

### Fubon Employee Development and Training Scorecard



### 2020 Key Employee Development Programs

Program Name	People Trained	Training Description	Operating Benefits	Quantitative Indicators
Leadership Development Program for Managers	Managers at all levels; a total of 3,001 people received training (or 33.4% of all management positions and 7.9% of total workforce)	<ul style="list-style-type: none"> <li>Organizational management-related</li> <li>Sustainability-related</li> <li>National Taiwan University Leadership Program: Every year since 2017, Fubon and NTU have co-organized an "NTU-Fubon Advanced Management Practices Workshop" tailored to middle managers. The workshop uses case studies to get managers from different subsidiaries to exchange ideas and broaden their thinking and perspectives. The program has trained more than 150 middle managers to date.</li> <li>Management trainee program: Eligibility for the program is based on past performance, willingness to become a manager, and management potential. Supervisors then recommend the best candidates, who are evaluated and have their credentials discussed at a panel meeting of department managers. They are then approved as managers after meeting certain criteria, such as coursework, special projects, and social welfare participation, in preparation for their management careers. There had been a total of 800 people who have completed the management trainee program as of the end of 2020.</li> </ul>	The financial holding company and its subsidiaries plan leadership training programs for their managers based on organizational strategies and directions and the skills needed at each management level to help managers maintain a positive attitude and the ability to think about issues from many angles. These programs also improve managers' decision-making and risk management skills, which supports operational growth and the achievement of goals.	<ul style="list-style-type: none"> <li>Full-year net income: NT\$90.27 billion, up 54% from 2019</li> <li>Manager engagement survey: Engagement higher than that of the overall workforce at over 80%</li> <li>Top talent retention: Was higher than in 2019 and remained above 95%</li> <li>Application of concepts learned: As of the end of 2020, there had been 29 projects applied to daily tasks, such as a project focused on increasing renewal rates for insurance customers who buy new motorbikes and one that used big data analytics to increase the sales conversion rate of wealth management products.</li> <li>As of the end of 2020, 52% of all management trainees have been promoted to management positions</li> </ul>
Digital Talent Development Program	Managers and people involved in digital products; 21,196 people received training, or 55.8% of the workforce.	<ul style="list-style-type: none"> <li>All types of digital information classes, covering such topics as big data, artificial intelligence, and fintech</li> <li>Required courses for Fubon Life sales agents on the "Mobile Policy Wizard" app</li> <li>New banking system development – description of differences between new and old systems' architecture and business capabilities</li> <li>Courses on New Intelligent Auto Insurance Claims System cover description of system and hands-on practice, publicity for optimized features, and smart contracts</li> </ul>	The program has strengthened identification with digital transformation among managers and other employees, and provided the skills and knowledge necessary for them to handle digital products and push for the development of innovative digital services and apps, provide more efficient service, improve customer satisfaction, and support business and revenue growth.	<p><b>Fubon Life:</b> 30.3% growth in no. of times the online transactions platform was used 16% growth in applications filed through the Mobile Policy Wizard app</p> <p><b>Taipei Fubon Bank:</b> 91.4% of all transactions made on the digital financial services platform 34% growth in active accounts on digital platform; 92.8% satisfaction rate among digital platform customers</p> <p><b>Fubon Insurance:</b> More than 310,000 transactions and inquiries made through Intelligent Auto Insurance Claims System</p> <p><b>Fubon Securities:</b> 51.2% of all electronic trade turnover made through mobile trading platform; 94.6% satisfaction rate with online account opening service</p>

### Other Key Training Programs and Results

Key Training Programs	Description	2020 Evaluation Results
Management Associate (MA) Program	Since 2005, Fubon Financial Holdings has used the annual MA program to identify outstanding talent. Candidates in the program must overcome many hurdles to be offered a management associate position and then undergo two years of training that encompasses project involvement, overseas internships and a mentoring mechanism.	The program has been run for 16 years. In 2020, the recruitment rate was 81%, and more than 340 management associates have been hired since the program began, with an overall retention rate of 55%.
MIT International Talent Cultivation Program	Every year, Fubon Financial Holdings selects outstanding employees to take part in a comprehensive one-year advanced management program at MIT's Sloan School of Management, hoping to bring more of an international perspective into the Company's management vision. During their year abroad, participants continue to be paid their salaries, their tuition is fully covered, and they receive subsidies for round-trip flight tickets (family members included) and living expenses.	Eleven people have been sent to MIT since the program began, with more than NT\$5 million invested in each person on average.
Internal Instructor Certification Program	This program effectively lowers outside training costs, and its impact on learning is extended through digital courses, helping forge a good learning environment.	A total of 859 instructors have been certified to date, and they designed 178 digital courses in 2020.

Note 1: The Kirkpatrick Model is a training evaluation model proposed by Donald L. Kirkpatrick in 1959. It is currently the most widely used training evaluation model in the business world.

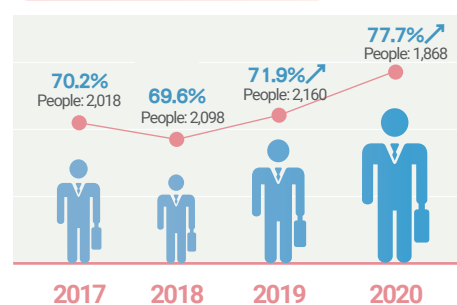
Note 2: The key training programs listed in the table above and related information cover Fubon Financial Holdings and all of its subsidiaries.

### A Diverse, Self-learning Environment

Fubon Financial Holdings has a system in place to provide employees opportunities and resources for professional growth, based on internal rules such as the "Regulations on Rotating and Transferring Personnel," "Regulations on Subsidies for Advanced Studies and Foreign Language Learning," and "Employee Certification Management and Incentives Guidelines." In 2020, subsidies or incentives for employees to get language or professional certifications were given 255 times and totaled NT\$3.49 million. Digital learning is a key resource within this system, promoted in recent years through a mobile Fubon Academy app with 837 digital courses that offer wide-ranging financial, language, management and compliance instruction. In 2020, people used this online app nearly 440,000 times, up 16% from 2019. The platform continues to be optimized and new resources added depending on employee needs, ultimately creating a diverse learning environment that empowers people to learn on their own without any constraints.

Fubon Financial Holdings also encourages employees to strengthen their professional capabilities through an internal rotation system. The employee EIP (enterprise information portal) system has a section where internal job vacancies are posted, and 77.7% of such vacancies were filled internally in 2020, higher than in 2019 because of an increase in the number of channels providing information on job openings.

### Vacancies Filled Internally



	2020	
Male	613	32.8%
Female	1,255	67.2%
Under 30	212	11.4%
30-50	1,433	76.7%
Over 50	223	11.9%

Note 1: (People hired through internal recruitment + no. of promotions in a year)/(No. of vacancies open internally + no. of promotions in a year)

Note 2: Fubon Life sales agents are not included in this table.



## 6.2.2 Talent Retention

### Wages and Competitiveness

To attract and retain talent, Fubon Financial Holdings participates in an annual salary survey to maintain a competitive compensation structure. The most recent survey found that Fubon's starting base salary for new employees (both men and women) in Taiwan is more than 51% higher than the minimum wage, helping the Company maintain its position as a constituent of the Taiwan High Compensation 100 Index selected by the Taiwan Stock Exchange (TWSE). The Remuneration and Nomination Committee regularly reviews the Company's compensation policy and whether it is reasonable given the skills and experience required of each position. It also works to ensure that men and women receive equal pay at every level of the organization. Employee compensation is divided into fixed and variable (including performance bonuses) compensation and takes into account pay levels within the industry along with individual performance and company results. In 2020, the average compensation for Fubon Financial Holdings' full-time employees in non-supervisory positions was NT\$1.36 million, 4.9% higher than the year before. Median compensation was NT\$1.09 million, up 4.7% from 2019.

Compensation for full-time employees in non-supervisory positions	2018	2019	2020	Annual increase
Number of employees	13,890	14,019	14,232	1.52%
Average compensation (NT\$1,000)	1,252	1,293	1,356	4.87%
Median compensation (NT\$1,000)	1,014	1,042	1,091	4.70%

Note 1: "Non-supervisory positions": excludes "managers"

Note 2: "Full-time employees": Refers to employees whose total hours worked reach the normal working hours as defined by the Company or legally mandated working hours; for those whose normal hours worked are not specified, if their average hours worked per week exceed 35 hours, they are counted as full-time employees.

Note 3: "Compensation" as used in the table above includes basic salary, professional allowances, various bonuses, incentives, subsidies, severance pay and resignation pay (but does not include retirement payouts or pensions).

Note 4: "Average compensation": The denominator "number of employees" is converted into a full-year average number of employees based on the proportion of their paid months during the year.

Note 5: The data for 2020 was verified by accounting firm KPMG Taiwan

Note 6: Calculations made based on Taiwan Stock Exchange Corporation FAQs and rules on information filings

### Female: Male Compensation Ratio

Executive level	Management level	Non-management level
<p>Base salary only</p> <p>Female : Male 100 : 100</p>	<p>Base salary only</p> <p>Female : Male 97 : 100</p>	<p>Base salary only</p> <p>Female : Male 92 : 100</p>
<p>Base salary + other cash incentives</p> <p>Female : Male 91 : 100</p>	<p>Base salary + other cash incentives</p> <p>Female : Male 99 : 100</p>	<p>Base salary + other cash incentives</p> <p>Female : Male 94 : 100</p>

Note 1: The compensation ratios may be slightly skewed by such factors as the number of people in each category, their positions, and individual performance.

Note 2: Fubon Life sales agents are not included in this table.

### Employee Evaluations and Resignations

Fubon Financial Holdings has a "Performance Evaluation Policy" that encourages employees and their supervisors to forge a consensus on performance goals based on the Company's development strategy, and requires all employees to undergo an annual performance evaluation. The evaluation process has an established sequence that starts with setting individual goals and workplace behavior standards and then moves to mid-year interviews and year-end self-assessments; evaluations are conducted by supervisors at the two levels above the person being evaluated. Each employee's final performance rating, based on how

their performance ranked within their unit, figures into their year-end bonus (depending on the Company's profitability that year) and informs salary adjustments, promotions and professional development opportunities. It is a system that provides incentives to employees to do well and helps retain talent.

To improve the efficacy of service within the organization, each Fubon Financial Holdings department arranges detailed surveys to gauge satisfaction with the service the parent company provides, including subsidiary evaluations of each parent company department and parent company department evaluations of each other. The areas covered include professionalism, timeliness, service attitude and overall service. The results are incorporated into annual checks of how well employees at the financial holding company level achieved their goals, making it easier to link their compensation to performance evaluation results. In 2020, subsidiary Fubon Securities also conducted a similar internal service evaluation to make its service more efficient.

In recent years, Fubon Financial Holdings has gradually restructured the organization to strengthen execution and efficiency, and it now conducts an employee engagement survey every two years to gather employee feedback and get a better feel for the organization's major issues. These efforts have led to a steady decline in the Company's voluntary turnover rate. In 2020, the overall turnover rate was 9.5%, and the voluntary turnover rate was 8.3%.

### Turnover Rate Summary

Categories	2017		2018		2019		2020		
	No. of Leavers	Turnover Rate	No. of Leavers	Turnover Rate	No. of Leavers	Turnover Rate	No. of Leavers	Turnover Rate	
Overall Turnover	1,704	11.4%	1,537	10.3%	1,521	10.0%	1,455	9.5%	
Voluntary Turnover	1,454	9.7%	1,419	9.5%	1,336	8.8%	1,260	8.3%	
Gender	Men	731	4.9%	699	4.7%	676	4.4%	668	4.4%
	Women	973	6.5%	838	5.6%	845	5.5%	787	5.2%
Age	Under 30	535	3.6%	516	3.4%	553	3.6%	444	2.9%
	30-50	940	6.3%	821	5.5%	756	5.0%	874	5.7%
	Over 50	229	1.5%	200	1.3%	212	1.4%	137	0.9%
Position	Top managers	13	0.1%	21	0.1%	19	0.1%	18	0.1%
	Junior managers	67	0.4%	67	0.4%	65	0.4%	76	0.5%
	Non-managers	1,624	10.8%	1,449	9.7%	1,437	9.4%	1,361	8.9%

Note: The turnover rate based on year-end workforce numbers does not include Fubon Life outside sales agents.

### Multifaceted Talent Retention Plan

As part of its efforts to foster a workplace conducive to retaining talent, Fubon Financial Holdings has established an employee stock ownership trust, recognition awards for long-tenured employees, and a Deferred Bonus Policy, and provides benefits and flexible work arrangements that exceed industry norms and legal requirements.

### Fubon Talent Retention Incentive System

Incentive	Eligibility	Program	No. of People Affected (Share)	Amount
Stock Ownership Trust	Employees who have been with the company for three months can put money into the stock ownership plan	<ul style="list-style-type: none"> <li>Own contribution: Participants invest an amount every month, depending on their position, to purchase shares of the Company through the trust</li> <li>Company contributions: The Company matches the contributions made by employees, and 75% and 100% of those matching funds can be collected once employees have worked at Fubon for two full years and four full years, respectively. The higher an individual's position, the more that person can invest.</li> </ul>	A total of 20,386 people participated in the program in 2020, about 89.5% of those eligible	Fubon had contributed NT\$465 million in matching funds to the program as of the end of 2020
Awards for Long-tenured Employees	Employees who have been with Fubon for 10 years or multiples of 10 years	Fubon rewards employees who stay with the company for a long time based on its "Rules on Incentives for Long-tenured Employees"	2,104 people received awards in 2020, about 5.5% of the total workforce	Distributed nearly NT\$32.3 million in awards
Deferred Bonus Policy	People defined as key personnel who are very important to the organization's operations and development	The bonuses of key personnel are tied to shareholders' long-term interests. The Deferred Bonus Policy clearly lays out to whom deferred bonuses apply, the share of the bonus that can be deferred, the maximum number of years of deferral, deferral methods, and mechanisms to recover unvested bonuses. The Policy also stipulates that 20% or more of the variable bonuses of key personnel can be deferred, that the bonuses be converted into "deferred bonus units" based on the closing price of Fubon Financial Holdings common shares, and that the bonus be deferred one or two years. When the deferrals expire, there is an option for an additional deferral of one year, with the maximum deferral being three years.	--	--

The Company also offers a generous package of benefits that includes bonuses for Taiwan's three main festivals; special subsidies (such as for getting married, having a child or when a death occurs in the family; recreation and leisure activities; the education of an employee's children; birthday celebrations, or social welfare events); labor, health and group insurance; pensions; benefits for the families of employees who die from an occupational hazard; and other preferential treatment for employees. In overseas locations, separate benefit systems are created based on local conditions.

### Benefits that Exceed Industry Norms and Legal Requirements

**Childbirth Subsidies**

The subsidy for having a child was increased from NT\$10,000 to NT\$100,000 in June 2021

**Child Care Subsidies**

The child care subsidy for children 6 years old or younger was increased from NT\$3,000 to NT\$15,000 per child per year in June 2021

**Maternity Leave**

Paid maternity leave was increased to 10 weeks in June 2021, from the previous nine weeks, which already exceeded statutory requirements

**Paternity Leave**

Paternity leave was increased from the 5 days mandated by law to 7 days in June 2021

#### Funeral Leave

Starting in 2021, Fubon Financial Holdings will give 12 days of funeral leave, more than the 8 days required by law.

#### Volunteer Leave

Every employee can apply for 2 days of paid volunteer leave per year based on actual hours of public welfare service.

#### Employee Insurance

Aside from registering all employees in the labor insurance and national health insurance programs as required by law, Fubon also has group insurance that includes life insurance, catastrophic illness insurance, accident insurance and medical insurance, and it pays 70% of employee premiums.

#### Occupational Hazard Death Benefits

If an employee dies because of an occupational hazard, beyond the compensation required to be paid by the Labor Standards Act, Fubon Financial Holdings has established guidelines for additional occupational hazard death benefit payments (based on retirement benefit standards) that exceed statutory requirements. The payments can be as high as 40 months of average salary and are supplemented by a payment of five months of average salary for funeral expenses.

#### Physical Checkups

Fubon partners with several outstanding hospitals to provide a free physical checkup to all employees once every two years that is more comprehensive than the legal standard for regular physical exams. It also provides retired employees and their dependents preferential checkup plans. The program helps employees better understand their health and make improvements, reducing the chance of getting sick or preventing disease.

### Flexible Work Arrangements

**Flexible Working Hours**

- Because of the COVID-19 outbreak, Fubon initiated a staggered shift schedule in the second half of 2020, with six possible shifts (7:30 a.m.-4:30 p.m., 8 a.m.-5 p.m., 8:30 a.m.-5:30 p.m., 9 a.m.-6 p.m., 9:30 a.m.-6:30 p.m., 10 a.m.-7 p.m.), to limit the potential risk from people congregating at the start or end of the work day.
- Based on the Company's "Attendance Management Rules," employees normally have access to a flexible work schedule consisting of four different shifts (8 a.m.-5 p.m., 8:30 a.m.-5:30 p.m., 9 a.m.-6 p.m., 9:30 a.m.-6:30 p.m.).
- If a unit has specific operational needs, companies can set different employee work hours and implement a rotating shift schedule based on the nature of the unit's business as long as those conditions comply with the Labor Standards Act and other regulations.
- Employees with children under 3 years of age can apply to the Company to work an hour less per day (without pay) based on their personal situation.

**Work from Home**

- Under special circumstances (such as during a pandemic), companies may furnish employees with the necessary equipment so they can handle their responsibilities from home and remain productive.
- Managers can be provided with an electronic signature system so that administrative and management processes remain smooth and efficient.

### Employee Engagement Survey

Fubon Financial Holdings conducts an employee engagement survey once every two years to better identify important internal issues and gauge employee engagement (their degree of identification with the company and level of commitment). In 2020, more than 12,500 employees participated in the survey, a participation rate of 82% that was 12 percentage points higher than in the previous survey in 2018 and the highest ever. The 2020 survey covered three broad topics – "work experience," "organization functioning," and "strategic priorities" – and added a new open-ended question to gather more tangible and varied feedback to inform future improvements. The survey found that 75% of all employees were engaged and committed, and the level of engagement was higher among men, employees over 40, and junior and top managers. To improve engagement, the parent company and subsidiaries set employee participation in wellness and health-related activities as short- and medium-term ESG indicators. The goal is to encourage the active participation of employees to strengthen company cohesion and enhance employees' work-life balance. Upon learning of the survey's findings, each subsidiary showed how seriously they took employee feedback by following up on major issues identified by employees. The financial holding company, for instance, responded to feedback from many employees with a plan to purchase more ergonomic office furniture in the second half of 2021 for its new office building to provide a more comfortable work environment. Employee engagement surveys will continue to be conducted once every two years to help maintain a workplace conducive to retaining good people.

		2015-2017	2018-2019	2020
Participation Rate (%)		73	70	82
Engagement Score (employee commitment and level of identification with the company)		77	75	75
Gender	Men	79 (+2*)	77 (+2*)	78 (+3*)
	Women	75 (-2*)	74 (-1*)	73 (-2*)
Age	24 and under	75 (-2*)	76 (+1)	72 (-3)
	25-29	72 (-5*)	71 (-4*)	72 (-3*)
	30-39	73 (-4*)	71 (-4*)	71 (-4*)
	40-49	79 (+2*)	76 (+1)	75 (0)
	50-59	84 (+7*)	82 (+7*)	82 (+7*)
	60 and over	91 (+14*)	90 (+15*)	87 (+12*)
Position	Junior managers	81 (+4*)	81 (+6*)	81 (+6*)
	Top managers	87 (+10*)	86 (+11*)	89 (+14*)
	Non-managers	76 (-1*)	74 (-1*)	74 (-1*)

Note 1: The table above shows the results of Fubon Financial Holdings' employee engagement surveys broken down by employee gender, age and position compared with the overall engagement score. Statistically significant findings are marked with an asterisk (\*).

Note 2: The topics in the questionnaire relied on a 5-point Likert scale.

# 6.3 Human Rights

## 6.3.1 Human Rights Commitment and Management

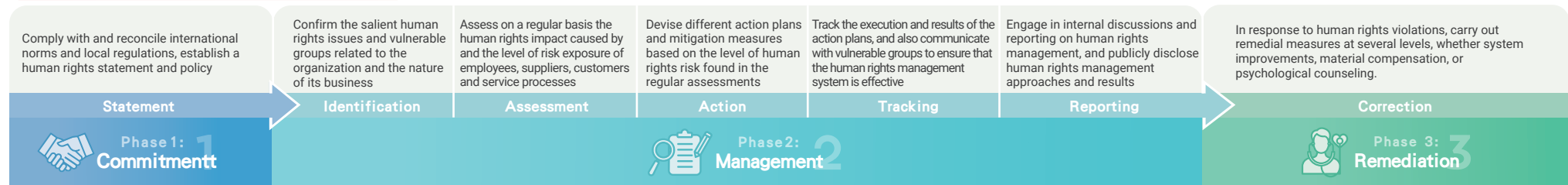
To protect the fundamental human rights of its employees, Fubon Financial Holdings has fostered an environment protective of human rights based on the “protect, respect and remedy” framework outlined the United Nations Guiding Principles on Business and Human Rights. The Company also supports and complies with the Universal Declaration of Human Rights, the Global Compact, International Labor Organization conventions, the Principles for Responsible Investment, the Equator Principles, and local laws, and is dedicated to eliminating any behavior that infringes on or violates the human rights of others so that everyone is treated fairly and with dignity.



### Spirit of Fubon’s Human Rights Statement

Fubon Financial Holdings supports and puts into practice a human rights policy that stresses diversity and inclusion and treating employees with a respectful attitude. Any individual with the requisite ability and qualifications for a position shall not be treated unfairly or discriminated against based on nationality, race or ethnicity, social class, language, ideology, religion, political affiliation, ancestral home, birthplace, gender, sexual orientation, age, marital status, appearance, facial features, disabilities or any other factors.

