



5 Corporate Governance



- 35 Operation of the Board of Directors
- 40 Information Disclosure
- 41 Legal Compliance
- 43 Risk Management
- 49 Information Security
- 54 Ethical Corporate Management

5 Corporate Governance

Changes bring risks and challenges, but also opportunities and hopes. With the interaction of emerging risks, technological innovation, changes in customer behavior, and regulatory evolution, the financial industry has to be rooted in internal stability on the one hand, and enhance external flexibility on the other, making the responsibility of corporate governance members even greater than before.

FEIB attaches importance to investors' rights and corporate ethics, and has established the Corporate Governance Best Practice Principles and the Ethical Corporate Management Best Practice Principles to establish an effective corporate governance structure, ensure compliance with laws and regulations, improve internal management and control mechanisms, and strive to enhance the company's investment value and social reputation. We pursue long-term steady growth in performance and sustainable management to reward our shareholders, take care of our employees, accumulate national economic capital, and pass on social wealth to build a multinational competitive and trustworthy business foundation.

Participate in third-party evaluations

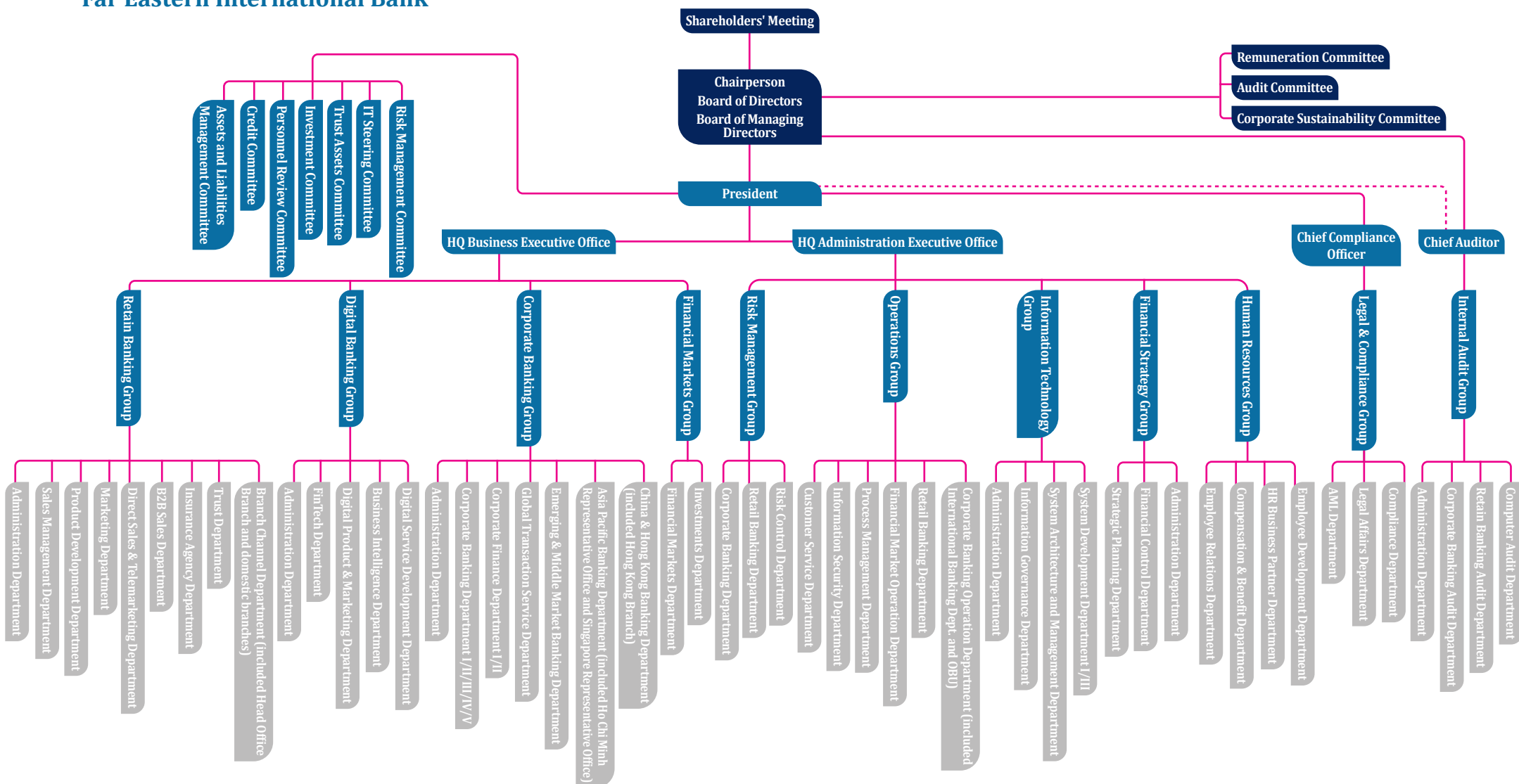
We participate in the corporate governance evaluation conducted by the TWSE every year. Through objective and professional evaluation, we understand the possibility of improving our five major governance components and internal control system, including protecting shareholders' rights and interests, treating shareholders equally, strengthening the structure and operation of the Board of Directors, enhancing information transparency, and implementing corporate social responsibility. In the eighth year of evaluation results announced in 2022, FEIB ranked in the top 5% of listed companies, which is an improvement from the top 6-20% in the previous year.