### Fubon Human Rights Due Diligence Process



Fubon's Role	Salient Issues	Vulnerable Groups	Management Approach	Risk Level	Percentage at Risk
Employer	Forced labor	All employees	Manage excessive work hours	Medium	3.7%
	Discrimination, unlawful harassment in the workplace	All employees	Employee grievances and reaction; survey on unlawful harassment in the workplace	Medium	0.03%
	Workplace health	Employees who rotate shifts, work nights, or work long hours, and those who have musculoskeletal symptoms or pain	Excessive workload identification and risk surveys	Medium	11.7%
	Workplace safety	All employees	Keep statistics of occupational injuries/deaths	Medium	0.37%
	Sexual harassment	All employees	Sexual harassment cases	Low	0%
	Protection of women	Female employees who are pregnant or have given birth in the past year; people in the relatively high Tier 2 and Tier 3 risk levels	Conduct telephone or questionnaire surveys	Low	0%
	Child labor	Interns	Review candidates' resumes or their ID when they report for work	Low	0%
	Freedom of association	All employees	Employees can freely decide to join a union	Low	0%

Notes1: Excessive work hours defined as applying for more than 40 hours of overtime in a single month  
Notes2: Fubon Life sales agents are not included in this table.

To forge a workplace environment free of discrimination and harassment, Fubon Financial Holdings has publicly issued a “Human Rights Statement,” and established internal “Employee Complaint and Handling Guidelines,” a “Plan to Prevent Unlawful Harassment in the Workplace,” and “Guidelines for Investigating Sexual Harassment Complaints and Disciplining Offenders,” which define procedures for filing and handling complaints. These provisions offer mitigation and remedial measures that address issues related to human rights risk that could be faced by employees. At the same time, a sexual harassment committee that coordinates the handling of all sexual harassment complaints across the organization has been created at the financial holding company level. Within seven days of a formal complaint being filed, a task force under the committee is set up to investigate the case. The task force, made up of three or more people, consists of sexual harassment committee members and other individuals in positions of authority designated by the committee’s chairman. The task force submits a report for the committee to review, and cases are to be brought to a conclusion within two months.

Issue	Mitigation Measures	Remedial Measures
Forced labor (excessive work hours)	<ul style="list-style-type: none"> <li>Fubon’s “Work Rules” limit regular working hours to no more than 8 hours a day and no more than 40 hours a week in principle.</li> <li>Overtime hours of each department reviewed on a monthly basis, and supervisors reminded through the Company’s internal website to help employees with longer work hours better allocate their tasks.</li> <li>Employees must give their consent to work overtime, and any overtime request must meet legal requirements.</li> </ul>	<ul style="list-style-type: none"> <li>People who work more than 8 hours a day can apply for overtime or compensatory leave</li> <li>Employees identified as having an excessive workload through a risk survey placed on a list to have their health tracked and given any necessary assistance and care</li> </ul>
Discrimination, unlawful harassment in the workplace	<ul style="list-style-type: none"> <li>The Company’s internal website has set up a dedicated section for employees to file complaints; employees can voice complaints through a variety of channels, including by telephone hotline, fax or email.</li> <li>A “Plan to Prevent Unlawful Harassment in the Workplace” has been established that requires risk control measures to be planned and implemented on a priority basis for high-risk groups of employees; the measures should also be checked and reviewed on a regular basis.</li> </ul>	In 2020, there were four employee complaints filed but no filings of sexual harassment complaints. They were then handled and resolved in a timely manner. In processing those cases, the Company established the facts amicably, rationally, and lawfully and presented its findings to the affected employees in writing or by telephone, bringing the cases to satisfactory conclusions. All confidentiality guidelines were respected during the process, to protect the system’s credibility.
Sexual harassment	<ul style="list-style-type: none"> <li>A digital course on the “Guidelines for Investigating Sexual Harassment Complaints and Disciplining Offenders” is required for all new employees; 100% of new hires completed the course in 2020.</li> <li>For employees who are not new to Fubon, the Company uses meetings, the EIP system or training sessions as appropriate to raise employee awareness of how to prevent sexual discrimination.</li> <li>Fubon employees have many channels through which to file complaints, including by telephone hotline, fax or email.</li> </ul>	
Workplace health	<ul style="list-style-type: none"> <li>All Fubon employees get a free physical check-up once every two years, helping employees get a clear picture of their health</li> <li>The results of excessive workload surveys are regularly reviewed and reported</li> </ul>	<ul style="list-style-type: none"> <li>Hospitals that cooperate on the program with the Company notify employees of abnormalities in their results and provide follow-up checks.</li> <li>Health seminars and health promotion activities organized based on the overall results of employee check-ups</li> <li>If an employee has an excessive workload, supervisors look to understand the person’s workload and situation and make appropriate adjustments; nurses are also on hand to provide information on preventing workplace exhaustion.</li> </ul>
Workplace safety	<ul style="list-style-type: none"> <li>Basic occupational health education and training sessions organized on a regular basis</li> <li>Annual evacuation drills held</li> <li>Environmental tests conducted by a third party every six months</li> <li>Four major safety plans carried out: Maternal Health Plan, Plan to Prevent Unlawful Harassment in the Workplace, Ergonomic Hazards Prevention Plan, and Plan to Prevent Illnesses Caused by Excessive Workloads</li> </ul>	<ul style="list-style-type: none"> <li>Most personal injury leaves result from traffic accidents; given that trend, Fubon has strengthened publicity on traffic safety do’s and don’ts to reduce the number of accidents employees have when out on business or commuting to and from work.</li> <li>Occupational hazard compensation and benefits provided under Fubon’s “Work Rules.”</li> </ul>

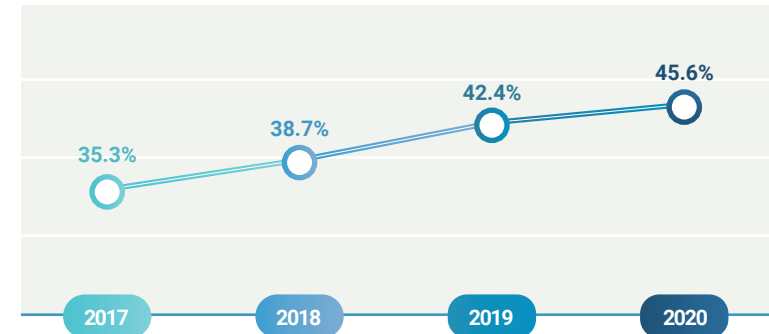
### 6.3.2 Promoting Labor-Management Communication

Communicating with its unions has always been among Fubon's top priorities. Quarterly labor-management meetings are held to solidify labor relations, and union representatives have seats on Occupational Health and Safety Committees to discuss health and safety issues at committee meetings. Any organizational adjustments or operational changes made that may have a major impact on employees must be announced in a timely way on the Company's intranet system, but Fubon executives may also communicate such changes directly to the entire workforce if necessary. Fubon holds an open attitude toward employees joining a union, and invites a union president to encourage new hires at new employee orientation sessions to join a union. As of the end of 2020, 17,326 employees had joined a Fubon union, or 45.6% of the Company's workforce.

#### | Pushing for Collective Bargaining Agreements |

Fubon Financial Holdings in 2015 became the first private financial holding company to sign a collective bargaining agreement and received a commendation from the Ministry of Labor for the move. Since then, Fubon companies have negotiated and signed new agreements with their unions every three years. In 2021, subsidiary Taipei Fubon Bank signed a new collective bargaining agreement with its union that included several conditions and employee benefits exceeding statutory requirements. These agreements represent tangible actions taken to protect employee rights and interests.

Rate of Union Participation by Employees in Recent Years



## 6.4 Friendly Care and Health-Facilitating Activities

### 6.4.1 Friendly Care

#### | Epidemic Prevention Measures |

In response to the raging COVID-19 pandemic in 2020, Fubon Financial Holdings has set a model for the nation by enacting emergency response measures that exceed statutory requirements. We also strengthened workplace sanitation and sterilization amid the pandemic by deploying adequate and sufficient epidemic prevention supplies (e.g. ethyl alcohol, masks, forehead thermometers, automatic temperature scanner). While Fubon calls for all staff to jointly execute epidemic prevention measures, employees highly approved of the Company's handling of the crisis. The 2020 employee opinion survey included the question "the Company provided me with adequate epidemic prevention measures amid the pandemic" and received an approval rate of 89%.

#### | Comprehensive Employee Care |

Fubon Financial Holdings is dedicated to promoting employee health and well-being by providing comprehensive care. Employees are given resources and support at various phases of their lives – from when they are single to when they get married, have children, raise children and care for their older relatives. Fubon has noted that low birth rates have become a global issue and that Taiwan's birth rate continues to fall, and decided to take action to ease the financial pressure of having and raising children on employees. In June 2021, it strengthened several childbirth and child care benefits, including offering 10 weeks of paid maternal leave, NT\$100,000 in childbirth subsidies, and NT\$15,000 per year per child 6 years old or under in child care subsidies. Also, to encourage new fathers to spend more time and help out with their newborn child, paternity leave was increased to seven days, from the five days mandated by law.

#### Epidemic Prevention Measures Exceeding Statutory Requirements

	Description
Advanced Deployment Ahead of the Government	<ul style="list-style-type: none"> <li>After the Tomb Sweeping Festival long holiday in 2020, we reacted ahead of the government by requiring employees who had been to areas highlighted in the national alert system to work from home and conduct self-health management for two weeks.</li> </ul>
Paid Epidemic Prevention Leave	<ul style="list-style-type: none"> <li>Employees who have received notifications from health authorities or quarantine personnel including the "Home Quarantine Notice", "Passenger Health Declaration and Home Quarantine Notice", "Health Notice", and "Notification of Compulsory Health Measures for Passengers with Suspicious Symptoms"</li> <li>Employees themselves or their household members who have come into contact with COVID-19 confirmed cases, and employees who have travel history to level 1 or level 2 areas or took a connecting flight in China, Hong Kong, or Macao before arriving in Taiwan</li> </ul>
Marriage Leave and Special Leave Deferral	<ul style="list-style-type: none"> <li>Marriage leaves and special leaves in 2020 can be deferred until December 31, 2021.</li> </ul>
Epidemic Prevention Subsidies	<ul style="list-style-type: none"> <li>At the end of 2020, the "second-phase epidemic prevention program for business traveling" was enacted. It gives epidemic prevention subsidies to Fubon expatriates returning to Taiwan for personal or business reasons. If an employee contracts the virus, Fubon offers a maximum of 30 days of paid leave.</li> </ul>





**Marriage subsidies and marriage leave**

Marriage subsidies are given to Fubon employees and their children. If both the husband and wife work for Fubon, they can receive a subsidy of up to NT\$12,000. Employees can arrange to take marriage leave any time within one year from the date their marriage is registered.



**Prenatal checkup and tocolysis leave**

To give pregnant employees peace of mind, they can take prenatal checkup leave and tocolysis leave during their pregnancies, and they are reminded to apply for leave based on individual needs.

**Free company uniforms for pregnant woman**

Special maternity versions of Fubon uniforms are provided free of charge to pregnant employees, eliminating the hassle and expense they would otherwise face in dressing for work during their pregnancies.

**Female Employee Maternal Health Protection Plan**

The plan looks after pregnant employees and new mothers within one year of giving birth. In Fubon subsidiary Taipei Fubon Bank, full-time healthcare professionals actively reach out to the aforementioned group of employees by phone and questionnaires, review their job duties, and have managers make adequate adjustments if necessary.

**Pregnancy gifts**

Fubon subsidiary Taipei Fubon Bank provides necessities for newborns.



**Maternal leave and paternal leave**

Paid maternity leave was increased to 10 weeks in June 2021, from the previous nine weeks, which already exceeded statutory requirements. Paternity leave was increased to 7 days, from the 5 days mandated by law.

**Childbirth subsidies**

The subsidy for having a child was increased from NT\$10,000 to NT\$100,000 in June 2021.



**Breastfeeding rooms**

Every Fubon office building is equipped with breastfeeding rooms managed by designated personnel. The spaces and equipment provided have been continuously optimized over time and certified as "Good Breastfeeding Rooms" by the government multiple times.



**Child care subsidies** **Job-protected unpaid paternal leave**

Child care subsidies are given to ease the financial burden of employees with preschool-aged children. The child care subsidy for children 6 years old or younger was increased from NT\$3,000 to NT\$15,000 per child per year in June 2021.

**Job-protected unpaid paternal leave**

Fubon highly promotes the job-protected paternal leave mechanism. Priority is given to employees who previously took job-protected unpaid paternal leave to return to their original positions, or another suitable position via the internal referral system.

**Preferential child care programs**

Fubon continues to collaborate with high-quality, licensed childcare institutions, offering employee discounts on tuition to help reduce the cost of raising children.

**Preferential group insurance for unlimited number of children**

Regardless of the number of children, only one premium is charged for group insurance, and 70% of premiums are covered by the Company.



**Long-term care lectures**

In response to the increasing demand for elderly care among Fubon employees caring for their elders, Fubon held 2 long-term care lectures in 2020. By offering access to long-term care services and resources, and onsite counseling services, Fubon helps reduce the burden on employees.

**Home and short-term care**

Fubon offers preferential home and short-term care packages to employees who need to take care of their elders short-term or temporarily on short notice. Employees in need can seek suitable caretakers via professional service platforms to reduce family burden.

**Statistics on Employees Taking Unpaid Parental Leave**

	Men	Women	Total
Number of people eligible for job-protected unpaid paternal leave in 2020	739	746	1,485
No. of people who applied for unpaid parental leave in 2020	17	152	169
No. of people expected back from parental leave in 2020 (A)	9	74	83
No. of people who returned to work in 2020 (B)	6	41	47
No. of people who returned to work in 2019 (C)	8	98	106
No. of people remained at work for over a year in 2019 who had returned from parental leave (D)	3	49	52
Return-to-work rate (B/A)	66.7	55.4	56.6
Retention rate (D/C)	37.5	50.0	49.1

Note 1: The number of people who did return to work (C) includes those who returned to work earlier than expected.  
 Note 2: The return-to-work rate is the number of people who returned to work divided by the number of people expected back. The retention rate is the number of people who remained at work for over a year since their return divided by the number of people who did return to work.  
 Note 3: Fubon Life sales agents are not included in this table.

**Number of Times Fubon Employees Took Marriage and Child Care-Related Leave**

	2017	2018	2019	2020
Menstrual Leave	1,564	1,745	1,950	2,164
Prenatal Checkup Leave	1,739	1,500	1,371	1,219
Paternity Leave	377	309	361	280
Family Care Leave	2,997	3,071	3,443	2,574
Volunteer Leave	519	490	503	411
Paid Epidemic Prevention Leave	-	-	-	198
Unpaid Family Care Leave for Epidemic Prevention	-	-	-	220

Note: Fubon Life sales agents are not included in this table.



**6.4.2 Health-Facilitating Initiatives**

**"No. of Times of Participation in Employee-Friendly and Health-Facilitating Activities" are included in senior management's goals and effectively tied to performance bonuses**

Fubon Financial Holdings launched the "ESG Visioning Project", focusing on six primary strategies to "sustainable governance", "responsible finance", "innovative services", "employee care," "environmental sustainability," and "positive engagement." Based on respective duties, six teams stipulate ESG strategies and goals and continue to carry out a variety of ESG endeavors. Starting in 2021, ESG goals are set for Fubon Financial Holdings and its subsidiaries' chairman, president and senior managers in their duties and tasks related to ESG promotion and implementation to ensure that ESG initiatives are carried out.

The "Employee Care Team" under the Human Resources Division added a target for senior management, "over 110 thousand times of participation in employee-friendly and health-facilitating activities in 2025 (a 13% increase from 2020), and an average individual participation of 7.2 times". It is a top-down approach that promotes employee participation in group classes and general use of fitness centers, family day, hiking, group basketball tourney, employee-friendly and health seminars. The Employee Care Team reports to the "Corporate Governance and Sustainability Committee" and the board of directors on the implementation status twice a year. Target achievement rates are effectively tied to bonuses based on provisions in the Company's "Performance Evaluation Policy" to strengthen Fubon's ESG efforts.

### Employee-Friendly and Health-Facilitating Activities

Type	Item	2018	2019	2020
 <b>Health-Facilitating Activities</b>	Fitness Center			
	Fitness Center- Group Class			
	Family Day	29,133	36,007	28,343
	Hiking			
	Group Basketball Tourney			
 <b>Stress Management Measures</b>	Psychology and Legal Counseling Service			
	Massage Stations	69,588	70,083	67,898
	Employee-Friendly and Health Seminars			
<b>Others</b>	On-site medical services	1,558	1,131	1,233
	Fubon EDU Program			
<b>Sum</b>		100,279	107,221	97,474

Note 1: Most activities in 2020 were canceled due to the pandemic, hence the slight decrease in event participation from the previous year.  
 Note 2: In addition to the internal management system, Fubon has also obtained a health and safety certification from a credible third party. In 2020, Fubon Financial Holdings once again obtained the Exercise Enterprise Certification by the Sports Administration and the Badge of Accredited Healthy Workplace by the Health Promotion Administration.

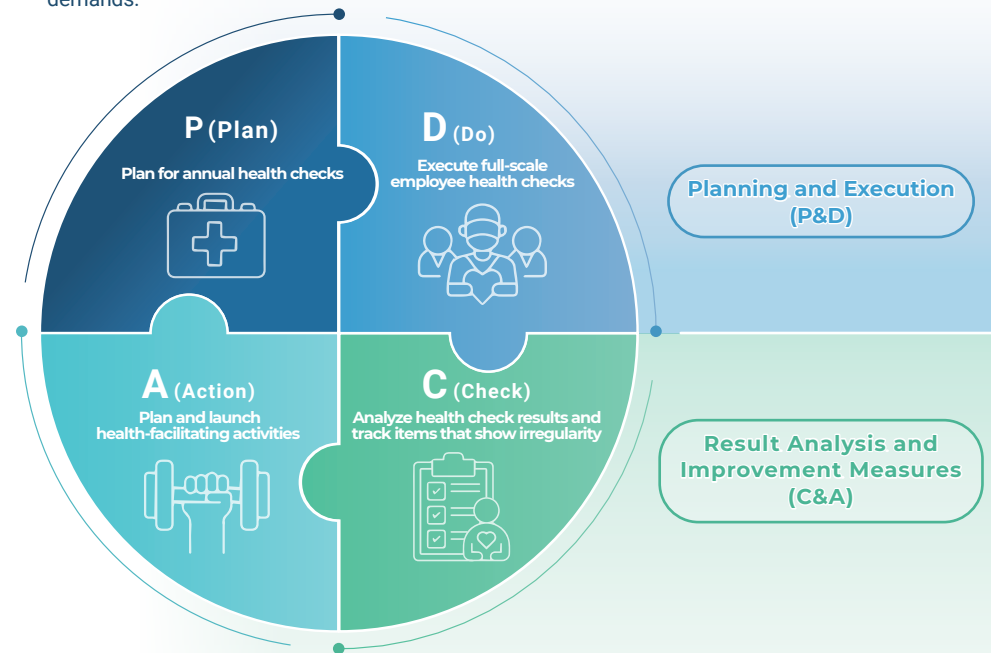
### Health Risk Management

#### Convene Meeting Quarterly

Fubon subsidiary Taipei Fubon Bank and Fubon Life have established the "Occupational Safety and Health Committees" in compliance with pertinent laws and regulations. The committees consist of senior department managers, occupational safety and health specialists, medical personnel specialized in labor health services, and labor representatives. Labor representatives must account for at least one-third of the committee members. The committees meet quarterly to discuss occupational safety and health risks and set KIPs for responsible personnel in their annual performance evaluations. Based on Fubon's performance appraisal policies, results of the evaluation are tied to individual bonuses which incentivize the implementation of various health and safety initiatives, including four primary safety plans, the "Female Employee Maternal Health Protection Plan", Unlawful Workplace Harassment Prevention Plan", "Ergonomic Hazards Prevention Plan", and "Plan to Prevent Illness Caused by Abnormal Workload". Other measures taken include health inspections for all employees, regular occupational health training, regular maintenance of workplace safety and health related systems, workplace environment inspections, and more.

### Implementing Fubon Employee Health Management Based on the PDCA Process

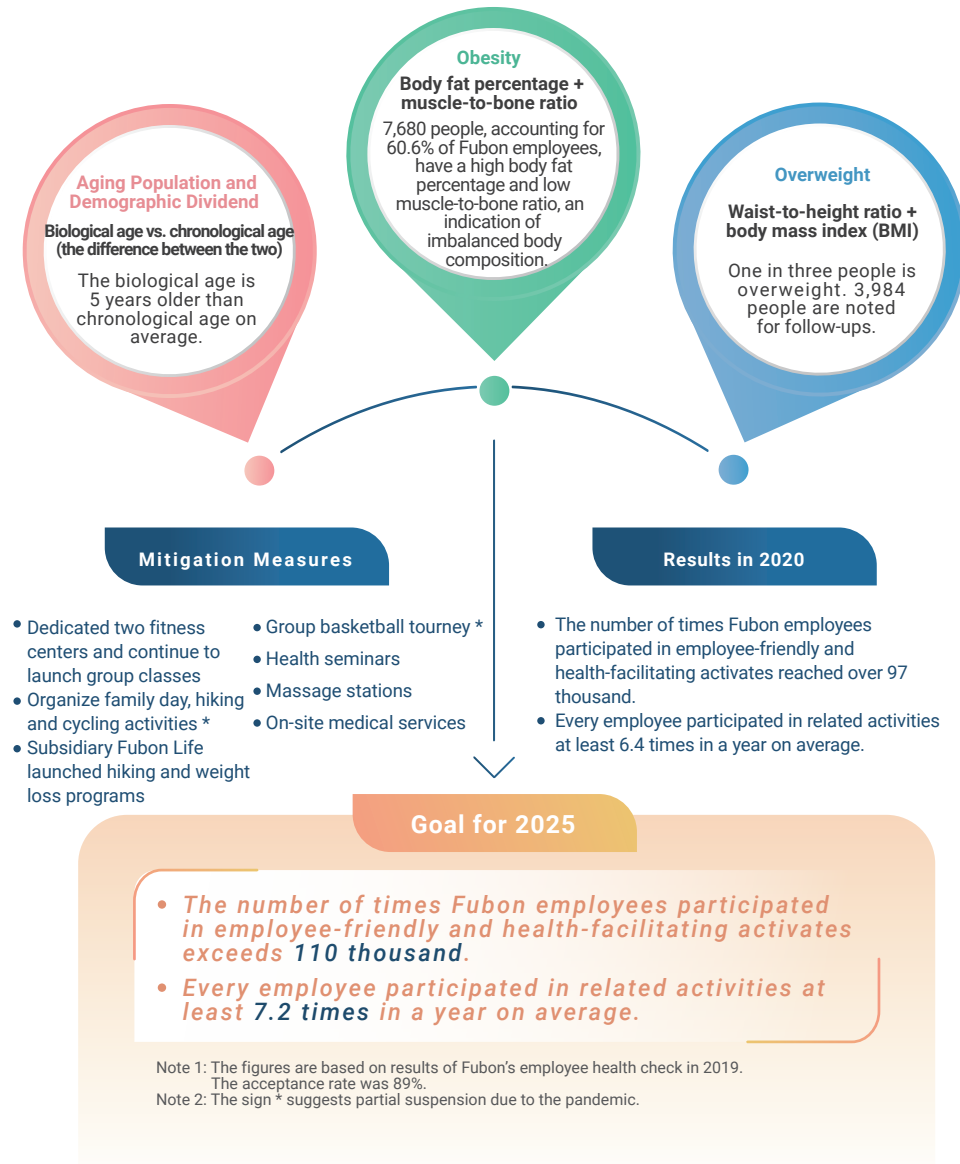
**Planning and Execution:** Fubon Financial Holdings provides a biennial health check to all employees. During the planning period, Fubon carefully selects partnering hospitals to carry out inspection items that exceed statutory requirements. Before the checkup, Fubon employees are to fill out an online "Health Evaluation Questionnaire" as part of the "Female Employee Maternal Health Protection Plan", "Ergonomic Hazards Prevention Plan", and "Plan to Prevent Illness Caused by Abnormal Workload". It looks into potential risks and hazards Fubon employees may face in their work environments. In addition, full-time healthcare specialists are employed in each subsidiary to help with planning and on-site services. Medical counseling and healthcare information are offered based on employee demands.