5 Corporate Governance

Governance structure and organization chart of Far Eastern International Bank



Operation of the Board of Directors

Members of the Board of Directors have professional education and practical experience in management, with backgrounds in banking, finance, law, management, and other fields, as well as experience in the industry, government, and academia. Their abilities cover international market views, industry knowledge, management, and financial analysis, and are sufficient to assume the important responsibilities of making operational judgments and major decisions in the financial industry, supervising the management team, and managing risks in a complex and changing environment. We also appoint an independent accounting firm to audit the implementation of financial and internal controls, and have regular meetings with internal auditors regarding the internal control system. The general operating highlights of the Board of Directors in 2021 are as follows:

- In order to treat shareholders fairly and to enhance the transparency of the director nomination review process, a candidate nomination system is adopted for the election of directors.
- Our Corporate Governance Best Practice Principles specifies the policy of diversifying the Board of Directors. The current 11th term of the Board of Directors has 11 directors, of which 27% are independent directors; the Chairperson and two independent directors are women, and 27% of the directors are women, meeting the target of 25% of the total number of seats for a single gender; one independent director has a term of more than 6 years, one has more than 4 years but less than 6 years, and one has less than 3 years. The age distribution of directors is 3 over 75, 3 over 70 but under than 75, and 5 under 70, respectively.
- Seven board meetings were held during the year, with an overall attendance rate of 95%.
- The shareholders' meeting was held on July 20, with more than half of the directors present in person and the convener of the Audit Committee participating by video attendance.
- The directors have participated in the development of new knowledge in corporate governance courses, and each has met or exceeded the number of hours required by law. The course includes topics related to corporate sustainability such as "Digital Transformation of Enterprises", "ESG/CSR and Sustainable Governance in 2021", and "Three Key Rules and Practical Cases on Ethical Corporate Management, Corporate Governance, and Corporate Social Responsibility".
- The directors recuse themselves from the discussion and voting on the motions of the Board of Directors in which they or the legal entities they represent have an interest, and they do not exercise their voting rights on behalf of other directors. The details of their recusal from the motions are disclosed in our annual report.
- The performance evaluation of the Board of Directors and functional committees is conducted annually, and the scope of the evaluation includes the whole group and individual members. Each council member will be evaluated according to the evaluation form, while individual members will fill in the self-evaluation questionnaire according to their positions. The scores are then compiled by the Administration Department and published on the Bank's website.