**Facilitate health:** Facilitate employee health by providing dietary, sports, healthcare-related information through Wellness Cafeteria, group classes at fitness centers, group basketball tourney, health check tours, etc. The number of times Fubon employees participate in health-facilitating activities is included in strategic goals, and the implementation status is reviewed annually.

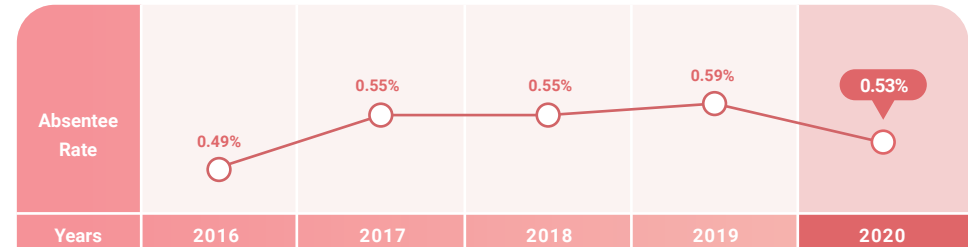
**Track irregularities:** Partnering hospitals provide medical examination results to the Occupational Safety and Health Committee of each subsidiary for deliberation and the planning of the health check in 2021. Partnering hospitals also report inspection items that show irregularities and offer risk assessment analysis to the committee based on follow-up checkups and counseling within six months from the health check.

Results of the last employee health check of Fubon Financial Holdings in 2019 revealed three primary health risks, "overweight, obesity, aging population and demographic dividend". Fubon Financial Holdings has proposed mitigation measures in response. Continuous tracking will follow the full-scale employee health check scheduled in 2021 to closely monitor improvements on the three primary health risks and build a friendly and healthy workplace of happiness.



**Absentee Rate**

**Absentee Statistics in Recent Years**



**Male and Female Absentee Statistics**

End of 2020	Absence Days	Absentee Rate
<b>Men</b>	5,133	0.35%
<b>Women</b>	15,118	0.64%
<b>Total</b>	20,251	0.53%

Note 1: Absentee rate = (No. of lost days + sick leave days)/(total workdays\*no. of employees)

Note 2: The absentee rate in 2020 sees a decrease from 2019 because there were fewer sick leave days. It may be the result of better health management habits formed amid the COVID-19 pandemic among Fubon employees. Wearing masks and washing hands frequently significantly reduced the demand for sick leaves.

Note 3: Fubon Life sales agents are not included in this table.

**Occupational Hazard**

2020	No. of People Injured from Occupational Hazards	No. of Occupational Deaths	No. of Lost Days	Disabling Injury Frequency Rate	Disabling Injury Severity Rate
<b>Men</b>	20	0	267	1.71	22
<b>Women</b>	36	0	269	1.91	14

Note 1: Fubon Life sales agents are not included in this table.

Note 2: Disabling injury frequency rate = (No. of occupational injuries x 10 to the 6th power)/total man-hours worked = (Injuries + deaths) x 10 to the 6th power / (employees x days worked x 8 hours) (calculated to two decimal places without rounding)

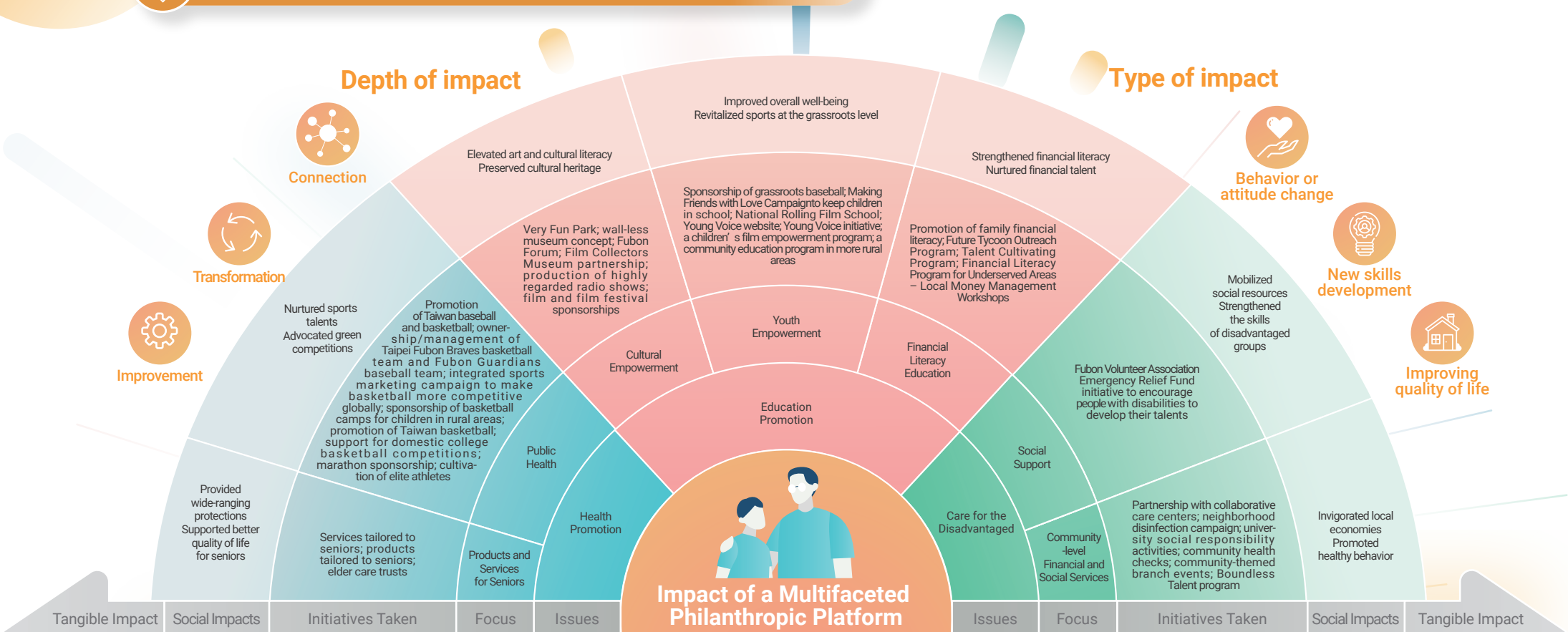
Note 3: Disabling injury severity rate = (No. of days lost to occupational injuries x 10 to the 6th power)/total man-hours worked (calculated to the non-rounded integer)

Note 4: The statistics in the table are calculated based on the number of casualties, days lost, disabling injury frequency or severity rates resulting from occupational accidents as defined by the Occupational Safety and Health Administration, Ministry of Labor.

Note 5: The main type of occupational injury suffered by employees were injuries sustained in traffic accidents on their way to and from work and from traffic accidents that occurred while they were out on company business.

# Connecting Society's Positive Forces

## 7.1 Impact of a Multifaceted Philanthropic Platform



**Health Promotion**

Fubon Life continues to roll out insurance products and services that meet the needs of society, including solutions that provide long-term care, cover the cost of special medical devices used in older patients, and offer in-kind benefits. Also, through products that provide premium discounts for policyholders who stay in shape, Fubon Life gives customers incentives to stay healthy and take precautions to lower the risk of getting sick.

Taipei Fubon Bank provides elder care trusts that give retirees economic security and dignity. It also works with Fubon's philanthropic foundations on programs that help adults with dementia, bring health services to underserved areas, and provide long-term care to promote healthy aging, helping strengthen seniors' fitness levels to delay the onset of disease and dementia.

Fubon Life has also initiated a national health and exercise campaign to strengthen Taiwan's exercise and sports culture and nurture new talent. It integrates social welfare activities and exercise and uses diversified insurance concepts to get people into the habit of exercising and stay in good health.

**Education Promotion**

To support the need for financial education and improve the money management skills of economically disadvantaged children, Taipei Fubon Bank and the Fubon Cultural & Educational Foundation have brought together their core competencies to promote financial literacy education through the Future Tycoon Outreach Program. Taipei Fubon Bank supervisors teach children basic money skills and instill healthy attitudes toward money that can help them realize their ideals. Because of the COVID-19 outbreak, an animated video on managing money was also produced in 2020 and posted online to widen the program's reach.

At the same time, given the global economic shift toward a more eco-friendly "light economy" that prioritizes quality of life, Fubon Financial Holdings has paid greater attention to the wellness industry and furthered its support for the development of sports in Taiwan through sponsorships of many sports events.

**Care for the Disadvantaged**

In 2014, Fubon Life launched the "Fubon Boundless Talent" plan, a mid- to long-term regional development plan aimed at creating job opportunities for insurance agents in smaller communities and bridging the rural-urban divide. It is also focused on providing hardware/software investment, personnel training, and financial incentives to nurture insurance offices at the community level and build up regional operating capacities.

In addition, Fubon Life has initiated a series of community activities – such as "Community Living Circles," and the "Local Services Outreach Program." These activities, which include seminars and walking outings, support local residents and help Fubon employees bond with their customers. The process enables employees to better understand their customers, provide the best possible advice on asset allocation, and sell the products their customers truly need. This results in higher satisfaction among existing customers and a higher employee retention rate.



### Multifaceted Philanthropic Platform (2020 Activities)

Issues	Community Benefits	Business Benefits
Education Promotion	<ul style="list-style-type: none"> <li>Future Tycoon Outreach Program: 19 seminars held, benefiting 2,021 students and teachers</li> <li>Talent Cultivation Program: 121 people attended seminars, 78 simulated different financial tasks</li> <li>Financial literacy program for underserved areas: Held three events that benefited 200 teachers and students</li> </ul>	<ul style="list-style-type: none"> <li>More than 263,000 "Budding Tycoon accounts" opened to date as of 31st Dec 2020</li> <li>Over 10% of Budding Tycoon account holders made an investment or bought insurance through their account by the end of 2020</li> </ul>
	<ul style="list-style-type: none"> <li>People participated 65,508 times in events promoting artistic equality</li> <li>People participated 51,919 times in youth empowerment activities</li> </ul>	<ul style="list-style-type: none"> <li>Added 1 new cultural and artistic charitable trust in 2020</li> <li>Received a 2020 Public Art Award top prize from the Ministry of Culture</li> <li>Teamed up with 8,696 potential customers in making charitable donations through social welfare activities</li> </ul>
Health Promotion	<ul style="list-style-type: none"> <li>Sports empowerment events had a reach of 18,658 participants and others, including spectators</li> <li>Taiwan's Rice Heaven-Tianzhong Marathon created NT\$20.98 million in earnings for local workers and generated NT\$81.45 million for businesses in those areas</li> </ul>	<ul style="list-style-type: none"> <li>A 2020 brand asset survey found that holding marathons and supporting sports in Taiwan does in fact help build and solidify a positive brand image</li> <li>Holding university sports events has helped elevate the brand's visibility among younger groups and drawn the attention of new entrants in the job market</li> </ul>
	<ul style="list-style-type: none"> <li>Taipei Fubon Bank held a total of 176 healthy aging events for senior citizens, benefiting 5,448 people</li> <li>Medical services for the elderly in more remote areas have helped 1,002 cancer patients since 2017</li> <li>Dementia Education Seed Project produced an animated video that drew over 700,000 hits in its first month online</li> <li>In cooperation with 100 collaborative care centers and hospitals, distributed 2,437 wristbands that help people with dementia find their way home if they get lost</li> </ul>	<ul style="list-style-type: none"> <li>Promoted the elder care trust concept through branch education and training sessions and seminars for customers; elder care trust assets under management reached NT\$2.06 billion (up 142% y-o-y), and have benefited 277 people</li> <li>"Spillover" insurance policies (offer lower premiums for staying healthy): 1,862 policies in effect, generating premium income of NT\$19.83 million</li> <li>Medical insurance products for the elderly: 10,275 policies in effect, generating premium income of NT\$234.12 million</li> <li>Provided 1,409 customers community health check services</li> </ul>
Care for the Disadvantaged	<ul style="list-style-type: none"> <li>Care initiatives benefited 113,223 people</li> <li>Microinsurance: No. of policyholders 41,476; premium income NT\$11.66 million</li> </ul>	<ul style="list-style-type: none"> <li>Branches display the art works of people with disabilities, seen by an estimated 21,000 customers per day</li> </ul>
	<ul style="list-style-type: none"> <li>Disease-prevention community disinfections: Benefited 400,000 people</li> <li>Efforts to deepen USR (university social responsibility) by having college students take part in community service activities: Served 5,285 people</li> <li>Charitable trusts donated NT\$250 million, up 21% from the previous year</li> <li>Six events held by branches that showcase local characteristics, attended by more than 16,000 people</li> </ul>	<ul style="list-style-type: none"> <li>Boundless Talent program: In 2020, full-time sales agent team totaled 21,968 people; total no. of new sales agents added totaled 5,606, achieving 93.4% of the recruitment goal</li> <li>Engaged customers and potential customers in taking part in social welfare activities more than 6,800 times</li> <li>Charitable trusts: NT\$1.602 billion in assets</li> <li>Six events held by branches that showcase local characteristics, attended by more than 16,000 people</li> </ul>

### Type of Resources Invested

Categories	2018		2019		2020	
	Amount (NT\$)	Share (%)	Amount (NT\$)	Share (%)	Amount (NT\$)	Share (%)
Cash Donations	675,805,143	83.19%	582,818,732	84.84%	585,372,677	87.17%
Donations of Goods	0	0.00%	2,640,000	0.38%	1,228,082	0.18%
Volunteer Expenses	97,925,490	12.05%	40,962,108	5.96%	34,892,825	5.20%
Management Expenses	38,656,869	4.76%	60,516,707	8.81%	49,998,622	7.45%

### Social Welfare Initiatives

Categories	2018		2019		2020	
	Amount (NT\$)	Share (%)	Amount (NT\$)	Share (%)	Amount (NT\$)	Share (%)
Charitable Activities	192,484,131	28.48%	88,341,676	15.16%	83,415,582	12.42%
Community Engagement	14,450,323	2.14%	102,277,056	17.55%	143,700,744	21.40%
Commercial Initiatives	368,306,701	69.38%	392,200,000	67.29%	444,375,880	66.18%

## 7.2 Promoting Education

### 7.2.1 Financial Education

Leveraging the core competencies of a financial institution, Fubon promotes education through three primary projects, the "Budding Tycoon Money Management Camp", "Future Tycoon Outreach Program" and "Talent Cultivation Program". The projects held on campus provide a diverse range of financial education to students in elementary school, universities and underserved campuses. Due to the COVID-19 pandemic, the "Budding Tycoon Money Management Camp" was suspended for the first time in 22 years. Taipei Fubon Bank launched an online campaign instead, featuring four videos. Meanwhile, a budding tycoon contest was held in collaboration with three child development and early intervention groups across Taiwan. The "Fun Drawing" Children's Drawing Competition was an unconventional celebration on Children's Day to ease kids' mental and emotional tension during the pandemic.



Fubon Asset Management Talent Cultivating Program- Student engaged in mock investment practices in class.

Fubon Cultural and Educational Foundation has been hosting "Future Tycoon Lectures" since 2012 in collaboration with Taipei Fubon Bank. Through interesting and engaging courses, the original animation, The Legend of Fubon Braves and Student Financial Management Comics, as well as three financial management themed animated videos produced in 2020, Fubon introduced the correct attitude toward money and basic knowledge of financial management to elementary school campuses in cities and rural areas alike. On the other hand, Fubon Asset Management proactively carried out the "Talent Cultivating Program" in partnership with universities. The program consists of lectures that increase student interest and knowledge of financial assets and case studies to which students can apply. Students selected by a screening process can take part in professional practices in sync with corporate operations. The courses cover ETF products, dollar-cost averaging investment, ESG sustainable investing, fund advisor career development, and more. In Q4 2019, Fubon Securities launched Financial Literacy Program for Underserved Areas aimed at helping people across all age groups in underserved areas to familiarize with the variety of financial services. Aspiring to realize inclusive financing, the project also promotes financial management by offering brokerage services and financial counseling that cater to individual financial management needs.

Projects	Issues Addressed	Impacts	Benefits/ Outcome	2018	2019	2020
Budding Tycoon Money Management Camp: Parent-Child Financial Management Education	Provide fair and high-quality financial education Alleviate agitation in the midst of the pandemic	<ul style="list-style-type: none"> <li>Establish a healthy attitude toward money and financial knowledge</li> <li>Enhance parent-child interaction and promote household epidemic prevention</li> </ul>	Parent-child activities (number of events)	9	9	0
			Total participants (people)	339	270	1,897
Future Tycoon Outreach Program	Reduce urban-rural disparity in financial education	Nearly 80% of the elementary school students in the program reflected intellectual progress in financial management	Campus tour (events)	15	19	19
			beneficiaries (people)	2,170	1,890	2,021
Talent Cultivating Program	Cultivate talents in financial and asset management	64.5% of the students applied to take part in case studies after special lectures	special lectures (people)	82	120	121
			apply case studies (people)	54	60	78
Financial Literacy Program for Underserved Areas – Local Money Management Workshops	Cater to individual financial management needs of different demographics to realize inclusive financing	<ul style="list-style-type: none"> <li>Strengthen financial management concepts and knowledge among students in underserved areas</li> <li>Expand influence in financial management education</li> </ul>	Engagement (events)	0	1	3
			beneficiaries (people)	0	50	200

held one physical forum and has turned to virtual platforms to compile and document its past experiences in hosting physical events. A series of online talks themed "Absence: Art lecture series in Post-Pandemic" features 20 experts in Taiwan and overseas to pass on intriguing knowledge to the general public through online discussions. In the future, while continuing efforts to "bring art into life and life into art", Fubon Art Foundation will be launching the Fubon Art Museum in 2023. By introducing global outlooks and talents, the museum will serve as an incubator for the young generation to foster new perspectives.

Fubon Cultural and Educational Foundation focuses on imagery preservation and the operation of a high-quality media platform. The "Film Collectors Museum" advocates imagery preservation and maintenance through guided tours, screenings, and repair workshops. In the midst of the pandemic, we moved the exhibits to Chientan Youth Activity Center for the first time. With VR technology, the Film Collectors Museum was launched online for teachers involved in the "15th Anniversary Exhibition of Achievements of the Education Resources Center". "Let's Talk About Media" and "Staying Young", our radio program aiming to facilitate parent-child communication, were once again awarded "Best Lifestyle Program Host" and "Best Program for Teens" in the 55th Golden Bell Awards.

Fubon Financial Holdings gathers corporate resources to sponsor a variety of art and cultural events as well. "Fubon Music Feast – Yo-Yo Ma: The Bach Project in Taipei" was an international-level performance of superb art. "Taipei Music Academy & Festival" invited globally reputed musicians to mingle with Taiwanese up-and-coming musicians and encourage artistic talents. Fubon also continues to support the "Eyes and Ears Project" for the visually and hearing impaired at the Weiwuying National Kaohsiung Center for the Arts to promote cultural accessibility. We also sponsored the "Golden Horse Awards and Film Festival" for the fifth time, which is unprecedented in the finance industry. In an effort to further promote ESG ideologies, we launched "Fubon Sustainability Film Festival" as the best model emblematic of Fubon's endeavors in sustainability and art and cultural advocacy.

### Art Promotion and Cultural Preservation

Projets	Issues Addressed	Impacts	2019-2020 Inputs	Benefits/ Outcome	2019	2020
Very Fun Park	Improve community aesthetics		28 Taiwanese and global artists	Number of direct and indirect beneficiaries (people)	1,400,000	60,833 <sup>Note 1</sup>
Museum without Walls	Facilitate daily engagement in art	Enhance art and cultural literacy	33 Taiwanese and global artists 55 photographers and videographers	Pieces of artworks	44	22
				Total participants (people)	2,266	1,807 <sup>Note 2</sup>
Fubon Forum	Enhance public knowledge on global art and culture		36 Taiwanese and global lecturers	Total participants (people)	6,434	1,681 <sup>Note 3</sup>
Film Collectors Museum	Preserve film industry and cultural asset	Film industry and technology inheritance	33 repair workshops	collection items for research and preservation purposes	5,052	1,321
				beneficiaries (people)	806	1,187

Note 1: Original planning for the Very Fun Park was canceled in 2020 due to the COVID-19 pandemic and has been transformed into a long-term outdoor exhibition plan around the fence of "Fubon Insurance A25 Commercial Building Construction". The number of beneficiaries of the 2020 Very Fun Park was speculated based on the outdoor participation numbers of 2019.

Note 2: The number of participants was speculated based on Folio Hotel's occupancy rate and public visitor flow.

Note 3: Due to the impacts of the COVID-19 pandemic in the second half of 2020, physical courses were recorded and launched online along with online registration. The release of multiple videos was postponed to 2021 for online promotion.



Future Tycoon Outreach Program to increase financial intelligence among children and youth.



Fubon Securities took part in a recital under the charity program in August featuring children in underserved areas and introduced a scavenger game on financial literacy as a sustained effort to promote financial education in underserved areas.

### 7.2.2 Cultural Cultivation

As a vigorous facilitator of art and aesthetics in life, Fubon Art Foundation proactively turns physical events into online campaigns during the pandemic. "The Very Fun Park Contemporary Art Exhibition" transformed into "Very Fun Park Art Fence Project" at Fubon Insurance A25 Commercial Building Construction, featuring the Green Man in Taipei as an extension of Israeli artist Maya Barkai's walking men project globally. Another highlight at "Fubon Insurance A25 Commercial Building Construction Plan" is the collaboration with Italian illustrator Philip Giordano on the façade. It was once again awarded the first prize in the 7th Public Art Awards 2020 by the Ministry of Culture in the category of exhibitions held by the private sector.

In addition, Fubon Art Foundation continues to launch artist residencies and donations at Folio Hotel, Art Office, and campuses to create a well-rounded museum without walls. Since the pandemic hit, Fubon Forum



Topics	Benefits and outcomes
<b>Operation of High-Quality Radio Programs</b>	<b>313 episodes/ broadcasted in a year</b> <ul style="list-style-type: none"> <li>Radio program: Let's Talk About Media (aired Monday to Friday)</li> <li>Radio program: Staying Young (aired on Saturday)</li> <li>25 community and campus lectures in 2020</li> </ul>
<b>Music, Art and Cultural Event Sponsorship</b>	<ul style="list-style-type: none"> <li>Sponsored 5 recitals, 1 concert and 1 stage play</li> <li>35 young music talents were instructed and performed at the Taipei Music Academy &amp; Festival</li> <li>Jointly promoted Weiwuying National Kaohsiung Center for the Arts accessibility project</li> </ul>
<b>Sustainability Film Festival/ Sponsorship</b>	<ul style="list-style-type: none"> <li>Held 11 charity screenings, 2 film forums and 1 international award giving ceremony</li> <li>Fubon Sustainability Film Festival (screening movies on environment, positive caring, etc.) reaching over 1,000 views</li> <li>The number of direct beneficiaries exceeds 330 thousand</li> </ul>



2020 Fubon Forum was launched online talks featuring 20 professionals and creative minds including KAWS (Brian Donnelly), Kohei Nawa, Lee Mingwei, and Hannah McGivern, sharing their experiences and aspects on diverse range of art topics.

In supporting premium Mandarin films, Fubon invited staffs to watch André & His Olive Tree, the documentary of the globally renowned Chef Andre Chiang.

Fubon and Weiwuying jointly promoted the "Eyes and Ears" venue accessibility project to encourage the visually and hearing impaired to take part in art and cultural events.

Determined to cultivate public aesthetics through public art installation, Fubon Art Foundation turned Very Fun Park into "Very Fun Park Museum Base at A25 Fence".

Photo by Weiwuying National Kaohsiung Center for the Art.

### 7.2.3 Children and Youth Empowerment

With "passing on and cultivation" at our core, Fubon is devoted to the empowerment of children and youth through establishing a diverse range of learning environments and platforms in sports, film education, arts, and other areas. Since 1993, Fubon Financial Holdings has been sponsoring Fubon Bulls in the grassroots development of baseball. We continue to sponsor and host the U12 and U18 baseball tournaments, giving athletes a platform of friendly competitions to sustain the vigorous grassroots development in baseball.

Fubon Cultural and Educational Foundation founded "Young Voice", a platform dedicated to children and youth. In 2020, echoing the competency-oriented national curriculum issued in 2019, Young Voice hosted themed workshops on human rights and ocean issues. Through in-depth discussions and practices, youths are trained to become independent-thinking and highly motivated citizens with enhanced competencies. In collaboration with

high schools, vocational high schools and film festivals, the "National Rolling Film School" enlightens students in image comprehension and critical thinking. The program was awarded the 7th Arts Education Contribution Award by the Ministry of Education in 2020. The "Storytelling Workshop" creates an environment of compassion and inclusion that encourages children to share their stories. The life stories then became key materials compiled in quality screenplays for children documentaries. To elevate production quality, we also partner with the film and television industry in fostering producing talents for children and youth programs in Taiwan.

Because the big development gap amid cities and countries, Fubon Charity Foundation is deeply concerned about the children of disadvantaged families who lack daily necessities and education resources. Hence, Fubon Charity Foundation launched "Making Friends with Love" Campaign to give disadvantaged students a chance to flip their social and economic status in a more stable learning environment.

	Four topics	Projects	Impact	2020 Outcomes and benefits
Children and Youth Empowerment	Grassroots Baseball	<ul style="list-style-type: none"> <li>Baseball Team and Games Sponsorship</li> </ul>	Facilitate grassroots exchanges and friendly competition among teams	<ul style="list-style-type: none"> <li>Sponsored "Fubon Bulls", National Taiwan University of Sport baseball team</li> <li>Sponsored "Fubon Cup Taiwan Top 12 Tournament"</li> <li>Sponsored "New Taipei City Fubon International U-18 Baseball Invitational Tournament"</li> <li>Sponsored the "9th New Taipei City Minister Cup National Youth Baseball Tournaments 2020"</li> </ul>
	Education for the Disadvantaged	<ul style="list-style-type: none"> <li>"Making Friends with Love" Campaign</li> <li>Education in Indigenous Townships</li> </ul>	<ul style="list-style-type: none"> <li>Eliminate financial burden on disadvantaged students</li> <li>Reduce urban-rural disparity</li> </ul>	<ul style="list-style-type: none"> <li>Gathered 8,696 scholarship donors</li> <li>Assisted 15,700 disadvantaged students in continuing their studies (A NT\$600 financial aid every month)</li> <li>Over NT\$ 100 million donated in financial aid</li> <li>Ran 11 local afterschool counseling and vocational training classes in indigenous townships with 365 participants</li> </ul>
	Competencies	<ul style="list-style-type: none"> <li>Young Voice Website</li> <li>Young Voice Program</li> </ul>	Enhance youth critical thinking and expression in a diverse range of issues	<ul style="list-style-type: none"> <li>Total number of youth beneficiaries reached 30,151</li> <li>79 teachers trained by the Young Voice Program</li> <li>14 professional documentaries of the course produced in the Young Voice Program</li> </ul>
	Arts Education	<ul style="list-style-type: none"> <li>National Rolling Film School</li> <li>Film Education for Children</li> </ul>	Establish competencies in image education	<ul style="list-style-type: none"> <li>Total number of beneficiaries reached 6,068</li> <li>Launched image education courses in collaboration with 10 schools</li> <li>Awarded Outstanding Group Award by the 7th Arts Education Contribution Award, Ministry of Education</li> <li>Launched campus storytelling workshops at 4 elementary schools</li> </ul>

Youth Film Class teaches image comprehension to the digital natives.

Accompanied by volunteers, scholarship donors had a meet-and-greet with the student beneficiaries of the "Making Friends with Love" Campaign.

"Fubon Cup Taiwan Top 12 Tournament" provided each young athlete a reusable Fubon Guardians water bottle to contribute to a "green game".

## 7.3 Facilitating Health

### 7.3.1 Facilitating National Health

Sport is essential to a healthy life. Fubon Financial Holdings sponsors and hosts a number of sports games and health-facilitating events in four sports that are highly popular among Taiwanese people: baseball, basketball, golf, and marathon. Noting that sports games usually involve bottled water in quantity, we pondered over how to exert sustainable influence under the notion of ESG in each game. To actively incorporate the concept of circular economy, we reduced plastic consumption by creating a low-carbon setting where athletes are given reusable water bottles with eco-friendly water stations. Meanwhile, we facilitate local businesses by bringing profits based on the spirit of placemaking.

#### ESG Infused Sustainable Games

Sports Games	ESG Highlight	Environmental Protection and Social Benefits
Taiwan's Rice Heaven—Tianzhong Marathon, Taipei Marathon	<ul style="list-style-type: none"> <li>Integration with placemaking efforts and local economic vitalization</li> <li>Marathon featuring energy conservation, carbon reduction, and low plastic consumption</li> </ul>	<ul style="list-style-type: none"> <li>Created approximately NT\$20.98 million in salary for local staff in Taiwan's Rice Heaven—Tianzhong Marathon 2020 and contributed to NT\$81.45 million in sales for local businesses</li> <li>Purchased and produced 500 recycled and regenerated products and invited runners to echo the environmental protection campaign. A total of 3,639 participants joined Taipei and Tianzhong Marathons</li> </ul>
Fubon Senior Open	Water resources conservation	Introduced eco-friendly water stations to replace 2,000 bottled water and reduced carbon emission by 193 kg
Fubon Cup Taiwan Top 12 Tournament	Reduce, recycle and reuse	Provided athletes reusable water bottles to replace 3,600 bottled water, reduced carbon emission by 432 kg, recycled canvas used in the game for future venue maintenance purposes, etc.

Fubon Financial Holdings has continued to support Taipei Marathon for 12 years consecutively. Starting in 2020, Fubon became the only financial institution that sponsors the four major marathons in Taiwan. (Note) Fubon is also the only enterprise in Taiwan that manages a division A baseball team (Fubon Bulls), a top-level professional basketball team (Fubon Braves in P. League+ and ABL), and a baseball team (Fubon Guardians in CPBL) simultaneously. Due to the pandemic in 2020, many large-scale events and games are postponed or canceled. Fubon Financial Holdings launched a digital promotion campaign on social media instead. Fubon-sponsored teams and athletes were invited to promote epidemic prevention measures in a light-hearted demeanor. It successfully delivers heart-warming messages amid rising tension in society, demonstrating Fubon's brand essence of bringing positive energy.

Fubon Life has been the title sponsor of the "University Basketball Association (UBA)" for four years in a row. The game in 2020 was held without a live audience for the first time due to the COVID-19 pandemic. The number of views for the online broadcast reached over 10 million as supporters were encouraged to watch online and root for their teams remotely. "Fubon Life Braves College Basketball Tournament" was held for the fifth consecutive year. It is the only cross-department, cross-region, professional-standard basketball tournament for amateur players in Taiwan. In 2020, more than 60 colleges joined the game. Meanwhile, albeit impacts of the pandemic, Fubon Braves continues to strive for excellence. As a founding member of P. League+, a professional basketball league in Taiwan, Fubon Braves' home court launch in the first season of P. League+ recorded a 100% seat occupancy.

Fubon Financial Holdings has always been the most reliable partner of Taiwan's elite athletes. Fubon-sponsored Pan Cheng-Tsung won seventh place in the 2020 Masters Tournament, marking the best record among male golfers in Taiwan. Taiwanese golfer Phoebe Yao in JLPGA and Chen Yu-Ju in KLPGA also played admirably in global tournaments. Wang Wei-Hsuan, the up-and-coming golfer set a stellar record winning the biggest prize in both the TPGA Tour and ThreeBond Challenge Tour, Best Player Award, and Best New Golfer Award in 2020. The amateur-turned professional golfer's winning of four awards at once breaks the record in Taiwan. It is a perfect example of Fubon's dedication to inheritance and cultivation in sports through sponsorships.

(Note) Kaohsiung Marathon and New Taipei City Wan Jin Shi Marathon in 2020 were canceled due to the pandemic.

### Baseball



<b>Baseball Field Development</b> Renovate field equipment and promote baseball on campus	<b>Impacts</b> Increase public interest in baseball as a sport	<ul style="list-style-type: none"> <li>Renovate parent-child seats and "SNOOPY'S CAMPING SITE" themed seats in collaboration with the Peanuts comics</li> <li>Promote baseball on campus through Fubon Guardians visiting schools, reaching around 13,000 people</li> </ul>
<b>Talent Acquisition</b> Strengthen team competitiveness	<b>Impacts</b> Maintain excellent team structure and strength	<ul style="list-style-type: none"> <li>9 outstanding players picked in drafts including Chang Jin-De who joined the team immediately, actively retained power players at the end of season</li> <li>Individual best records: Lee Tsung-Hsien won the Gold Glove Award at shortstop of the year; Kao Kuo-Hui won the Comeback Player of the Year Award for his achievements in the past four years</li> </ul>
<b>Baseball Charity</b> Donate equipment and charity sponsorship	<b>Impacts</b> Enhance training resources for junior players	<ul style="list-style-type: none"> <li>"Give A Wish, Build A Future" campaign benefited over 40 junior players</li> <li>Lin Yu-Ying voluntarily joined "Making Friends with Love" Campaign and helped a child pay tuition as a donor</li> </ul>



Fubon Guardians went on a campus tour at the end of the season for three consecutive years to promote baseball.



Dedicated to inheritance and cultivation through sports sponsorship, Fubon has been sponsoring Fubon Bulls, a college baseball team of National Taiwan University of Sport for over 28 years.





## Basketball

<p><b>Professional Team</b> Operated Fubon Braves Basketball Team Joined the ASEAN Basketball League (ABL)</p>	<p><b>Impacts</b> Build a training system for talent cultivation based on international standard for professional basketball</p>	<ul style="list-style-type: none"> <li>Fubon Braves recruited new members including UBA graduate Chou Kuei-Yu, Tseng Hsiang-Chun, and Brendon Smart</li> <li>Played in 17 games in ABL 2019-2020 regular season (suspended in March due to the pandemic)</li> </ul>
<p><b>Basketball Charity</b> Basketball bootcamp for children in underserved areas</p>	<p><b>Impacts</b> Build the foundation for basketball as a sport in underserved areas</p>	<ul style="list-style-type: none"> <li>Collaborated with Fubon Charity Foundation on a two-day overnight Bravery and Love charity basketball event in Yunlin</li> <li>Fubon Braves players directly interacted and instructed about 100 children on basketball skills, encouraging children to develop an interest in basketball and sports</li> </ul>
<p><b>Venue Operation</b> Run Taipei Heping Basketball Gymnasium as home stadium</p>	<p><b>Impacts</b> Facilitate the development of professional basketball in Taiwan</p>	<ul style="list-style-type: none"> <li>Hosted four ABL games against Formosa Taishin Dreamers, Singapore Slingers, Thailand Mono Vampire, and Hong Kong Eastern Sports Club</li> <li>Joined the establishment of a professional basketball league in Taiwan; 96% seat occupancy in home stadium</li> </ul>
<p><b>College Basketball</b> Assist with organizing college basketball tournaments</p>	<p><b>Impacts</b> Cultivate basketball talents</p>	<ul style="list-style-type: none"> <li>Title sponsor of Fubon Life University Basketball Association Tournament with the participation of over 80% of universities and over 5,500 students</li> <li>Hosted nearly 1,000 games under Fubon Life Braves College Basketball Tournaments that attracted more than 60 colleges in Taiwan to join and effectively facilitated the interest in sports among students</li> </ul>



Fubon Braves joined the P. League+ to promote professional basketball in Taiwan.



Bravery and Love 2020, a charity basketball camp that promotes grassroots basketball.



Fubon Life UBA created a national sports frenzy with record-high turnout year after year.



## Golf/Others

<p><b>Professional Golfers and Tournaments</b> Cultivate talent and professional golfers, sponsor tournaments</p>	<p><b>Impacts</b> Cultivate grassroots golf talent and promote inheritance Establish the arena for professional competition</p>	<ul style="list-style-type: none"> <li>Supported Fubon Senior Open for 18 consecutive years; a total of 104 golfers participated in the tournament in 2020</li> <li>Held youth inheritance camps where 6 renowned golfers were invited to instruct 18 youth golfers of great potentials in professional golfing</li> <li>Sponsored 6 elite Taiwanese athletes in an effort to cultivate young athletes with potentials</li> </ul>
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Fubon sponsored golfer Pan Cheng-Tsung's first charity golf event and offered merchandise for a charity sale. Gains were donated to The First Social Welfare Foundation.



Fubon-sponsored golfer Wang Wei-Hsuan won the championship of the highest priced tournament in Taiwan, 2020 Taiwan Master and the 34th Mercuries Golf Invitational Tournament. He also won both the TPGA Tour and ThreeBond Challenge Tour.



## Marathon

<p><b>International Marathons</b> Sponsor marathons</p>	<p><b>Impacts</b> Promote sports nationally Launch green initiatives for sports games</p>	<ul style="list-style-type: none"> <li>Taipei Marathon, an indicative city marathon in Asia and the first city marathon in Taiwan to receive a WA bronze label, attracted 918 runners from 51 countries in 2020</li> <li>A total of 43 thousand runners participated in Taipei Marathon and Taiwan's Rice Heaven—Tianzhong Marathon</li> <li>A total of 3,639 people participated in the Marathon Expo and environmental initiatives at the marathon</li> </ul>
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Fubon Financial Holdings continues to support the WA bronze labeled "Taipei Marathon" in the 12th consecutive year. Fubon is also the only financial institution in Taiwan to sponsor four major marathons under the project of "International Games Promoting Taiwan Brands".

### 7.3.2 Services and Products for the Elderly

According to reports issued by the National Development Council and the Ministry of the Interior, Taiwan's population is aging at an alarming speed. It is the nation's top priority to address the increasing burden of elderly care on adolescents and the low birth rate in an aging society. As the national average life expectancy rises, seniors face health risks like dementia and disability and inflation. People should get medical insurance in advance for longevity with health conditions.



Jerry Harn, President of Fubon Financial Holdings received an award on behalf of the Company.

Echoing UN's Sustainable Development Goal 3, Good Health and Well-Being, Fubon Financial Holdings aspires to facilitate the well-being of each age group. The aging population calls for long-term care services, medical insurance covering self-paid special materials, and lifetime pay-as-you-go insurance. In response to the demand, as well as common cases of decline among applicants with impaired risks, the Company has developed a variety of insurance products to fill the gap between supply and demand. In impaired-risk insurance, we include spillover benefits to encourage policyholders to control blood sugar levels with premium deduction as incentives. While strengthening policyholders' health consciousness, we also reduce the risk of claim settlements.

As Taiwan moves toward an aging society with a low birth rate, Taipei Fubon Bank actively promotes elder care trusts. The trust department was expanded to include a larger trust operations team. Agile big data analytics was introduced to develop the right services and build a potential clientele so that we can effectively assist clients with asset trusts in advance. Meanwhile, leveraging the influence of local branches across Taiwan, Taipei Fubon held multiple trust orientations to reach out to a broader clientele. Through casual interactions and easy-to-comprehend case studies, potential clients learned about the purpose and advantages of trusts.

Initiatives	2020 Action Plans	Results
Provide Services for the Elderly	Promote elder care trusts	<ul style="list-style-type: none"> <li>In 2020, Taipei Fubon Bank handled 190 new asset trusts to care for the elderly and people with disabilities, benefiting 277 people</li> <li>Elder care trusts had assets of NT\$2.058 billion at the end of the year, up more than 142% from a year earlier</li> <li>The only private bank recognized by the Financial Supervisory Commission as an outstanding elder care trust provider in three consecutive years</li> </ul>
	Fraud Prevention – Elderly Clients	<ul style="list-style-type: none"> <li>For customers aged 70 years and above who are subject to the highest level of control based on a risk profile assessment, a "risk warning" is issued for every transaction</li> <li>The first time they apply for professional investor/professional client status, a two-week "cooling-off period" is imposed from the time their application is approved</li> </ul>
	The Wristband Project	<ul style="list-style-type: none"> <li>Partnership with the Federation for the Welfare of the Elderly to sponsor wristbands to keep people from going missing; Program continues to work with neurology and mental health departments around Taiwan to hand out a wristband with every confirmed dementia diagnosis; to date, nearly 100 collaborative care centers and hospitals are participating, helping boost the ratio of people wearing them</li> <li>Continued partnership with the Federation for the Welfare of the Elderly to sponsor wristbands to keep people from going missing; a total of 2,437 wristbands were distributed in 2020</li> <li>The local government of Taipei, Taichung, Miaoli, Penghu and Kinmen supported the initiative of handing out a wristband with every confirmed dementia diagnosis</li> </ul>

Initiatives	2020 Action Plans	Results
Provide Services for the Elderly	Dementia Education Seed Project	<ul style="list-style-type: none"> <li>Partnered with Taiwan Alzheimer Disease Association on "Dementia Education Seed Project" and produced animated videos <i>Signs of Dementia</i> and <i>Prevent People from Going Loss</i> which had more than 700 thousand views online in the first month as the project reached out to elementary schools across Taiwan with the help of Health Promotion Administration, Ministry of Health and Welfare and city education bureaus</li> </ul>
	Medical Service Accessibility Project for Elders in Remote Areas	<ul style="list-style-type: none"> <li>Partnered with Formosa Cancer Foundation to offer transportation subsidy to elderly cancer patients in remote areas in Southern and Eastern townships in Taiwan. Unprecedented in the industry, the project has helped 1,002 elderly cancer patients increase their willingness to seek medical treatment by offering a maximum of NT\$ 8,000 transportation subsidy per patient since 2017. The total subsidized distance traveled to medical facilities reached 410 thousand km</li> <li>The "Survey on the Predicament of Cancer Patients in Taiwan to Travel for Medical Treatment" and the "Documentary of Elderly Cancer Patient's Journey to Treatment" successfully raised public awareness on medical accessibility in remote areas (with over 230 thousand views) and facilitated the donation of over NT\$ 1 million made to Formosa Cancer Foundation</li> </ul>
	Senior Care Active Ageing Program	<ul style="list-style-type: none"> <li>Held 176 events for senior citizens</li> <li>5,448 people benefited from the program</li> </ul>

#### Products for the Elderly

Fubon Life makes it its business to care about people's health and meet the growing needs of Taiwan's rapidly aging society and continues to offer elder care trusts and health-oriented insurance products.