Board of Directors Performance Evaluation in 2021		
	Assessment Criteria	Points Scored
Board of Directors	Overall Assessment	100
	Self-Assessment by Directors	95.7
Audit Committee	Overall Assessment	100
	Self-Assessment by Directors	99.7
Remuneration Committee	Overall Assessment	100
	Self-Assessment by Directors	99

5 Corporate Governance

The Directors' Profiles

The 11th term of directors will be for a period of three years commencing on July 20, 2021 and the information of the directors is as follows:

Title	Name	Date of initial election	Education and Experiences	To hold concurrent positions in the Bank and other companies
Chairperson	Representative of the Yue Ding Industry Co., Ltd. Ms. Ching-Ing Hou	May 19th, 1995	<ul style="list-style-type: none"> ● Master of Economics, Vanderbilt University, USA ● M.A. and B.A., Department of Economics, National Taiwan University ● Professor and Chairperson of the Department of Money and Banking, National Chengchi University Professor, Department of Finance and Taxation ● Chairperson, Taiwan Academy of Banking and Finance ● Supervisor, Far Eastern New Century Corporation 	<ul style="list-style-type: none"> ● Director, Southern Taiwan University of Science and Technology
Vice Chairperson	Mr. Douglas Hsu	December 9th, 1991	<ul style="list-style-type: none"> ● Honorary Doctorate in Management, National Yang Ming Chiao Tung University ● M.B.A., University of Notre Dame, USA ● Master of Economics, Columbia University, USA ● Chairman, Far Eastern New Century Corporation 	<ul style="list-style-type: none"> ● Chairman, Far Eastern New Century Corporation ● Chairman, Asia Cement Corporation ● Chairman, Far Eastern Dept. Store, Ltd. ● Chairman, Far EasTone Telecommunications Co., Ltd. ● Chairman, U-Ming Marine. ● Chairman, Oriental Union Chemical Corp. ● Director, Everest Textile Co., Ltd ● Director, Yuan Ze University
Executive Director	Representative of the Far Eastern New Century Corporation Mr. Shaw Y. Wang	December 9th, 1991	<ul style="list-style-type: none"> ● EMBA Courses, National Taiwan University ● Bachelor of Business Administration, National Chung Hsing University ● Director and Chief Executive Officer, Far Eastern New Century Corporation ● Senior Vice President 	<ul style="list-style-type: none"> ● Director, Far Eastern New Century Corporation, Chief Executive Officer of Public Welfare ● Director, Far Eastern Asset Management Corporation ● Director, Yuan Ze University