<p><b>Hospitalization Insurance for Seniors</b></p> <p>Most pay-as-you-go medical insurance policies only protect people to the age of 75. Given that life expectancy is rising in Taiwan and out-of-pocket medical costs continue to increase, Fubon introduced pay-as-you-go hospitalization insurance that extends to the end of the policyholder's life.</p>	<p><b>Number of valid policies</b> 514</p> <p><b>Premium Income</b> 15.76 million</p>	<p>Fubon Life Hospitalization Whole-life Insurance Rider</p>
<p><b>Products for Seniors – Long-term Care Insurance</b></p> <p>Offer policyholders a variety of options by diversifying long-term care products including long-term care insurance that covers physiological disabilities, cognitive disabilities, specific diseases that require long-term care, etc.</p>	<p><b>Number of valid policies</b> 4,361</p> <p><b>Premium Income</b> 149.49 million</p>	<p>Fubon Life Long-term Care Whole-life Insurance</p> <p>Fubon Life Full-Care Whole-life Health Insurance</p>
<p><b>Coverage for Special Medical Devices and Whole-life Medical Insurance</b></p> <p>Provides coverage for devices such as coronary stents, artificial hips, artificial knees, and artificial intraocular lenses often needed by older people; introduced medical savings account insurance plan that includes coverage of outpatient expenses not covered by national health insurance system.</p>	<p><b>Number of valid policies</b> 2,238</p> <p><b>Premium Income</b> 39.25 million</p>	<p>Fubon Life Senior Wellness Whole-life Health Insurance</p> <p>Fubon Life Whole-life Medical Insurance</p>
<p><b>Deductible Pay-As-You-Go Hospitalization Insurance</b></p> <p>Given the rise in self-paid medical expenses, Fubon introduced a deductible pay-as-you-go medical insurance addendum. Policyholders can choose to top up the amount of coverage to include costs of hospital ward daily rate, hospitalization, hospital and outpatient surgery. Fubon also offers policyholders a variety of plans to choose.</p>	<p><b>Number of valid policies</b> 3,013</p> <p><b>Premium Income</b> 6.90 million</p>	<p>Fubon Life Hospitalization Term Insurance Rider</p> <p>Fubon Life Hospitalization One-year Term Insurance Rider</p>
<p><b>Retirement Return-of-Premium Whole Life Insurance</b></p> <p>To maintain the national income replacement ratio among retirees, Fubon introduced lifetime insurances with a variety of premium plans. Policyholders can start claiming money back at the age of 55, 60, or 65. It helps policyholders meet retirement needs by offering whole-life insurance and a stable cash flow.</p>	<p><b>Number of valid policies</b> 149</p> <p><b>Premium Income</b> 22.72 million</p>	<p>Fubon Life Enjoy Wealth Return of Premium Whole-life Insurance</p>



## Health management product

In terms of general health issues, Fubon introduced impaired-risk insurance for diabetes sufferers that offered them comprehensive coverage. The concept behind traditional insurance policies is to provide a benefit after something happens. In contrast, "spillover" policies are proactive, providing discounts on premiums to policyholders who effectively manage their own health. We also uses an app from Health2Sync to encourage policyholders to manage their health; the policy was the first to offer discounts on premiums based on blood sugar data. The lower a user's glycated hemoglobin (HbA1c), the steeper the discount, up to a maximum of 40% off, an incentive that stresses prevention to keep people healthy. In 2020, Fubon Life had 1,862 customers with "spillover" policies, which generated NT \$ 19.83 million in premiums.

Category	Features	Product Name	2020 Policies
Impaired-risk Insurance for People with Diabetes + a "Spillover" Effect	Offers medical coverage to people with diabetes while giving them an incentive to manage their health; through this approach, health promotion concepts spill over into the policy.	Fubon Life Smart Term Health Insurance	Number of valid policies : 432 Premium Income: 9.78 million
Term Health Insurance that Encourages Health Management	In addition to coverage for death, disabilities and severe disease, policyholders can get a maximum 10% discount with the number of steps recorded in wearable devices for health management.	Fubon Life Walker Term Health Insurance	Number of valid policies: 1,004 Premium income: 6.39 million
Fubon Life GO Term Health Insurance for Critical Illness	In addition to coverage for death, disabilities and critical illness, policyholders can get a maximum 10% discount with the number of steps recorded in wearable devices for health management.	Fubon Life GO Term Health Insurance for Critical Illness	Number of valid policies: 382 Premium income: 3.4 million
Term Life Insurance + Health Management Policy with a Spillover Effect	Health management spillover effect is considered to encourage policyholders to walk for personal health with an incentive of additional premium bonuses.	Fubon Life e-Term Life Insurance	Number of valid policies: 44 Premium income: 260 thousand

of several branches in 2020 and organized exhibitions at seven branches and the headquarters featuring 43 artworks of 12 disabled artists. The exhibitions were also accessible online with about 21,000 views per day. The maximum reach in a year is 5,208,000 visits. Among the branches, Dongmen Branch realized the dream of disabled artist Huang Chi-Chen by turning Huang's work into a giant mosaic wall on the bank's façade. The collaboration shows more people his art and his dream as a disabled artist. The mosaic wall of the Dongmen branch was recognized by the Global Brands Magazine and PwC's CSR Impact Awards.

Projects	Issues Addressed	Impacts	Benefits/Outcome	2018	2019	2020
Fubon Volunteers Association	Make up for the deficiency of government and social welfare organizations	<ul style="list-style-type: none"> <li>Strengthen team cohesion</li> <li>Provide additional resources to social welfare organizations</li> </ul>	Number of volunteers	4,393	4,645	4,032
			Small and medium social welfare organizations benefited	107	140	175
			Number of beneficiaries	55,000	58,000	100,000
Emergency Relief Programs	Resolve the lack of social resources	<ul style="list-style-type: none"> <li>Improve well-being</li> <li>Distribute social resources effectively</li> </ul>	Number of families	1,513	1,233	1,236
			Han Shi Chi Bao 30 (tables)	1,500	1,500	1,500
			Poverty-Busting Saving Plan	19	31	48
Encouraging People with Disabilities to Reach Their Potential	Empower the mentally and physically disabled and enhance social status	<ul style="list-style-type: none"> <li>Enhance skills and increase income of the disabled through exhibitions and touring performances</li> </ul>	Number of beneficiaries	30,960	22,097	11,939
			Number of performances and training sessions	76	79	303
			Guests invited	0	65	45
Taipei Fubon Bank's Efforts in Caring for the Disadvantaged	Enhance autistic children's social relations	<ul style="list-style-type: none"> <li>Build skillset and create a platform for disabled artists</li> </ul>	Number of artists featured in Fubon exhibitions	0	0	12

## 7.4 Caring for the Disadvantaged

### 7.4.1 Social Support

Aspiring to give back to society, Fubon Charity Foundation has founded the Fubon Volunteer Association. Comprised of Fubon employees, the association actively reaches out to social welfare organizations or individuals in need. The foundation also supports individuals or families in the wake of emergencies by providing living expenses, medical and funeral subsidies through the "Emergency Relief Program". In addition, as a liaison between the government and the company that consolidates public and corporate resources, we introduced a "Poverty-Busting Saving Plan" to help economically disadvantaged students accumulate wealth and shake off poverty. We also launched collaborative "microinsurance" plans to provide disadvantaged families with basic insurance.

Caring for the elderly and disabled, Taipei Fubon Bank and Taipei Fubon Bank Charity Foundation organized companionship events and a platform to bring out their potentials. Since 2004, Taipei Fubon Bank Charity Foundation has been hosting the "Fubon Bank Artistic Achievement Awards for the Disabled", a comprehensive talent development mechanism for the disabled. In 2020, Taipei Fubon Bank continued the annual Light Up Blue Pumpkins for Love event for children with autism. In the three "Blue Pumpkin DIY" events held in Northern, Central, and Southern Taiwan, Fubon employees and autistic children made blue pumpkins out of socks together. The DIY course helped children with autism blend into society and enhanced their interpersonal communication skills.

For years, Taipei Fubon Bank and Taipei Fubon Bank Charity Foundation have been supporting artists with disabilities. Noting the desperate need for disabled artists to be seen, Taipei Fubon Bank consolidated resources





Uncover the Impossible V Joint Exhibition featuring winners of the Taipei Fubon Bank Artistic Achievement Awards for the Disabled.

Taipei Fubon Bank Dongmen Branch's mosaic wall in 2020.

## 7.4.2 Community-level Financial and Social Services

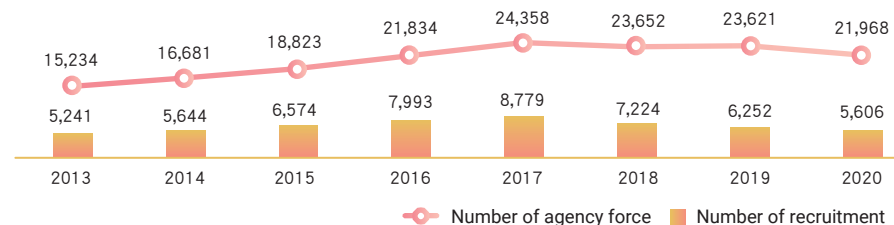
### Community financial services -Fubon Boundless Talent Project |

Taiwan's urban-centric development path has resulted in a major shortage of education, employment and medical resources in rural areas, and because of those gaps and the pressures of a rapidly aging population, Taiwan's urban-rural divide has grown wider than ever. Recognizing the lack of opportunity for young people in more remote parts of Taiwan and the uneven distribution of resources, Fubon Financial Holdings decided to address the problem. It set up a community services strategy supported by the deployment of people and new business offices to promote inclusive products and community care in underserved areas, hoping ultimately to advance financial inclusion, revitalize rural areas, and serve communities to create a common good.

Fubon Life launched a "Boundless Talent Project" in 2014 to help address the social inequities between Taiwan's cities and predominantly rural counties. It envisioned bringing the development experience of urban areas to other parts of Taiwan, especially central and southern Taiwan, and introducing insurance concepts and local insurance services in towns and villages everywhere. In so doing, Fubon Life hoped to bridge the urban-rural divide and create more job opportunities to enable young people to stay and work in their hometowns and nurture more happy families.

As of the end of 2020, Fubon Life had about 22 thousand sales agents across 496 offices across cities and counties in Taiwan, offshore Penghu County and Kinmen County included. In the 91 townships and districts, Fubon offers professional financial services and encourages employees with local advantages or aspirations to return to their hometowns and develop a career locally. The talent acquisition plan for tied-agent channel in 2020 was to recruit 6,000 people. The actual number recruited was 5,606, marking a 93.4% achievement rate. For 2021, we envision recruiting 6,000 sales agents as we continue to cultivate local talents across the country and create job opportunities. While providing people across the nation comprehensive financial services, Fubon contributes to a balanced economic development by reducing the urban-rural gap.

### Agency Force and Recruitment of Tied-Agent Channel



### Good Neighbor Initiative |

The Good Neighbor Initiative launched by Fubon Life in 2016 focuses on organizing activities in four major domains – health promotion, social engagement, exercise activities and campus outreach – that give tangible expression to the company's ESG commitment. The goal is to foster mutual help networks at the community level through cross-sector cooperation and deliver services to wherever they are needed with the help of diverse community events, an approach that has established each local Fubon Life office as a "good neighbor."

### Create a Common Good



Cooperation with Collaborative Care Centers

21 branches collaborated with collaborative care centers and local governments across Taiwan on hosting events. Over 6,800 community members and clients participated.



Good Neighbor! Community Epidemic Control Disinfection Initiative

In response to the COVID-19 pandemic, Fubon launched the "Good Neighbor! Community Epidemic Control Disinfection Initiative" in 20 counties and cities across Taiwan. The initiative helped over 100 social welfare groups and communities carried out disinfection operations in 111 communities. Over 500 Fubon employees volunteered to take part in 250 disinfection operations and benefited 400 thousand people.



### Create a Common Good



#### USR (University Social Responsibility) Campus Outreach

Collaborated with 24 college departments on 170 community services. Nearly 1,300 Fubon Life employees and over 4,500 college students volunteered in a variety of programs including dining companion, outing companion, green education, and plastic reduction workshops, serving 5,285 people.



#### I Care About Your Health Check-Up Tour

Integrated existing employee health check resources and launched 17 charity health checks offering simple check-ups to 1,409 clients across Taiwan.

### Themed-branches Serving their Communities |

Taipei Fubon Bank, meanwhile, has transcended the traditional concept of a bank to broaden its portfolio of financial services in truly innovative ways. The rich variety of activities connected with the daily lives of people in their respective communities, enabling customers to feel the enthusiasm of each branch' s 361-degree service and dedication to operating at a truly local level. Following government epidemic control measures in 2020, the 6 events organized by themed branches across Taiwan were held under strict epidemic control standards. Over 16 thousand people participated.

### Event Title

#### "Fun Drawing" Children's Drawing Competition themed the Battle against Virus



Due to the pandemic, families couldn' t physically join celebration events on Children' s Day. The "Fun Drawing" Children' s Drawing Competition offered a different kind of entertainment on Children' s Day for kids to ease their anxiety during a pandemic. A total of 1,897 people participated.



### Event Title

#### "Future Tycoon Celebration Month" e-Family Payment on the Mobile Banking App

In the midst of a pandemic, Fubon integrates knowledge on seasonal changes, creativity and epidemic control measures in the mobile banking app. Through the tutorial and scenarios on the use of e-Family Payment and Technology Piggy Bank, children learn about financial management and establish a correct attitude toward money.



#### Dragon Boat Festival Competition

As epidemic control eased around the Dragon Boat Festival, Fubon held a series of fun competitions at Dongmen and Kaohsiung branches. Clients and their families were invited to partake in the egg balancing challenge, online dragon boat racing and rice dumpling wrapping challenge. The festive occasion also brought positive energy to society in post-pandemic life.

#### Chinese Valentine's Day Celebration at Fubon



- On Chinese Valentine' s Day, all branches across Taiwan prepared gifts for customers on the day as a sweet gesture like that of customers' loved ones.
- A Chinese Valentine' s Day themed flower wall and signs for photos were available in Muzha, Dunbei, Northern Zhongli, Hsinchu, Shizheng and Kaohsiung branches.

#### Blue Pumpkin DIY Event



DIY events were held at Anhe, Shizheng, and Kaohsiung branches featuring Kanner Foundation of Taiwan. Employees at Fubon branches and children with autism made blue pumpkins out of socks together. The DIY course helped children with autism blend into society and enhanced their interpersonal communication skills.

#### Trick or Treat



Echoing the Blue Pumpkin Movement, 23 branches across Taiwan decorated the banks with blue pumpkin baskets. By offering customers dates and witches' finger cookies made by autism foundations, Fubon helped children with autism in a meaningful way.

#### Christmas Caroling for Love with Fubon by Your Side



9 branches across Taiwan invited school choruses from remote areas to sing Christmas carols live. While participants were immersed in the festivity of Christmas, the performance enabled disadvantaged groups in underserved areas to raise funds.

## 7.5 Inclusive Financing

Consistently concerned about the impacts of social changes, Fubon Financial Holdings exerts its financial competencies in launching microinsurance plans, charitable trusts and other innovative financial products and services. We also assist the government in promoting policy-driven loans to eliminate poverty and contribute to a stable society.

Initiatives	2020 Action Plans	Outcomes	2018	2019	2020
Microinsurance	Bring together social welfare groups and government agencies to expand coverage for the economically disadvantaged through continuous promotion of microinsurance and work toward achieving the annual premium goal	Customers	17,640	19,719	41,476
		Premium income (NT\$)	6,629,455	6,755,219	11,655,188
Charitable Trusts	Continue to expand the scope of charitable trusts and increase the value of donations and sponsorships through a variety of charity campaigns	Assets under Management(NT\$100M)	12.85	14.76	16.02
		Donations (NT\$100M)	1.43	2.06	2.5
Policy-driven Loans	<ul style="list-style-type: none"> <li>Continue to strengthen support for the development of small and medium enterprises</li> <li>Launch various policy-driven loans to support local and foreign enterprises and improve industry structure</li> <li>Offer student loans to help increase the competitiveness of young generations</li> </ul>	Outstanding loan balance: (NT\$100M)	1,955	2,233	2,808

### 7.5.1 Microinsurance

Microinsurance is designed for the basic protection of the economically disadvantaged or people with specific disabilities. It makes up for the deficiencies in government social insurance or the social relief mechanism. Since Fubon Life launched microinsurance services, Fubon has been consistently expanding the protective umbrella. We aspire to provide basic insurance to disadvantaged individuals under affordable annual premiums lest families get into predicaments should any emergency occur. Other than relying on our front-line responders involved in local communities looking for individuals and families in need, Fubon Life also partners with Fubon Charity Foundation. Through providing insurance to disadvantaged groups, we proactively expanded the social safety net. In recent years, we also collaborated with local governments of New Taipei City, Kaohsiung City, Taitung County, Taichung City, and Hualien County. Other charity and disabled groups we have worked with include World Vision, Chinese Christian Relief Association, Good Shepherd Social Welfare Foundation, Autism Society of Taiwan, The First Social Welfare Foundation, Down Syndrome Foundation R.O.C., and more.

The collaboration between Fubon Insurance and Fubon Charity Foundation also continues to promote microinsurance at institutions across Taiwan, including Yunlin County Physical Rehabilitation Association for the Youth, Huwei Association for the Disabled, Taipei Parents Association of Autism, Alumni Parents Association of Wenshan School of Special Education, low income families in Chiayi City, Social Affairs Bureau of Taipei City Government, Taipei Farmers' Association and Fishermen's Association. In an effort to reach out to more beneficiaries, we also worked with Chiayi City Government to extend insurance coverage for individuals with moderate physical and mental disabilities.

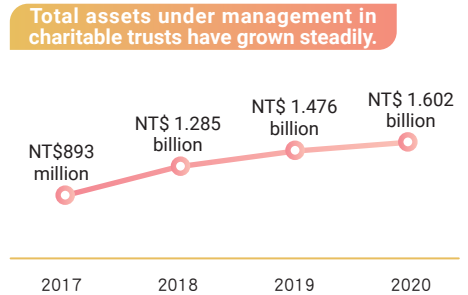
In 2021, Fubon will continue to promote microinsurance, work to increase renewal rates for existing policies, and enhance cooperation with large-scale social and charitable foundations. Offering insurance products that provide basic protection for financially disadvantaged households will enable more vulnerable individuals and families to get some protection against economic hardship in the event of an accident.

Microinsurance	Actual Premium Income in 2017	Actual Premium Income in 2018	Actual Premium Income in 2019	Actual Premium Income in 2020	Sales Target in 2020	Achievement Rate	Sales Target in 2021
Fubon Insurance	1,112,681	1,500,280	1,238,586	3,627,779	6,450,174	56.2%	4,321,029
Fubon Life	4,648,734	5,129,175	5,516,633	8,027,409	7,756,941	103.5%	10,063,263
Total	5,761,415	6,629,455	6,755,219	11,655,188	14,207,115	82.0%	14,384,292

Note: Fubon Life had 24,789 active microinsurance customers in 2020; Fubon Insurance had 16,687

### 7.5.2 Charitable Trusts

At a time when social changes are resulting in a widening rich-poor divide and the uneven allocation of resources, Taipei Fubon Bank is helping customers who want to give back to society set up different types of charitable trusts. The bank's aim is to directly or indirectly promote an interest in public welfare and join with customers in spreading love and caring to all corners of society. As of the end of 2020, Taipei Fubon Bank was managing 26 charitable trusts, many of which highlighted different causes. Among them, one trust established at the end of 2019 after being approved by the National Development Council was Taiwan's first public welfare trust, aimed at promoting public governance and social development. Another was the newly established cultural charitable trust approved by the Department of Cultural Affairs, Taipei City Government in 2020.







Taipei Fubon Bank is dedicated to offering charitable trusts in the long run. We hope to expand the scale of our current operations through a variety of methods including the promotion of charitable trusts through banks and charitable trustee referrals. We will also make further efforts to provide customers with standardized application documents and updates on latest laws and regulations. As donation increases, Fubon will be able to reach out to a wider demographic of beneficiaries and become an indispensable promoter of social welfare.

In 2020, a total of about NT\$250 million was donated by the charitable trusts, an increase of 21% compared to 2019.

	Education	Sports and Athletics	Social Welfare	Social Welfare Public	Culture
Charitable trusts	7	1	16	1 (The first trust of this kind in Taiwan)	1
Donations (NT\$)	95.08 million	62,000	148.80 million	6.5 million	340,000
Description	Made donations to 295 organizations, groups, and schools.	Made donations to domestic football events And promotional events (such as providing funding to schools in rural areas to promote football, including the purchase of equipment and training)	Provided financial support to a total of 364 foundations, associations, organizations, groups, schools, and events.	Application submitted at the end of 2019 and launched in 2020. Sponsored activities and operations pertinent to public governance and social development policies, promoted Taiwan Renaissance Platform, and contributed to industry transformation, upgrade, and rebirth for the benefit of long-term national development.	Fulfill the purpose of setting charitable trusts through sponsoring, hosting and promoting various art and cultural activities. Hosted 24 charity lectures on art, tea culture and healthy diet, civilization and culture, and Taiwanese culture.

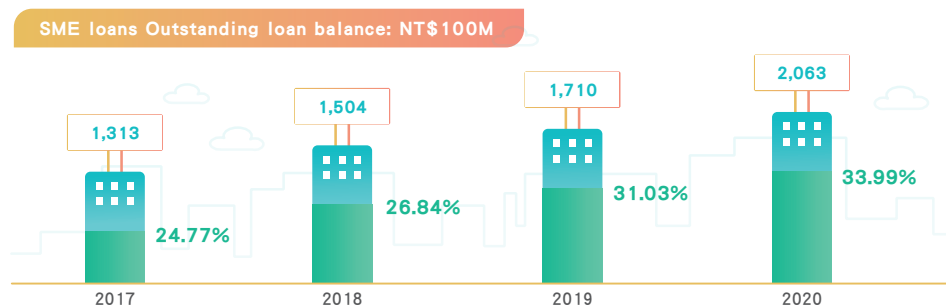
### 7.5.3 Inclusive Financial Services

	Fubon Life invested in survival investigation services as survival analysis is crucial to risk management. Traditional survival investigation is time-consuming for it requires in-person visits and long wait times especially for policyholders in remote areas. Given that, Fubon Life resorted to "survival investigations via video-conferencing". Policyholder authorization is required prior to the video conference that verifies willingness to purchase the insurance and relative information. The video conference will be encrypted and stored for comprehensive personal information protection. A total of 41,217 cases of survival investigation were conducted in 2020, 16,047 of which via video conferencing, accounting for 39%. Regardless of distance, policyholders are provided with more accessibility to survival investigation services.
	In response to the COVID-19 pandemic, Fubon Life introduced a survival investigation service via video conferencing to lower the chances of policyholders contracting the disease at medical facilities for physical health inspections. Through video conferencing, investigators observe clients' appearance, complexion, consciousness, extremity activity, and inquire about clients' physical condition and status on daily medication to meet the purpose of a regular health check. Since the launch of the alternative plan in March 2020, 8,076 inspections have been completed as of December 2020.
	Fubon Insurance's intelligent customer service offers inclusive financial services to the physically disabled by immediately identifying customer inquiries and providing solutions accordingly based on natural language understanding technologies. Fubon also launched a native offline app to offer comprehensive services to users in underserved areas where Internet connection is unstable. Fubon Life promoted a barrier-free online platform for general and disabled users alike to access services via the global network. It is certified by the National Communications Commission as an "A+ barrier-free website".
	A volunteer network consisting of employees of Fubon Life and Fubon Insurance and social welfare groups meticulously reaches out to corners of society and identifies insurance needs for the underserved communities. Fubon employees explain the significance of insurance and provide integrated insurance services. Upon contact with economically disadvantaged individuals or families, Fubon employees can report the case to the charity foundation and apply for emergency relief to help disadvantaged policyholders and non-policyholders.
	Fubon Life offers accident microinsurance plans through insurance agents across Taiwan, or group accident micro-insurance plans through legally registered local social welfare groups to indigenous peoples in underserved areas, fishery personnel with Taiwanese citizenships and the fishing vessel crew identification, and the insured or their family members covered by the farmer health insurance under the Farmer Health Insurance Act.

### 7.5.4 Diverse Lending Services

#### Supporting SME Development

Taipei Fubon Bank supports the development of small and medium-sized enterprises in several ways, including contributing to the government's SME Credit Guarantee Fund. The bank's outstanding loan balance to SMEs at the end of 2020 was NT\$206.3 billion, up roughly 21%, or NT\$35.3 billion, from a year earlier, and SME loans accounted for 33.99% of all business loans.



Note 1: Outstanding loan balance = Bank's total outstanding loans deduct loans to financial institutions and personal loans  
 Note 2: Ratio: (SME loan balance/ Bank's total outstanding loan balance) \*100%

### Supporting Corporate Development, Strengthening Industrial Structure

Taipei Fubon Bank offers several types of preferential loans in support of government policies. Here is a summary of the different types of these policy-driven loans disbursed:

Item	2017	2018	2019	2020	2017	2018	2019	2020
	Customers				Outstanding loan balance: NT\$ million			
<b>Credit Guarantee Fund Guaranteed Loans</b>	7,243	7,376	7,010	13,486	12,893	14,589	15,772	31,232
<b>Preferential Loans to the Cultural and Creative Sectors</b>	5	5	5	4	125	4.5	9.6	11
<b>Special Loans to Returning Overseas Taiwanese Businesses</b>	1	1	12	28	299	232	6,085	12,676
<b>Special Loans to Accelerate Investment by Companies in Taiwan</b>	-	-	1	6	-	-	183	442
<b>Overseas Investment Financing</b>	-	-	1	1	-	-	60	108
<b>Special Loans to Accelerate SME Investment</b>	-	-	-	6	-	-	-	170

Note 1: Considering the impacts of the COVID-19 pandemic, Taipei Fubon Bank strengthened its support for SMEs. The balance of credit guarantee fund guaranteed loans in 2020 increased by 9% from that of 2019.

Note 2: Echoing the government's policies to attract investment to Taiwan, Fubon's outstanding loan balance of the Special Loans to Returning Overseas Taiwanese Businesses and the Special Loans to Accelerate Investment by Companies in Taiwan saw a significant increase. We also further introduced the Special Loans to Accelerate SME Investment.

#### Helping the Next Generation Be More Competitive

Taipei Fubon Bank has been providing Taiwanese youth student loans. The bank initiated a loan program for overseas study in partnership with the Taipei City government, and it initiated its own financing services for students studying abroad to give them the chance to pursue their dreams.

ITEM	2017	2018	2019	2020	2017	2018	2019	2020
	Customers				Outstanding loan balance: NT\$ million			
<b>Student Loans</b>	137,034	135,300	133,145	132,197	24,781	24,439	24,098	23,953
<b>Overseas Study</b>	6,192	6,920	7,696	8,113	6,920	5,870	6,072	5,945
<b>TTL</b>	143,226	142,220	140,841	140,310	31,701	30,309	30,170	29,898

# 8 Appendix

## 8.1 About This Report

### Period Covered

This report describes the company's practices and performance in the fields of environmental sustainability, social commitment and corporate governance in 2020 (from Jan. 1, 2020 to Dec. 31, 2020).

### Scope of the Report

The financial data covered in this report are consistent with those found in Fubon Financial Holdings' consolidated financial statements, and information related to environmental and social aspects covers Fubon Financial Holdings and its four major subsidiaries (Taipei Fubon Bank, Fubon Securities, Fubon Insurance and Fubon Life), which are referred to below collectively as "Fubon Financial Holdings," "the Company," or "Fubon." The report's scope is limited to business activity in Taiwan, and covers 98% of Business operations in terms of consolidated revenue and 99% of all employees. Should discrepancies arise, they will be explained in the report. Information on social welfare activities incorporates the work of four foundations (the Fubon Charity Foundation, the Fubon Cultural & Educational Foundation, the Fubon Art Foundation, and the Taipei Fubon Bank Charity Foundation).

### Reporting Guidelines

The 2020 Fubon Financial Holdings Corporate Social Responsibility Report was developed using the Global Reporting Initiative's (GRI) guidelines and framework issued by the Global Sustainability Standards Board (GSSB) in 2016, and also discloses ESG information relevant to investors by following the insurance industry standards published by Sustainability Accounting Standards Board (SASB). The report includes an index showing the extent of reporting based on the GRI content index, the United Nations Global Compact, Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-listed Companies, the ISO 26000 social responsibility standard, and United Nations Sustainable Development Goals (SDGs). It also covers Fubon's environmental sustainability, social commitment and corporate governance practices. The CSR Report will continue to be published on an annual basis in the future.

### Report Verification

The information and data disclosed in this report are based on statistics from Fubon Financial Holdings and the four foundations. Financial figures come from Fubon Financial Holdings' audited financial statements. All uses of statistics follow standard practices or rely on publicly available government information and data. There have not been significant changes in the methods used from the previous reporting period, but if there are differences, they are explained in the section in which they appear. To ensure the reliability of the information included in this report, Fubon Financial Holdings had all data verified according to the following standards by the following organizations:

Data	Compliance Standard	Verification Organization
Sustainability	Republic of China Assurance Standard No. 1 (based on the International Standard on Assurance Engagements ISAE 3000)	KPMG
Financial	Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and publicly recognized accounting guidelines	KPMG
Environmental	ISO 14064-1 Greenhouse Gas Accounting and Verification ISO 14001 Environmental Management System ISO 50001 Energy management System	BSI

After assurance, the Fubon Financial Holdings Corporate Social Responsibility Report was found to comply with the GRI Standards "Comprehensive" level, and also comply with the insurance industry standards published by Sustainability Accounting Standards Board (SASB). An Independent Limited Assurance Report issued by KPMG Taiwan is included in this report.

### Contact Information

Fubon Financial Holding Co., Ltd. Corporate Sustainability Department  
Address: No. 237, Section 1, Jianguo South Rd., Taipei  
Telephone: 886-2-6636-6636



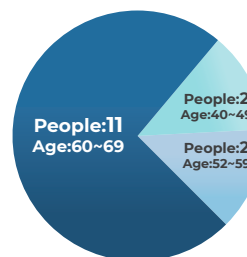
CSR website

## 8.2 Information Table

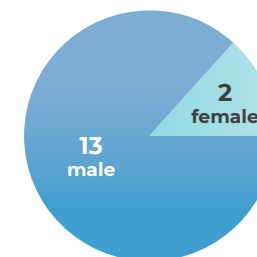
### 8.2.1 Functional Committee Organization and Operations

Committee	Composition Rules	Share of Independent Directors	Main Responsibilities	2020 Operations
Corporate Governance and Sustainability Committee	Members appointed by the board and must be board directors; must have no fewer than 3 members, and at least half of the members must be independent directors	75%	<ul style="list-style-type: none"> <li>Helps the board nominate Board of Director candidates and recommends potential independent directors for Fubon subsidiaries</li> <li>Develops initiatives and advises the board on its internal operations and management issues</li> <li>Oversees implementation of CSR and sustainable operations and evaluates their effectiveness</li> </ul>	Met 6 times; Average attendance was 97.9%.
Audit Committee	Made up of all of the Company's independent directors; must have no fewer than 3 members	100%	<ul style="list-style-type: none"> <li>Oversees the fair presentation of the Company's financial statements</li> <li>Hires (dismisses) the accounting firm used by the Company and certifies its independence and performance</li> <li>Monitors effectiveness of Company's internal controls</li> <li>Supervises appropriateness of internal compliance procedure.</li> <li>Oversees the management of existing or potential risks</li> </ul>	Met 11 times; Average attendance was 98.5%.
Remuneration and Nomination Committee	Members appointed by the Board of Directors; must have no fewer than 3 members, and at least half of the members must be independent directors	100%	<ul style="list-style-type: none"> <li>Establishes and reviews the Company's policies, systems and structures related to the performance evaluations and remuneration of board members and managerial officers.</li> <li>Regularly assesses the actual remuneration paid to board members and managerial officers.</li> </ul>	Met 7 times; Average attendance was 100%.

### 8.2.2 Age Distribution of Fubon Financial Holdings Board Directors



### 8.2.3 Gender Ratio of Fubon's Board Directors





## 8.2.4 List memberships of associations

We pay attention to the impact of environmental and social changes on corporate operations and the economy. Through the involvement in associations with influence over the policy-making process, we offer our humble opinions to the government with regard to issues concerning the environment, society, industry, and economic development. In an effort to facilitate Taiwan's financial sector, Fubon Financial Holdings and its subsidiaries are active members of the community consisting of competent authorities and associations including the TCFD and PRB task forces under the Banking Bureau and bank associations. We also took part in the production of climate-related financial disclosures for insurance companies as a member of the TCFD task force under the life insurance association.

### List memberships of associations

Category	Memberships
Financial Association	Bankers Association of Taipei; Bankers Association of the Republic of China; Trust Association of the R.O.C.; Taiwan Securities Association; Chinese National Futures Association; The Non-Life Insurance Association of the R.O.C.; The Life Insurance Association of the R.O.C.; Securities Investment Trust And Consulting Association of the R.O.C.; Chinese Insurance Agent Association; The R.O.C. Bills Finance Association
Association	The Taiwan M&A and Private Equity Council; Chinese International Economic Cooperation Association; Chinese Financial Research Development Association; The Business Council for Sustainable Development of Taiwan; Taiwan Corporate Governance Association; The Independent Director Association Taiwan; Monte Jade Science & Technology Association Taiwan; Taiwan-Turkey Business Association
Society	Non-Life Underwriters Society of the Republic of China; Life Insurance Management Institute of the Republic of China; Actuarial Institute of Chinese Taipei; Taiwan Insurance Law Association; Insurance Society of the Republic of China
Others	Chinese National Association of Industry and Commerce, Taiwan; Commerce Development Research Institute; American Chamber of Commerce in Taipei; Taiwan Financial Services Roundtable; Chung-hua Institution For Economic Research; Cross-Strait CEO Summit; World Economic Forum; Taipei Exchange; The Third Wednesday Club (San San Fe); Center for Corporate Sustainability; China Finance 40 Forum; Asian Bankers Association; Financial Supervisory Commission R.O.C. (Taiwan); Financial Ombudsman Institution

### Facilitating Industry Development and Public Negotiations

Total contributions and other spending (NT\$)	2017	2018	2019	2020
Lobbying, interest representation or similar	752,000	460,000	460,000	480,000
Local, regional or national political campaigns / organizations / candidates	0	0	0	0
Trade associations or tax-exempt groups (e.g. think tanks)	587,388	367,388	524,300	536,300
Other (e.g. spending related to ballot measures or referendums)	0	0	0	0
<b>Total contributions and other spending</b>	<b>1,339,388</b>	<b>827,388</b>	<b>984,300</b>	<b>1,016,300</b>
Data coverage (Percentage of: FTEs)	100	100	100	100

Issue or Topic	Description of Position / Engagement	Total spend in 2020 (NT\$)
Taiwan's capital markets development related issues	Fubon Financial Holdings joins The Chinese National Association of Industry and Commerce, Taiwan Financial Services Roundtable, and The American Chamber of Commerce in Taipei. Fubon participates in meetings and seminars and other activities, also offering suggestions and taking parts in surveys. Fubon make suggestions to the government on environmental protection, industrial upgrading and transformation, as well as the post-pandemic accelerating openness and digitalization, enhancing information security and personal data management, talent development and related regulations.	786,300
Corporate Sustainable Development	Fubon Financial Holdings is a member of the Taiwan Corporate Governance Association and takes part in the association's regular assessments of corporate governance systems. Helping achieve Corporate sustainability goals.	230,000

### Top three Largest Contributions and Expenditures to organizations or associations whose role is to influence public policy

Issue or Topic	Description of Position / Engagement	Total spend in 2020 (NT\$)
The American Chamber of Commerce in Taipei (AmCham Taipei)	AmCham Taipei produces an annual "Taiwan White Paper" that makes suggestions on the development of Taiwan's capital markets and related regulations, which is formally presented to the National Development Council. It acts as a bridge between members and the executive and legislative branches of the Taiwan government.	286,300
The Chinese National Association of Industry and Commerce (CNAIC)	The CNAIC represents the business community in presenting economic suggestions to the government on a regular basis and promotes international commercial cooperation and cross-strait economic exchanges. The CNAIC is a bridge between the business community and the government and international economic and trade organizations. It also presents constructive suggestions from the business community to the government.	250,000
Taiwan Financial Services Roundtable (TFSR)	The TFSR gathers the policy suggestions of the industry and compiles them in an annual "Financial Recommendations White Paper." The paper provides a broad vision of the financial sector and proposes concrete adjustments to the sector's development in response to existing economic conditions.	250,000

## 8.2.5 Description of sustainability impact assessment results

- Note 1: Input-output model used to calculate upstream/downstream impact on the value chain, including the economic benefits derived from purchasing, investment and loan activity on supply and demand in the industrial chain, as well as the environmental issues that followed and the creation of job opportunities and wage earnings. References included the Report on Input-Output Statistics (DGBAS, 2020), OECD Input-Output Tables (2018), the Green National Income Report (DGBAS, 2020), the Energy Balance Sheet (Bureau of Energy, 2020), and the EXIOBASE 2 database.
- Note 2: Investments in and loans to the downstream value chain include commercial real estate, corporate bonds, corporate loans, fixed-income instruments, stocks, collateral, private equity and syndicated loans invested in or made by the Fubon Financial Holdings Investment Management Group, Taipei Fubon Bank, Fubon Securities and Fubon Asset Management.
- Note 3: Environmental externality factors include the carbon social costs associated with greenhouse gases, air pollution, wastewater, waste and water consumption, human health costs, and ecosystem costs. To convert these impacts into monetary values, reference was made to US EPA (2016), OECD (2012) and CE Delft (2018).
- Note 4: The carbon reduction benefits of Fubon's paperless strategy refer to the indirect avoidance of paper production-related carbon social costs by adopting digital processes; carbon reduction benefits of renewable energy refer to the carbon social costs avoided by using renewable energy.
- Note 5: The carbon reduction benefits of low-carbon investments refer to investments in renewable energy production and also take into account the carbon social costs from the standard life cycle for electricity production that were avoided by using renewable energy.
- Note 6: The social and economic contribution from company operations cover direct payments made to stakeholders, including dividends (shareholders), interest (customers), rent (renters), salaries (employees), depreciation (suppliers) and taxes (government).
- Note 7: The value of company volunteer services is based on the amount of time employees spend volunteering x the average hourly wage of workers in the financial and insurance sectors (DGBAS, 2020).
- Note 8: The value of employee health promotion is based on the early detection of high blood pressure, hyperlipidemia, high blood sugar, and obesity through regular health checks, and on programs established to mitigate or prevent the risk of cardiovascular disease. Calculations were made based on coefficients provided in WHO (2008) and Chieh-Hsien Lee (2009). Because employee physicals are done once every two years, the calculations above were made based on the results of the 2019 physicals.
- Note 9: Employee future benefits refer to the specialized skills and knowledge gained by employees through the company's operations and business activity that have an effect on average annual expected value as their careers develop. The methodology used was based on Ecomatters (2016).

Note 10: The social costs of occupational accidents took into consideration the loss of productivity resulting from work-related injuries; calculations involved occupational accident compensation and the amount spent on avoiding occupation accidents. The methodology used was based on UK HSE (2017), Jiune-Jye Ho (2005), and the Institute of Labor, Occupational Safety and Health (2013).

Note 11: Microinsurance contribution refers to the amount donated to cover premiums or paid out in claims on microinsurance policies for the economically disadvantaged.

Note 12: Given the big differences among world economies, value coefficients were aligned with purchasing power parity-adjusted gross national income per capita data, and monetary values used 2017 as the baseline year. The methodology used was based on OECD (2012) and PwC UK (2015).

## 8.3 GRI Standards Index and Guidelines

### 8.3.1 GRI Standards Index and Guidelines

GRI Standards Disclosures	Extent of Reporting and Explanatory Notes	Page	BSI Opinion Statement/O/ KPMG Limited Assurance
General Disclosures 2016			
102-1 Name of the organization	8.1 About This Report	P.74	●
102-2 Activities, brands, products, and services	1.1 About Fubon Financial Holdings	P.6	●
102-3 Location of headquarters	Fubon Financial Holdings' headquarter locates in Taiwan	-	●
102-4 Location of operations	1.1 About Fubon Financial Holdings	P.6	●
102-5 Ownership and legal form	1.1 About Fubon Financial Holdings	P.6	●
102-6 Markets served	1.2 2020 Operating Performance	P.7	●
102-7 Scale of the organization	1.1 About Fubon Financial Holdings 6.1.1 Employee Demographics and Workplace Equality	P.6 P.52	●
102-8 Information on employees and other workers	6.1 Diversity and Inclusion	P.52	●
102-9 Supply chain	3.3.5 Supplier Management	P.27	●
102-10 Significant changes to the organization and its supply chain	1.1 About Fubon Financial Holdings : there is no significant change in 2020	P.6	●
102-11 Precautionary Principle or approach	3.3 ESG Risk Management	P.23	●
102-12 External initiatives	2.4 Sustainability Initiatives and Presence	P.15	●
102-13 Membership of associations	8.2.4 List memberships of associations	P.75	●
102-14 Statement from senior decision-maker	Chairman's Message	P.2	●
102-15 Key impacts, risks, and opportunities	1.4 Macroeconomic Environment 3.3 ESG Risk Management	P.9 P.23	●
102-16 Values, principles, standards, and norms of behavior	3.2 Ethical Management	P.21	●
102-17 Mechanisms for advice and concerns about ethics	3.2 Ethical Management	P.21	●

GRI Standards Disclosures	Extent of Reporting and Explanatory Notes	Page	BSI Opinion Statement/O/ KPMG Limited Assurance
General Disclosures 2016			
102-18 Governance structure	3.1 Putting Sustainable Governance into Practice	P.20	●
102-19 Delegating authority	1.1 About Fubon Financial Holdings	P.6	●
102-20 Executive-level responsibility for economic, environmental, and social topics	8.2.1 Functional Committee Organization and Operations	P.74	●
102-21 Consulting stakeholders on economic, environmental, and social topics	2.5 Materiality and Stakeholders 8.2.1 Functional Committee Organization and Operations	P.16 P.74	●
102-22 Composition of the highest governance body and its committees	3.1 Putting Sustainable Governance into Practice	P.20	●
102-23 Chair of the highest governance body	3.1 Putting Sustainable Governance into Practice	P.20	●
102-24 Nominating and selecting the highest governance body	3.1 Putting Sustainable Governance into Practice	P.20	●
102-25 Conflicts of interest	3.2 Ethical Management	P.21	●
102-26 Role of highest governance body in setting purpose, values, and strategy	2.1 Our Approach for ESG 8.2.1 Functional Committee Organization and Operations	P.10 P.74	●
102-27 Collective knowledge of highest governance body	Please see the 2020 Fubon Financial Holding Co., Ltd. Annual Report, page 55	-	●
102-28 Evaluating the highest governance body's performance	3.1.3 Performance Evaluation	P.21	●
102-29 Identifying and managing economic, environmental, and social impacts	2.1 Macroeconomic Environment 8.2.1 Functional Committee Organization and Operations 3.3 ESG Risk Management	P.10 P.74 P.23	●
102-30 Effectiveness of risk management processes	3.3 ESG Risk Management	P.23	●
102-31 Review of economic, environmental, and social topics	3.3 ESG Risk Management	P.23	●
102-32 Highest governance body's role in sustainability reporting	8.2.1 Functional Committee Organization and Operations This report is signed and approved by the Chairman. The framework and material issues covered in this report were approved by the Board of Directors.	P.74	●
102-33 Communicating critical concerns	3.1 Putting Sustainable Governance into Practice	P.20	●
102-34 Nature and total number of critical concerns	2.5 Materiality and Stakeholders	P.16	●
102-35 Remuneration policies	3.1 Putting Sustainable Governance into Practice 3.1.4 Sustainability and Compensation Please see the 2020 Fubon Financial Holding Co., Ltd. Annual Report, page 34-41.	P.20 P.21	●
102-36 Process for determining remuneration	3.1 Putting Sustainable Governance into Practice 3.1.4 Sustainability and Compensation 6.2.2 Talent Retention	P.20 P.21 P.55	●

GRI Standards Disclosures	Extent of Reporting and Explanatory Notes	Page	BSI Opinion Statement/O/ KPMG Limited Assurance
<b>General Disclosures 2016</b>			
102-37 Stakeholders' involvement in remuneration	Remuneration policies disclosed in the annual report as a form of stakeholder engagement	-	●
102-38 Annual total compensation ratio	The ratio of the annual compensation of the Company's highest-paid individual to the median annual compensation of all other employees in 2020 was 36.4:1 (Fubon Life sales agents are not included)	-	●
102-39 Percentage increase in annual total compensation ratio	The ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all other employees in 2020 was 8.5:1 (Fubon Life sales agents are not included)	-	●
102-40 List of stakeholder groups	2.5 Materiality and Stakeholders	P.16	●
102-41 Collective bargaining agreements	6.3.2 Promoting Labor-Management Communication	P.58	●
102-42 Identifying and selecting stakeholders	2.5 Materiality and Stakeholders	P.16	●
102-43 Approach to stakeholder engagement	2.5 Materiality and Stakeholders 5.2 Customer Relationship Management	P.16 P.48	●
102-44 Key topics and concerns raised	2.5 Materiality and Stakeholders 5.2 Customer Relationship Management	P.16 P.48	●
102-45 Entities included in the consolidated financial statements	8.1 About This Report	P.74	●
102-46 Defining report content and topic boundaries	2.5 Materiality and Stakeholders	P.16	●
102-47 List of material topics	2.5 Materiality and Stakeholders	P.16	●
102-48 Restatements of information	8.1 About This Report; Fubon did not make any restatements of information provided in previous reports.	P.74	●
102-49 Changes in reporting	8.1 About This Report; the material topics and topic boundaries were no significant changes	P.74	●
102-50 Reporting period	8.1 About This Report	P.74	●
102-51 Date of most recent report	2019 Fubon Financial CSR Report was published in June 2020	-	●
102-52 Reporting cycle	8.1 About This Report	P.74	●
102-53 Contact point for questions regarding the report	8.1 About This Report	P.74	●
102-54 Claims of reporting in accordance with the GRI Standards	8.1 About This Report	P.74	●
102-55 GRI content index	8.3.1 GRI Standards Index and Guidelines	P.76	●
102-56 External assurance	8.1 About This Report	P.74	●