5 Corporate Governance

Title	Name	Date of initial election	Education and Experiences	To hold concurrent positions in the Bank and other companies
Executive Director	Representative of Asia Cement Corporation Mr. Tsung-Ming Chung	May 29th, 2003	<ul style="list-style-type: none"> ● MBA, National Chengchi University ● CPA, Deloitte & Touche 	<ul style="list-style-type: none"> ● Chairman, Dynapack International Technology Corporation ● Director, Vactronics Technologies Inc.
Director	Representative of the Far Eastern New Century Corporation Mr. Humphrey Cheng	June 27th, 2006	<ul style="list-style-type: none"> ● Master of Business Administration, National Taiwan University ● Bachelor of Law, National Chung Hsing University ● Vice President, Far Eastern New Century Corporation 	<ul style="list-style-type: none"> ● President, Far Eastern New Century Corporation ● Chairman, Deutsche Far Eastern Asset Management Company (Limited) ● Director, Oriental Union Chemical Corp. ● Director, Ding Ding Integrated Marketing Service Co., Ltd. ● Supervisor of Far Eastern Asset Management Corporation ● Director of Yuan Ze University
Director	Representative of Far Eastern New Century Corporation Mr. James Wu	June 15th, 2017	<ul style="list-style-type: none"> ● M.B.A., University of Missouri, USA ● Bachelor of Law, National Taiwan University ● Chief Country Officer, Deutsche Bank, Taipei Branch Taiwan ● Vice Chairman, Citibank, Taiwan Branch ● President, Fubon Commercial Bank ● President, FIL Securities Investment Trust Co.,(Taiwan) Ltd. ● President, Citibank Securities (Taiwan) Ltd. ● President, Bankers Trust New York Corporation, Tokyo Branch ● Vice President, Bankers Trust New York Corporation, New York Headquarter ● President, Yungshin Securities ● Regional Assistant Vice President of JPMorgan Chase Bank, Hong Kong and Taipei District 	<ul style="list-style-type: none"> ● Independent Director of Primax Electronics Ltd
Director	Representative of Asia Cement Corporation Dr. Shih-Chun Hsu	May 21st, 2000	<ul style="list-style-type: none"> ● Doctor of Business Administration, University of Michigan, USA ● Founding Dean of College of Management, National Taiwan University ● Chairman, Bank of Kaohsiung ● Professor, Yuan Ze University 	<ul style="list-style-type: none"> ● Independent Director, Eslite Spectrum Corporation ● Director, Far Eastern Electronic Toll Collection Co., Ltd. ● Director, FETC International Co., Ltd. ● Lecturer of the Kao Renyan Academic Seminar at Feng Chia University

5 Corporate Governance

Title	Name	Date of initial election	Education and Experiences	To hold concurrent positions in the Bank and other companies
Director	Representative at U-Ming Marine Dr. Min-Teh Yu	May 21st, 2000	<ul style="list-style-type: none"> ● Ph.D. in Economics, Ohio State University, USA ● Professor in Banking and Finance, National Taiwan University ● Honorary Professor, National Tsing Hua University ● President, Providence University ● President of the China University of Technology ● Dean of the College of Management, National Yang Ming Chiao Tung University ● Dean of College of Management, Yuan Ze University ● Commissioner, Financial Restructuring Fund Management Committee, Executive Yuan ● Commissioner, National Development Fund Management Committee, Executive Yuan ● Advisor, Asian Development Bank 	<ul style="list-style-type: none"> ● Independent Director, JMicon Technology Corp ● Independent Director, Mister International Enterprise Corp. ● Independent Director, Gourmet Master Co., Ltd. ● Director, Harbinger VIII Venture Capital Corp. ● Professor, Providence University
Independent Director and Managing Director	Ms. Hsiao-Hui Wang	June 20th, 2018	<ul style="list-style-type: none"> ● BA of Accounting, National Chengchi University ● CPA at Deloitte Touche ● Supervisor, CTCI Advanced Systems Inc. 	<ul style="list-style-type: none"> ● Independent Director, Les Enphants Co., Ltd. ● Director, TN Soong Foundation
Independent Director	Ms. Susan S. Chang	June 16th, 2015	<ul style="list-style-type: none"> ● Bachelor's degree in Economics, Masters degree in Economics, National Taiwan University ● Chairperson of Taiwan Financial Holdings and Bank of Taiwan ● Vice Chairperson, Financial Supervisory Commission ● Administrative Deputy Minister, Ministry of Finance ● Director General, National Treasury Administration, Ministry of Finance ● Vice Commissioner, Bureau of Monetary Affairs, Deputy Chief, Dept. of Monetary Affairs ● Deputy Director, Economic Research Dept., Council for Economic Planning and Development, Executive Yuan 	<ul style="list-style-type: none"> ● Chairperson, Jinnuijin Business Co., Ltd. ● Director, Grace Technology Co., Ltd. ● Supervisor, Entie Tech Engineering Co., Ltd.
Independent Director	Dr. Bao-Shuh Paul Lin	July 20th, 2021	<ul style="list-style-type: none"> ● PhD in Computer Science, University of Illinois, Chicago USA ● Chair Professor, Institute of Communications Engineering, National Yang Ming Chiao Tung University ● Independent Director, Far Eastern New Century Corporation ● Chief Director, Microelectronics and Information Systems Research Center, National Yang Ming Chiao Tung University ● Professor, Department of Computer Science, National Yang Ming Chiao Tung University ● General Director, Computer Communications Research Division, Industrial Technology Research Institute ● Senior Vice President, Global Research Labs, Philips Electronics ● Senior Manager, Teknekron Communication Corp., USA ● Advanced Researcher, Bell Labs of AT&T, USA 	<ul style="list-style-type: none"> ● Lifetime Chair Professor at National Yang Ming Chiao Tung University in Computer Science ● Research Fellow ● Contracted Professor, Department of Computer Science, National Yang Ming Chiao Tung University

5 Corporate Governance

Functional Committees Set Up by the Board of Directors

The Board of Directors has established a Remuneration Committee, an Audit Committee and a Corporate Sustainability Committee to assist the Board in carrying out its oversight responsibilities. The Corporate Sustainability Committee was established in November 2021 to promote and strengthen corporate governance, develop a sustainable environment, safeguard social welfare, enhance corporate sustainability information disclosure, and to oversee other sustainability-related matters resolved by the Board of Directors.

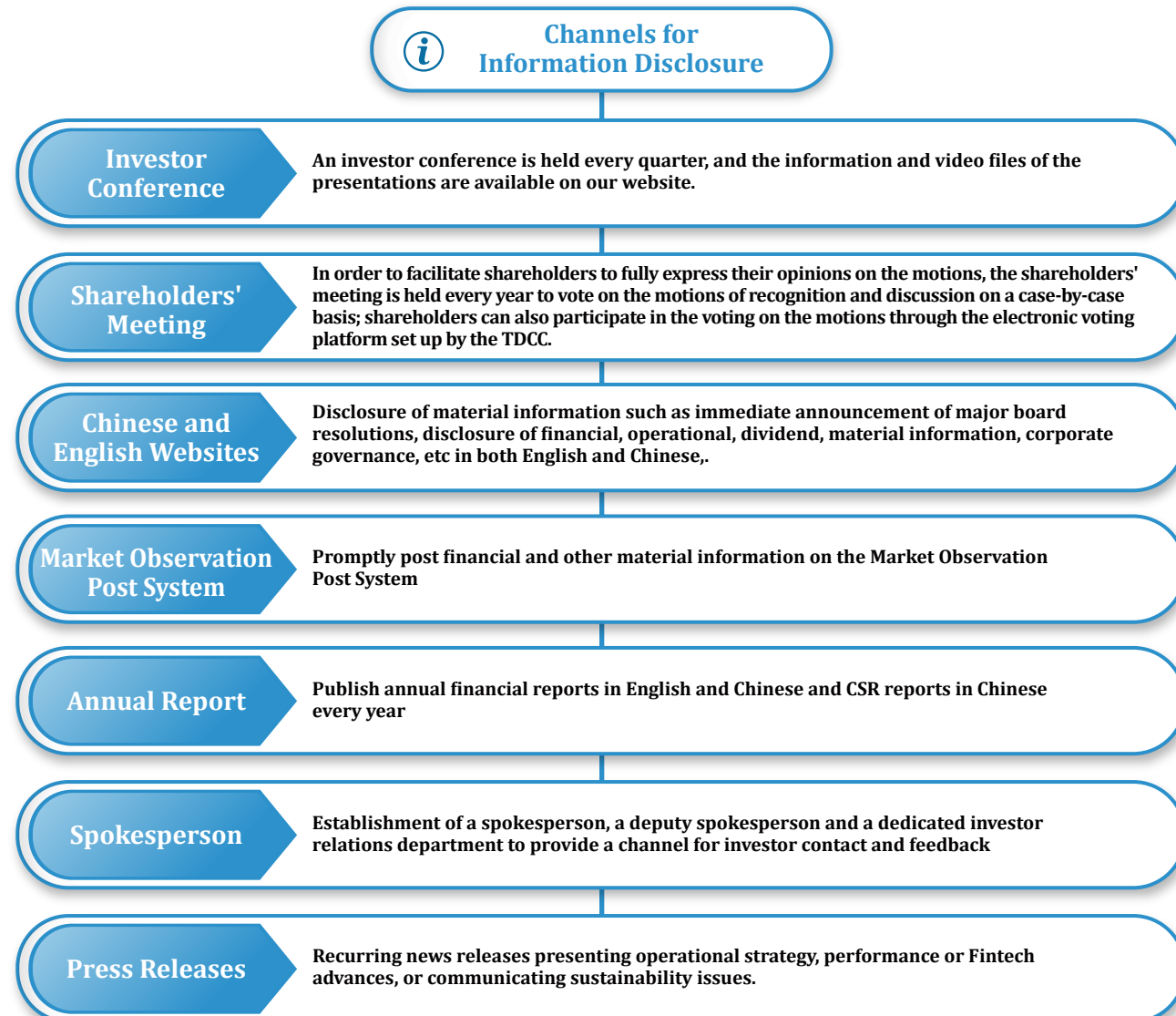
	Remuneration Committee	Audit Committee	Corporate Sustainability Committee
Organizational Operations	<ul style="list-style-type: none"> ① The number of members shall not be less than three, and at least one independent director shall be a member of the committee. The qualifications of the committee shall be in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committees of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". ② The members are appointed by the resolution of the board of directors, and the term of office is the same as the term of the Board of Directors. The current members are 2 independent directors and 1 external expert; independent director Hsiao-Hui Wang serves as the convener. ③ A total of 2 meetings were convened in 2021 with 100% attendance. 	<ul style="list-style-type: none"> ● 100% of the members are independent directors and the term of office of the members is the same as that of the Board of Directors; this term, independent director Hsiao-Hui Wang serves as the convener and the chairman of the meeting. ● A total of 5 meetings were convened in 2021 with 100% attendance. 	<ul style="list-style-type: none"> ● 100% of the members are independent directors and the term of office of the members is the same as that of the Board of Directors; this term, independent director Hsiao-Hui Wang serves as the convener and the chairman of the meeting. ● A total of 5 meetings were convened in 2021 with 100% attendance.
Organizational Operations	<ul style="list-style-type: none"> ① Establish and regularly review performance and remuneration policies, systems, standards and structures for directors and managers, and make recommendations to the Board of Directors. ② Regularly evaluate and determine the remuneration of directors and managers, and make recommendations to the Board of Directors. ③ The performance evaluation and compensation of directors and managers are based on the typical industry standard, taking into account the the rationality of the relationship with individual performance, the Bank's operating performance, and future risks. 	<ul style="list-style-type: none"> ● Fair representation of the company's financial statements. ● The selection, dismissal, independence and performance of the certified public accountants. ● Effective implementation of the Company's internal control. ● The Company complies with the relevant laws and regulations. ● The management and control of existing or potential risks of the Company. 	<ul style="list-style-type: none"> ● Promote and strengthen the Ethical Corporate Management System. ● Promote and Develop Matters related to Corporate Sustainability. ● Supervise other sustainability-related matters resolved by the Board of Directors.

In order to attract, motivate and retain talents, FEIB's remuneration policy for all employees aims to exceed market standards. The type of compensation includes fixed salary and variable compensation (including various types of bonuses and employee compensation, of which employee compensation is in the form of stock or cash). Variable compensation is reasonably allocated according to individual performance depending on operating conditions and future risks. The compensation structure is based on the position, performance, and development potential, creating a win-win situation for the company, employees, and shareholders. For the remuneration paid to the President and Vice President, please refer to the information disclosed in the 2021 Annual Report (website) on corporate governance.

5 Corporate Governance

Information