## Management Approach

Material Issues	GRI Standards Disclosures	Extent of Reporting and Explanatory Notes	Page	BSI Opinion Statement/O/ KPMG Limited Assurance
Climate Asset	103-1 Explanation of the material topic and its Boundary	2.5 Materiality and Stakeholders	P.16	●
	103-2 The management approach and its components	2.1 Our Approach for ESG 2.2 2025 Sustainability Vision Blueprint 2.5.3 Material Issues and Value Chain 4.1 Responsible Finance Framework 4.3 ESG-related Insurance Products and Services	P.10 P.12 P.18 P.30 P.37	●
	103-3 Evaluation of the management approach	2.1 Our Approach for ESG 4.1 Responsible Finance Framework 4.3 ESG-related Insurance Products and Services	P.10 P.30 P.37	●
Sustainable Finance	103-1 Explanation of the material topic and its Boundary	2.5 Materiality and Stakeholders	P.16	●
	103-2 The management approach and its components	2.1 Our Approach for ESG 2.5.3 Material Issues and Value Chain 2.2 2025 Sustainability Vision Blueprint 4.1 Responsible Finance Framework 4.2 Responsible Finance Practices	P.10 P.18 P.12 P.30 P.36	●
	103-3 Evaluation of the management approach	2.1 Our Approach for ESG 4.1 Responsible Finance Framework 4.2 Responsible Finance Practices	P.10 P.30 P.36	●
ESG Risk Management	103-1 Explanation of the material topic and its Boundary	2.5 Materiality and Stakeholders	P.16	●
	103-2 The management approach and its components	2.1 Our Approach for ESG 2.5.3 Material Issues and Value Chain 3.3 ESG Risk Management	P.10 P.18 P.23	●
	103-3 Evaluation of the management approach	2.1 Our Approach for ESG 3.3 ESG Risk Management	P.10 P.23	●
FinTech and Innovation	103-1 Explanation of the material topic and its Boundary	2.5 Materiality and Stakeholders	P.16	●
	103-2 The management approach and its components	2.1 Our Approach for ESG 2.5.3 Material Issues and Value Chain 2.2 2025 Sustainability Vision Blueprint 5.1 Innovative Services	P.10 P.18 P.12 P.44	●
	103-3 Evaluation of the management approach	2.1 Our Approach for ESG 5.1 Innovative Services	P.10 P.44	●
Talent Development and Retention	103-1 Explanation of the material topic and its Boundary	2.5 Materiality and Stakeholders	P.16	●
	103-2 The management approach and its components	2.1 Our Approach for ESG 2.5.3 Material Issues and Value Chain 6.2 Talent Development and Retention	P.10 P.18 P.53	●
	103-3 Evaluation of the management approach	2.1 Our Approach for ESG 6.2 Talent Development and Retention	P.10 P.53	●
Customer Relationship Management	103-1 Explanation of the material topic and its Boundary	2.5 Materiality and Stakeholders	P.16	●
	103-2 The management approach and its components	2.1 Our Approach for ESG 2.5.3 Material Issues and Value Chain 5.2 Customer Relationship Management	P.10 P.18 P.48	●
	103-3 Evaluation of the management approach	2.1 Our Approach for ESG 5.2 Customer Relationship Management	P.10 P.48	●

Material Issues	GRI Standards Disclosures	Extent of Reporting and Explanatory Notes	Page	BSI Opinion Statement/O/ KPMG Limited Assurance
Corporate Governance and Ethical Management	103-1 Explanation of the material topic and its Boundary	2.5 Materiality and Stakeholders	P.16	●
	103-2 The management approach and its components	2.1 Our Approach for ESG 2.5.3 Material Issues and Value Chain 3.2 Ethical Management 3.3 ESG Risk Management	P.10 P.18 P.21 P.23	●
	103-3 Evaluation of the management approach	2.1 Our Approach for ESG 3.2 Ethical Management 3.3 ESG Risk Management	P.10 P.21 P.23	●
Healthy Working Environment	103-1 Explanation of the material topic and its Boundary	2.5 Materiality and Stakeholders	P.16	●
	103-2 The management approach and its components	2.1 Our Approach for ESG 2.5.3 Material Issues and Value Chain 6.4 Friendly Care and Health-Facilitating Activities	P.10 P.18 P.58	●
	103-3 Evaluation of the management approach	2.1 Our Approach for ESG 6.4 Friendly Care and Health-Facilitating Activities	P.10 P.58	●
Information Security	103-1 Explanation of the material topic and its Boundary	2.5 Materiality and Stakeholders	P.16	●
	103-2 The management approach and its components	2.1 Our Approach for ESG 2.5.3 Material Issues and Value Chain 3.3.4 Information Security Risk	P.10 P.18 P.26	●
	103-3 Evaluation of the management approach	2.1 Our Approach for ESG 3.3.4 Information Security Risk	P.10 P.26	●
Green Operations	103-1 Explanation of the material topic and its Boundary	2.5 Materiality and Stakeholders	P.16	●
	103-2 The management approach and its components	2.1 Our Approach for ESG 2.5.3 Material Issues and Value Chain 4.4 Green Operations	P.10 P.18 P.39	●
	103-3 Evaluation of the management approach	2.1 Our Approach for ESG 4.4 Green Operations	P.10 P.39	●
Multifaceted Philanthropic Platform	103-1 Explanation of the material topic and its Boundary	2.5 Materiality and Stakeholders	P.16	●
	103-2 The management approach and its components	2.1 Our Approach for ESG 2.5.3 Material Issues and Value Chain 7.1 Impact of a Multifaceted Philanthropic Platform	P.10 P.18 P.62	●
	103-3 Evaluation of the management approach	2.1 Our Approach for ESG 7.1 Impact of a Multifaceted Philanthropic Platform	P.10 P.62	●
Inclusive Finance	103-1 Explanation of the material topic and its Boundary	2.5 Materiality and Stakeholders	P.16	●
	103-2 The management approach and its components	2.1 Our Approach for ESG 2.5.3 Material Issues and Value Chain 7.5 Inclusive Financing	P.10 P.18 P.72	●
	103-3 Evaluation of the management approach	2.1 Our Approach for ESG 7.5 Inclusive Financing	P.10 P.72	●

GRI 200: Economic Series				
	GRI Standards Disclosures	Extent of Reporting and Explanatory Notes	Page	BSI Opinion Statement/O/ KPMG Limited Assurance
GRI 201* Economic Performance	201-1 Direct economic value generated and distributed	1.2 2020 Operating Performance	P.7	●
	201-2 Financial implications and other risks and opportunities due to climate change	4.1.3 Climate Risk and Opportunity Climate change impacts translated into financial figures are still under accounting and evaluation.	P.34	●
	201-3 Defined benefit plan obligations and other retirement plans	6.2.2 Talent Retention The defined pension contribution was NT\$ 1.396 billion in 2020. For more detailed information, please see the 2020 Q4 consolidated financial statement, p. 87-90.	P.55	●
	201-4 Financial assistance received from government	In 2020, Fubon Financial Holdings and its subsidiaries reported offsets for smart machinery and capital expenditure investments, which will result in an estimated NT\$63.7 million in tax deductions. The actual amount of the total tax offset will be determined by the National Taxation Bureau after taxes are filed before the end of June 2021.	-	●
GRI 202* Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	3.3.5 Supplier Management 6.2 Talent Development and Retention	P.27 P.53	●
	202-2 Proportion of senior management hired from the local community	6.1 Diversity and Inclusion	P.52	●
GRI 203* Indirect Economic Impacts	203-1 Infrastructure investments and services supported	4.2 Responsible Finance Practices 4.3 ESG-related Insurance Products and Services 5.1 Innovative Services 7.3.2 Services and Products for the Elderly 7.4.2 Community financial services 7.5 Inclusive Financing	P.36 P.37 P.44 P.68 P.70 P.72	●
	203-2 Significant indirect economic impacts	4.2 Responsible Finance Practices 7.2 Promoting Education 7.3.2 Services and Products for the Elderly 7.4 Caring for the Disadvantaged 7.5 Inclusive Financing	P.36 P.63 P.68 P.69 P.72	●
GRI 205* Anti-corruption	205-1 Operations assessed for risks related to corruption	3.2 Ethical Management	P.21	●
	205-2 Communication and training about anti-corruption policies and procedures	3.2 Ethical Management Fubon Financial Holdings and its subsidiaries hold a training program on ethical management once every three years, and follow up with employees who do not complete the program so that 100% of employees get training in this area.	P.21	●
	205-3 Confirmed incidents of corruption and actions taken	3.2 Ethical Management 3.3.2 Risk Culture	P.21 P.24	●
GRI 206* Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3.3.2 Risk Culture	P.24	●



GRI 300: Environmental Series				
GRI Standards Disclosures		Extent of Reporting and Explanatory Notes	Page	BSI Opinion Statement/O/ KPMG Limited Assurance
GRI 302* Energy	302-1 Energy consumption within the organization	4.4 Green Operations	P.39	○
	302-2 Energy consumption outside of the organization	4.4 Green Operations	P.39	○
	302-3 Energy intensity	4.4 Green Operations	P.39	○
	302-4 Reduction of energy consumption	4.4 Green Operations	P.39	○
	302-5 Reductions in energy requirements of products and services	4.4 Green Operations	P.39	○
GRI 305* Emissions	305-1 Direct (Scope 1) GHG emissions	4.4 Green Operations	P.39	○
	305-2 Energy indirect (Scope 2) GHG emissions	4.4 Green Operations	P.39	○
	305-3 Other indirect (Scope 3) GHG emissions	4.4 Green Operations	P.39	○
	305-4 GHG emissions intensity	4.4 Green Operations	P.39	○
	305-5 Reduction of GHG emissions	4.4 Green Operations	P.39	○
	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable in the non-manufacturing sector.	-	-
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not applicable in the non-manufacturing sector.	-	-
GRI 306 Waste	306-2 Waste by type and disposal method	4.4 Green Operations Fubon's waste disposal contractor has not had any breach of contract	P.39	●
	306-3 Significant spills	Not applicable in the non-manufacturing sector.	-	-
	306-4 Transport of hazardous waste	Not applicable in the non-manufacturing sector.	-	-
GRI 307 Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	The company did not have any major violations of environmental regulations and was not penalized for any violations.	-	○

GRI 400: Social Series				
GRI Standards Disclosures		Extent of Reporting and Explanatory Notes	Page	BSI Opinion Statement/O/ KPMG Limited Assurance
GRI 401* Employment	401-1 New employee hires and employee turnover	6.1 Diversity and Inclusion 6.2 Talent Development and Retention	P.52 P.53	●
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.2 Talent Development and Retention	P.53	●
	401-3 Parental leave	6.4 Friendly Care and Health-Facilitating Activities	P.58	●
GRI 402* Labor/ Management Relations	402-1 Minimum notice periods regarding operational changes	6.3 Human Rights	P.57	●
GRI 404* Training and Education	404-1 Average hours of training per year per employee	6.2 Talent Development and Retention	P.53	●
	404-2 Programs for upgrading employee skills and transition assistance programs	Fubon provides pension to employees who file for retirement or are forced to retire by law based on the employee retirement system. In addition, Fubon provides a severance pay to employees who leave the company involuntarily, as regulated by law.	-	●

GRI 404* Training and Education	404-3 Percentage of employees receiving regular performance and career development reviews	6.2 Talent Development and Retention	P.53	●
GRI 405* Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	3.1.2 Board of Directors' Independence and Diversity 6.1 Diversity and Inclusion Fubon has set a goal of having women hold 45% of all top manager positions by 2025	P.20 P.52	●
	405-2 Ratio of basic salary and remuneration of women to men	6.2.2 Talent Retention	P.55	●
GRI 406* Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	6.1 Diversity and Inclusion One complaint filed appeared to be related to discrimination, but an internal investigation did not find any evidence of discrimination.	P.52	●
GRI 407* Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3.3.5 Supplier Management 6.3 Human Rights	P.27 P.57	●
GRI 409* Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.3.5 Supplier Management 6.3 Human Rights	P.27 P.57	●
GRI 412* Human Rights Assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	6.3 Human Rights Human rights risk assessment covered 100% of Fubon operations in Taiwan in 2020	P.57	●
	412-2 Employee training on human rights policies or procedures	6.3 Human Rights A total of 1,703 training hours were devoted to human rights; 100% of employees completed the training program	P.57	●
GRI 413* Local Communities	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	4.1 Responsible Finance Framework	P.30	●
	413-1 Operations with local community engagement, impact assessments, and development programs	The Company operates almost exclusively out of offices, and those operations do not have activities that impact the community. For information on the Company's social engagement, impact assessments and development programs, see the following sections: 7.2 Promoting Education · 7.3 Facilitating Health · 7.4 Caring for the Disadvantaged · 7.5 Inclusive Finance	P.63 P.66 P.69 P.72	●
GRI 416* Customer Health and Safety	413-2 Operations with significant actual and potential negative impacts on local communities	7.4.2 Community financial services	P.70	●
	416-1 Assessment of the health and safety impacts of product and service categories	The Company has information requirements for 100% of wealth management and insurance services provided to customers.	-	●
GRI 417* Marketing and Labeling	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	The company did not have any major violations regulations and was not penalized for any violations.	-	●
	417-1 Requirements for product and service information and labeling	The Company has information requirements for 100% of wealth management and insurance services provided to customers.	-	●
	417-2 Incidents of non-compliance concerning product and service information and labeling	The company did not have any major violations regulations and was not penalized for any violations.	-	●
GRI 418* Customer Privacy	417-3 Incidents of non-compliance concerning marketing communications	The company did not have any major violations regulations and was not penalized for any violations.	-	●
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.2 Customer Relationship Management	P.48	●
GRI 419* Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	3.3 ESG Risk Management	P.23	●

\* indicates a material issue; items disclosed based on GRI 2016

### GRI G4 Sector Disclosures-Financial Services

GRI	Content Index	Related Fubon CSR Report Section
G4-FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro / SME / large) and by sector.	1.2 2020 Operating Performance
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	7. Connecting Society's Positive Forces
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	4.2 Responsible Finance Practices 4.3 ESG-related Insurance Products and Services 4.4 Green Operations
G4-FS10	Percentage and number of companies held in the institutions portfolio with which the reporting organization has interacted on environmental or social issues.	4.2 Responsible Finance Practices 4.3 ESG-related Insurance Products and Services 4.4 Green Operations
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening.	4.1 Responsible Finance Framework 4.2 Responsible Finance Practices

### 8.3.2 Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies (last revised by Taiwan Stock Exchange on Jan 2, 2020)

Content	Related Fubon CSR Report Section
<b>Article 2 Item 1</b> At the end of the most recent fiscal year, the company falls into the food industry, chemical industry and financial and insurance industry prescribed in the Taiwan Stock Exchange Corporation Key Points for Classifying and Adjusting Categories of Industries of Listed Companies.	8.1 About This Report
<b>Article 3</b> A listed company which meets the requirements under Article 2 of the Rules shall prepare an annual corporate social responsibility report for the preceding year by referring to the Global Reporting Initiatives (GRI) Standards published by the GRI, Sector Disclosure and other applicable rules according to its sector features. In the report, the company shall disclose its identified material economic, environmental and social topics, management approach, topic-specific disclosure, and its reporting requirements, which shall, at a minimum, meet the core option of the GRI Standards. In the corporate social responsibility report, a listed company shall disclose what Content Index of the GRI Standards corresponds to the contents of the report and specify in the report whether the topic-specific disclosures have been assured, verified or certified by a third party. The topic-specific disclosure referred to in Paragraph 1 shall be evaluated and disclosed by adopting the standards in compliance with the rules of the competent authorities. If the competent authorities have not promulgated the applicable standards, the company shall adopt the approach of evaluation commonly used in practice.	8.3.1 GRI Standards Index and Guidelines 8.6 Accountant's/Independent Assurance Report
<b>Article 4 Item 3</b> Listed companies within the financial and insurance industry shall disclose their management approaches, topic-specific disclosures and their reporting requirements for major topic on sustainable finance. Their reporting requirements shall include, at least, products and services designed by individual operating units to create benefits for the society or environment.	4. Helping Customers Go Sustainable 5. Providing the Best Financial Services
<b>Article 4 Item 4</b> A listed company under Article 2 shall disclose the following: A. the number of its full-time employees who are not in a managerial position, the average and medium of the salaries of the full-time employees who are not in a managerial position, and the difference of the three figures from the previous year B. the company's governance around climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and metrics and targets used to assess and manage relevant climate-related issues.	6. Fostering a Friendly, Healthy Workplace 4.1.3 Climate Risk and Opportunity
<b>Article 5</b> The corporate social responsibility reports prepared by the food industry and the listed companies prescribed under Subparagraph 2, Paragraph 1, Article 2 of the Rules shall obtain a CPA's letter of opinion issued according to the rules published by the Accounting Research and Development Foundation, ROC; the scope thereof shall include the reporting requirements disclosed pursuant to Subparagraph 1, Paragraph 1, Article 4 of the Rules. The listed company prescribed under Paragraph 1, Article 2 of the Rules shall disclose the corporate social responsibility report and the link to the file of that report posted on the company's website on the internet information reporting system designated by TWSE by June 30. However, if the listed company does not prepare a corporate social responsibility report in the most recent year or does not prepare the report by referring to the GRI Standards, or the corporate social responsibility report has obtained a CPA's letter of opinion according to the rules mentioned in the preceding paragraph, the filing may be completed by September 30.	8.1 About This Report

### 8.3.3 Corporate Social Responsibility Best Practice Principles for Fubon Financial Holding Co. (approved by the board of directors on April 30, 2020)

Content	Related Fubon CSR Report Section
<b>Chapter 1</b> General provisions, states the purpose for implementing the principles, identifies companies to be governed by the Principles and stipulates implementing guidelines	2.5 Materiality and Stakeholders
<b>Chapter 2</b> Exercising corporate governance	3. Sustainable Governance
<b>Chapter 3</b> Fostering a sustainable environment	4. Helping Customers Go Sustainable
<b>Chapter 4</b> Preserving public welfare	5. Providing the Best Financial Services · 6. Fostering a Friendly, Healthy Workplace · 7. Connecting Society's Positive Forces
<b>Chapter 5</b> Enhancing disclosure of corporate social responsibility information	8.1 About This Report
<b>Chapter 6</b> Examining and improving corporate social responsibility programs established by the companies	2.5 Materiality and Stakeholders

### 8.3.4 Ten Principles of the UN Global Compact

#### Ten Principles of the UN Global Compact

Content	Related Fubon CSR Report Section
<b>Human Rights</b> 1. Businesses should support and respect the protection of internationally proclaimed human right 2. Make sure that they are not complicit in human rights abuses	6. Fostering a Friendly, Healthy Workplace
<b>Labor</b> 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining 4. The elimination of all forms of forced and compulsory labor 5. The effective abolition of child labor 6. The elimination of discrimination in respect of employment and occupation	6. Fostering a Friendly, Healthy Workplace
<b>Environment</b> 7. Businesses should support a precautionary approach to environmental challenges 8. Undertake initiatives to promote greater environmental responsibility 9. Encourage the development and diffusion of environmentally friendly technologies	4. Helping Customers Go Sustainable 4. Helping Customers Go Sustainable
<b>Anti-Corruption</b> 10. Businesses should work against corruption in all its forms, including extortion and bribery	4. Helping Customers Go Sustainable · 5. Providing the Best Financial Services 3. Sustainable Governance

### 8.3.5 Core Subjects and Issues of Social Responsibility Addressed in ISO 26000

	Content	Related Fubon CSR Report Section
Human Rights	Due diligence	6. Fostering a Friendly, Healthy Workplace
	Human rights risk situations	6. Fostering a Friendly, Healthy Workplace 3.3.5 Supplier Management
	Avoidance of complicity	6. Fostering a Friendly, Healthy Workplace
	Resolving grievances	2.5 Materiality and Stakeholders 6. Fostering a Friendly, Healthy Workplace
	Employee Overview	6. Fostering a Friendly, Healthy Workplace
	Civil and political rights Economic, social and cultural rights	6. Fostering a Friendly, Healthy Workplace
	Economic, social and cultural rights	6. Fostering a Friendly, Healthy Workplace
	Fundamental principles and rights at work	6. Fostering a Friendly, Healthy Workplace
Labor Practices	Employment and employment relationships	6. Fostering a Friendly, Healthy Workplace
	Conditions of work and social protection	6. Fostering a Friendly, Healthy Workplace
	Social dialogue	2.5 Materiality and Stakeholders 6. Fostering a Friendly, Healthy Workplace
	Health and safety at work	6. Fostering a Friendly, Healthy Workplace
	The Environment	6. Fostering a Friendly, Healthy Workplace
The Environment	Prevention of pollution	4. Helping Customers Go Sustainable
	Sustainable resource use	4. Helping Customers Go Sustainable
	Climate change mitigation and adaptation	4. Helping Customers Go Sustainable 5. Providing the Best Financial Services
	Protection of the environment, biodiversity and restoration of natural habitats	4. Helping Customers Go Sustainable
Fair Operating Practices	Anti-corruption	3. Sustainable Governance
	Responsible political involvement	N/A
	Fair competition	3. Sustainable Governance
	Promoting social responsibility in the value chain	6. Fostering a Friendly, Healthy Workplace
Consumer Issues	Respect for property rights	6. Fostering a Friendly, Healthy Workplace
	Fair marketing, factual and unbiased information and fair contractual practices	5.2 Customer Relationship Management
	Protecting consumers' health and safety	5.2 Customer Relationship Management
	Sustainable consumption	5.2 Customer Relationship Management
	Consumer service, support, and complaint and dispute resolution	5.2 Customer Relationship Management
	Consumer data protection and privacy	5.2 Customer Relationship Management
	Access to essential services	5.2 Customer Relationship Management
	Education and awareness	5.2 Customer Relationship Management
Community Involvement and Development	Community involvement	7. Connecting Society' s Positive Forces
	Education and culture	7. Connecting Society' s Positive Forces
	Employment creation and skills development	7. Connecting Society' s Positive Forces
	Technology development and access	5.1 Innovative Services
	Wealth and income creation	7. Connecting Society' s Positive Forces
	Health	7. Connecting Society' s Positive Forces
Social investment	7. Connecting Society' s Positive Forces	

## 8.4 SASB Standards Index

### SASB—Insurance 2018

TOPIC	Code	Accounting Metric	Corresponding Information
Transparent Information & Fair Advice for Customers	FN-IN-270a.1	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product related information to new and returning customers	<b>Fubon Life</b> Customers filed 2,853 complaints in 2020, of which 827 (or 29%) involved business- or sales-related issues; none of those complaints were about financial losses that triggered litigation. <b>Fubon Insurance</b> Customers filed 573 complaints (complaints handled by Fubon legal departments and filed through the Financial Ombudsman Institution) in 2020 of which 132 (23%) involved business- or sales-related issues; none of those complaints were about financial losses that triggered litigation.
	FN-IN-270a.2	Complaints-to-claims ratio(%)	<b>Fubon Life</b> Taiwan: 3.576 <b>Fubon Insurance</b> Taiwan: 1.075
	FN-IN-270a.3	Customer retention rate	<b>Fubon Life</b> Persistency rate in the 13th month: 97.6% ; Persistency rate in the 25th month: 94.6% Note: Persistency rate calculated based on provisions in the Financial Supervisory Commission's "Plan to Improve the Quality of Life Insurance Enterprises' Service and Solicitation Process" and is posted on the Fubon Life website and the Insurance Market Observation Post System as stipulated by the "Regulations Governing Public Disclosure of Information by Life Insurance Enterprises." <b>Fubon Insurance</b> (uses customer renewal rate = no. of policies renewed/no. of policies that expire) Personal insurance: 84.4% Corporate insurance: 84.6%
	FN-IN-270a.4	Description of approach to informing customers about products	Chapter 5 Providing the Best Financial Services ; Treating Customers Fairly Policy ; Treating Customers Fairly Strategy ; Friendly Financial services; Annual Report pg. 97, pgs. 106-107 <b>1. Types of Communication</b> Actions are taken by Fubon Life and Fubon Insurance to ensure that all insurance customers fully understand the scope of authorization given for the use of their personal information and the terms, purpose, and content of their policies. Whether an insurance policy is purchased online or through a Fubon Life or Fubon Insurance agent, sales agents issue a report confirming the policy was reviewed in detail with the customer. When a policy is purchased online, customers must also agree that they accept the terms of the policy.Fubon Life sales agents discuss insurance products and potential risks with customers during personal visits or by phone or online. In 2020, they also began using online questionnaires as another way to communicate with customers.Fubon Life organizes product seminars and training for sales agents to make sure they have the latest and most accurate insurance knowledge and product information. Fubon Insurance holds seminars, briefings, and training programs, makes on-site inspections and personal visits, and offers telephone and online services to communicate the potential risks faced by corporate clients and individual customers and introduce to them different types of insurance coverage. <b>2. Communication Frequency</b> Fubon Life and Fubon Insurance sales agents visit customers from time to time and Fubon Life agents also keep in touch through messaging apps or by email or phone. Fubon Insurance sends its policyholders electronic marketing messages, printed materials, and electronic newsletters every month to remind them of the presence of risk in daily life and products that can offset those risks. In terms of claims services, Fubon Life and Fubon Insurance claims agents handle claims issues with customers by phone, text, fax, or mail and offer them a wide range of channels through which to file claims. The applications can be made on paper forms or with the help of agents through an online claims application system called Claims "Easy Pay," which gives customers access to a claims alliance. Fubon Insurance customers can notify the company of an accident or file a claim through the company's website or via messaging services LINE and M+. Fubon Life and Fubon Insurance services before, during and after claims are filed. (1) Accepting a claims request: The system automatically sends text messages to policyholders (2) Handling the claims process: Claims agents maintain close contact with policyholders and provide professional service, helping resolve customers' doubts and questions (3) After the claim is settled: The system automatically sends a text message and letter by mail or e-mail to the policyholder notifying the individual that payment has been made.
Incorporation of Environmental, Social, and Governance Factors in Investment Management	FN-IN-410a.1	Total invested assets, by industry and asset class	<a href="https://ins-info.ib.gov.tw/customer/Info2-1.aspx?UID=27935073">https://ins-info.ib.gov.tw/customer/Info2-1.aspx?UID=27935073</a>

TOPIC	Code	Accounting Metric	Corresponding Information
Incorporation of Environmental, Social, and Governance Factors in Investment Management	FN-IN-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	4.1 Responsible finance framework 4.2 Responsible finance practices
	FN-IN-410b.1	Net premiums written related to energy efficiency and low carbon technology	4.3.2 Insurance for green energy products
Policies Designed to Incentivize Responsible Behavior	FN-IN-410b.2	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	4.1.1 Aligning with international ESG norms 4.3 ESG-related insurance products and services 3.1 ESG products and services Fubon Insurance 2020 Sustainability Report, Section 2.2.1 Sustainable Products and Services
	FN-IN-450a.1	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	Not disclosed
Environmental Risk Exposure	FN-IN-450a.2	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	Not disclosed
	FN-IN-450a.3	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	<p>4.3.3 Sustainability-related Insurance Products : 4.3.1 Natural Disaster Services and Agriculture Insurance : Fubon Insurance 2020 Sustainability Report, Section 2.1.1 Risk Management and Underwriting Management, Section 4.1.1 Climate Change : Risk Management Information: <a href="https://ins-info.ib.gov.tw/customer/Info4-16.aspx?UID=27935073">https://ins-info.ib.gov.tw/customer/Info4-16.aspx?UID=27935073</a></p> <ul style="list-style-type: none"> <li>Every six months, Fubon Life and Fubon Insurance regularly identify and review their short-term company-level risks and capital adequacy ratio and project their medium- and long-term (next three years) risks and capital adequacy ratio.</li> <li>Fubon Life's main references at present are actuarial tables; climate change risk is not yet taken into account. Fubon Insurance incorporates major disasters such as typhoons and flooding as factors in existing models calculating short-term capital adequacy ratios and in the return periods used in pressure tests looking at medium and long-term impacts.</li> <li>Fubon Insurance has worked with research institutes to develop natural disaster models that factor in typhoon and flood risk, and it has adopted the latest rain forecasting and surface drainage models as input parameters, enabling the analysis of flooding and losses caused by rainfall for different return periods.</li> <li>When Fubon Insurance develops new products, it incorporates typhoon and flood risk into its natural disaster models and adjusts its underwriting strategy based on different scenarios. Fubon Life's "Natural Disaster Accident Insurance" factors in environmental factors such as wind-related disasters and flooding.</li> <li>Solar power arrays that meet all applicable laws and regulations and are designed and built to specifications that exceed statutory requirements are eligible for preferential insurance deals; discounts on premiums are available for electric and hybrid vehicles; and higher coverage amounts are offered for insurance for building repairs and renovations that use green materials.</li> <li>Fubon Insurance treats climate change as its major environmental risk factor, and uses catastrophe models to conduct regular risk assessments and monitor the buildup of catastrophe risk exposure. The cost of catastrophe reinsurance contracts is based on the level of exposure as determined through catastrophe modeling and takes into account catastrophe premium income from previous policies, supply and demand in the reinsurance market, and cost-benefit analyses. The process ensures that reinsurance is appropriately priced. Fubon Insurance works only with reinsurers with excellent credit ratings and monitors changes in reinsurer ratings, so that risk is successfully diverted and net retained liabilities meet limits set for single insurance risks. In choosing reinsurers, Fubon Insurance adheres to Taiwan's "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" and Fubon's "Management Guidelines on Ceding or Assuming Reinsurance Risk."</li> </ul>

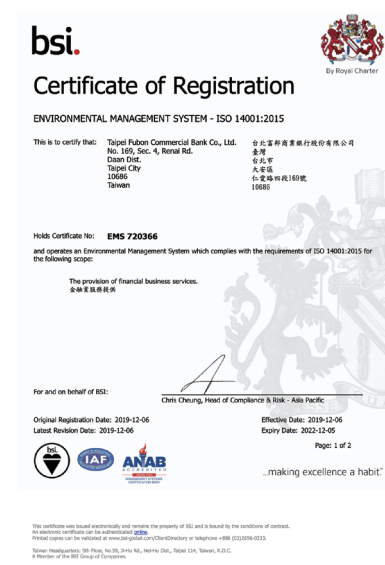
TOPIC	Code	Accounting Metric	Corresponding Information
Systemic Risk Management	FN-IN-550a.1	Exposure to derivative instruments by category:  (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	<p><b>Fubon Life</b> Consolidated Financial Statements/Independent Auditors' Report for 2019 and 2020 pg. 37-38 (2) Financial assets/liabilities measured at fair value through profit or loss pg. 40 (4) Financial assets and liabilities for hedging <a href="https://www.irpro.co/2881/financial/133/CH/20210331181535-5.pdf">https://www.irpro.co/2881/financial/133/CH/20210331181535-5.pdf</a></p> <p><b>Fubon Insurance</b> Consolidated Financial Statements/Independent Auditors' Report for 2019 and 2020 pg. 36-38 1. Financial assets/liabilities measured at fair value through profit or loss <a href="https://www.irpro.co/2881/financial/133/CH/20210331181535-6.pdf">https://www.irpro.co/2881/financial/133/CH/20210331181535-6.pdf</a></p>
	FN-IN-550a.2	Total fair value of securities lending collateral assets	In 2020, Fubon Life was a securities lender, and only disclosed the carrying amount and fair value of the transferred securities of NT\$1.106 billion in its consolidated financial statements. Fubon Insurance did not engage in any securities borrowing.
	FN-IN-550a.3	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	<p><b>Fubon Life</b> Consolidated Financial Statements/Independent Auditors' Report for 2019 and 2020 pg. 99-100 (2) Liquidity risk pg.122-123 3. Liquidity risk analysis <a href="https://www.irpro.co/2881/financial/133/CH/20210331181535-5.pdf">https://www.irpro.co/2881/financial/133/CH/20210331181535-5.pdf</a></p> <p><b>Fubon Insurance</b> Consolidated Financial Statements/Independent Auditors' Report for 2019 and 2020 pg.79 (2) Liquidity risk P94-96 (2) Liquidity risk <a href="https://www.irpro.co/2881/financial/133/CH/20210331181535-6.pdf">https://www.irpro.co/2881/financial/133/CH/20210331181535-6.pdf</a></p>
Activity Metric	FN-IN-000.A	Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance	<ul style="list-style-type: none"> <li>Fubon Life premium income and insurance benefits paid by type of insurance: <a href="https://ins-info.ib.gov.tw/customer/life3-2.aspx?UID=27935073">https://ins-info.ib.gov.tw/customer/life3-2.aspx?UID=27935073</a></li> <li>Overview of Fubon Insurance business distribution related to reinsurance by insurance type: <a href="https://ins-info.ib.gov.tw/customer/property3-2.aspx?UID=70826461">https://ins-info.ib.gov.tw/customer/property3-2.aspx?UID=70826461</a></li> <li>No. of Fubon Life active policies: 21,704,199</li> <li>No. of Fubon Life reinsurance policies: 1,700,645</li> <li>No. of Fubon Insurance active policies: 12,931,415</li> <li>No. of Fubon Insurance reinsurance policies: Fubon Insurance's reinsurance arrangements are based on annual contracts signed with reinsurance companies and can be carried out within pre-set limits; there are no individual policies per se. For net retained lines for various types of insurance, see: <a href="https://ins-info.ib.gov.tw/customer/property3-2.aspx?UID=70826461">https://ins-info.ib.gov.tw/customer/property3-2.aspx?UID=70826461</a></li> </ul>



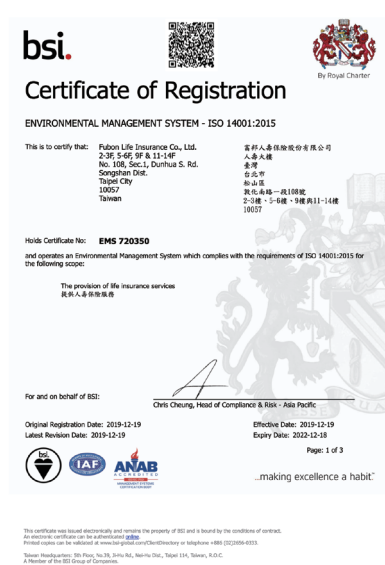
## 8.5 Opinion Statement



● ISO 14001 Environmental Management System  
Fubon Financial Holdings



● ISO 14001 Environmental Management System  
Taipei Fubon Bank



● ISO 14001 Environmental Management System  
Fubon Life



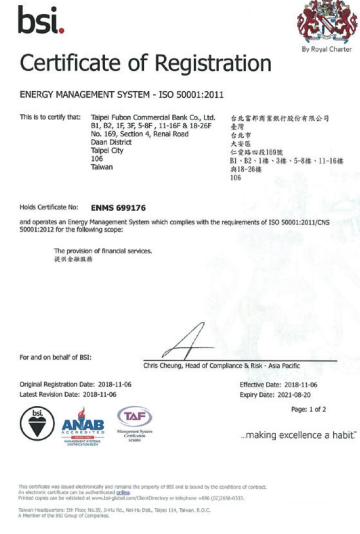
● ISO 14001 Environmental Management System  
Fubon Insurance



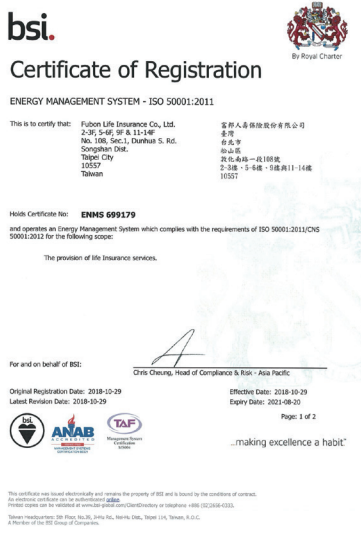
● ISO 14001 Environmental Management System  
Fubon Securities



● ISO 50001 Energy Management System  
Fubon Financial Holdings



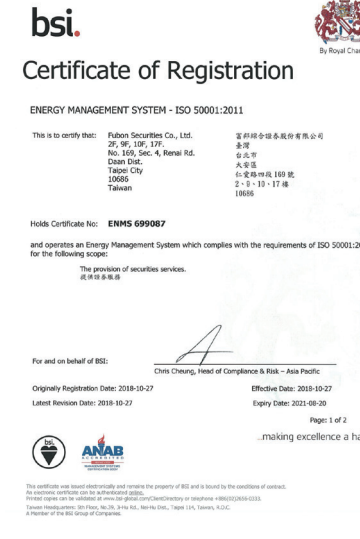
● ISO 50001 Energy Management System  
Taipei Fubon Bank



● ISO 50001 Energy Management System  
Fubon Life



● ISO 50001 Energy Management System  
Fubon Insurance



● ISO 50001 Energy Management System  
Fubon Securities

# bsi. Opinion Statement

## Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Fubon Financial Holding Company No. 237, Sec. 1, Jiaqiao S. Rd. Taipei City 10657 Taiwan

Holds Statement No: GHGEV 1892-1 Verification opinion statement As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with the Fubon Financial Holding Company and its affiliates for the period from 2020-01-01 to 2020-12-31 was verified, including direct greenhouse gas emissions 64,713.6 tonnes of CO2 equivalent and indirect greenhouse gas emissions from imported energy emissions 859,1450 tonnes of CO2 equivalent.
No material misstatements for the period from 2020-01-01 to 2020-12-31 Greenhouse Gas Emissions calculation were revealed.
Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
The emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh, instead which may potentially result in different Greenhouse Gas Emission estimates.
The description of Fubon Financial Holdings and its affiliates, please refer to next page and Fubon Financial Holdings' Greenhouse Gas Inventory Report.

The other selected indirect GHG emissions listed in the attached table on the next page were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1: 2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Fu

Originally Issue: 2021-04-26 Latest Issue: 2021-04-26 Page: 1 of 3

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# bsi. Opinion Statement

## Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Taipei Fubon Commercial Bank Co., Ltd. 1F, 2F, 3F, 5F, 8F, 12F No. 50, Sec.2, Zhongshan N. Rd. Zhongshan Dist. Taipei City 10419 Taiwan

Holds Statement No: GHGEV 1895 Verification opinion statement As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with Taipei Fubon Commercial Bank Co., Ltd. for the period from 2020-01-01 to 2020-12-31 was verified, including direct greenhouse gas emissions 667,9584 tonnes of CO2 equivalent and indirect greenhouse gas emissions from imported energy emissions 17,713,206 tonnes of CO2 equivalent.
No material misstatements for the period from 2020-01-01 to 2020-12-31 Greenhouse Gas Emissions calculation were revealed.
Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
The emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh, instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions listed in the attached table on the next page were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1: 2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Fu

Originally Issue: 2021-04-28 Latest Issue: 2021-04-28 Page: 1 of 8

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### ISO 14064-1 Greenhouse Gas Emissions Fubon Financial Holdings

### ISO 14064-1 Greenhouse Gas Emissions Taipei Fubon Bank

# bsi. Opinion Statement

## Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Fubon Life Insurance Co., Ltd. SF No. 108, Sec. 1, Dunhua S. Rd. Songshan Dist. Taipei City 10657 Taiwan

Holds Statement No: GHGEV 1893 Verification opinion statement As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with Fubon Life Insurance Co., Ltd. for the period from 2020-01-01 to 2020-12-31 was verified, including direct greenhouse gas emissions 2,266,855 tonnes of CO2 equivalent and indirect greenhouse gas emissions from imported energy emissions 16,627,974 tonnes of CO2 equivalent.
No material misstatements for the period from 2020-01-01 to 2020-12-31 Greenhouse Gas Emissions calculation were revealed.
Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
The emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh, instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions listed in the attached table on the next page were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1: 2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Fu

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# bsi. Opinion Statement

## Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Fubon Insurance Co., Ltd. No. 237 Sec. 1, Jiaqiao S. Rd. Da'an Dist. Taipei City 10657 Taiwan

Holds Statement No: GHGEV 1894 Verification opinion statement As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with Fubon Insurance Co., Ltd. for the period from 2020-01-01 to 2020-12-31 was verified, including direct greenhouse gas emissions 33,2158 tonnes of CO2 equivalent and indirect greenhouse gas emissions from imported energy emissions 2,877,906 tonnes of CO2 equivalent.
No material misstatements for the period from 2020-01-01 to 2020-12-31 Greenhouse Gas Emissions calculation were revealed.
Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
The emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh, instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions listed in the attached table on the next page were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1: 2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Fu

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# bsi. Opinion Statement

## Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Fubon Securities Co., Ltd. 15F, No. 169, Sec.4, Ren'ai Rd. Da'an Dist. Taipei City 10686 Taiwan

Holds Statement No: GHGEV 1896 Verification opinion statement As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with Fubon Securities Co., Ltd. for the period from 2020-01-01 to 2020-12-31 was verified, including direct greenhouse gas emissions 142,8051 tonnes of CO2 equivalent and indirect greenhouse gas emissions from imported energy emissions 3,245,7967 tonnes of CO2 equivalent.
No material misstatements for the period from 2020-01-01 to 2020-12-31 Greenhouse Gas Emissions calculation were revealed.
Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
The emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh, instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions listed in the attached table on the next page were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1: 2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Fu

Originally Issue: 2021-04-28 Latest Issue: 2021-04-28 Page: 1 of 5

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### ISO 14064-1 Greenhouse Gas Emissions Fubon Life

### ISO 14064-1 Greenhouse Gas Emissions Fubon Insurance

### ISO 14064-1 Greenhouse Gas Emissions Fubon Securities

## 8.6 Accountant's Independent Assurance Report



安侯建業聯合會計師事務所

KPMG

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Xinyi Road, Taipei City 110615, Taiwan (R.O.C.) Internet 網址 home.kpmg/tw

### Independent Limited Assurance Report

#### To Fubon Financial Holding Co., Ltd.:

We were engaged by Fubon Financial Holding Co., Ltd. ("the Company") to provide limited assurance on the Corporate Social Responsibility Report ("the Report" or "the subject matter") of the Company for the year ended December 31, 2020.

#### Reporting Criteria of the Subject Matter

The Company shall prepare the Report in accordance with the Article 4-3 of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies ("the Regulation"), the Comprehensive option of Global Reporting Initiative Standards ("GRI Standards") issued by Global Sustainability Standards Board and the Sustainability Accounting Standards for Insurance Industry issued by Sustainability Accounting Standards Board ("SASB") as set forth in "About This Report" section of the Report.

#### Management's Responsibility for the Report

The Company is responsible for determining its goals with respect to sustainable development performance and reporting, including the identification of stakeholders and material aspects, and using the reporting criteria to fairly prepare and present the information included in the Report. The Company is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Report that is free from material misstatement, whether due to fraud or error.

#### Our Responsibilities

We performed our work in accordance with the Standard on Assurance Engagements No. 1 – "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation and to issue an independence limited assurance conclusion on whether the Report is free from material misstatement. Also, we have considered appropriate limited assurance procedures according to the understanding of relevant internal controls in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the internal control over the design or implementation of the Company.

However, the related disclosures of the Greenhouse Gas Emissions (Scope 1, 2 and 3) in the Report, which are verified by the other party engaged by the Company, are out of our assurance scope.

#### Independence, professional standards and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In addition, we applied Statements of Auditing Standard No. 46 – "Quality Control for Public Accounting Firms" in the Republic of China. Accordingly, we maintained a comprehensive system of quality control including documented policies and procedures regarding



compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.

#### Summary of Work Performed

Our main work on the Report included:

- Obtain and review the Report;
- Inquiries of responsible management level and non-management level personnel to understand the operational processes and information systems used to collect and process the information reported.
- On the basis of the understanding obtained from the above matters, perform analytical procedures on the report and if necessary, select samples to verify the report with supporting documents for acquiring sufficient and appropriate evidence.

The work described above based on professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the Report, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion. However, the work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

#### Inherent limitations

The Report for the year ended 2020 includes the disclosures of non-financial information that involved significant judgments, assumptions and interpretations by the management of the Company. Therefore, the different stakeholders may have different interpretations of such information.

#### Conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Report has not been properly prepared, in all material aspects, in accordance with the Reporting Criteria.

#### Other Matters

The management of the Company is responsible for the maintenance of its website, which according to its report, we shall not be responsible for any further changes on the information or its applicable reporting criteria, nor be responsible for reconducting any assurance work after the issuance date of the Report.

Taipei, Taiwan (Republic of China)

June 18, 2021

#### Notes to reader

The limited assurance report is the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language limited assurance report, the Chinese version shall prevail.



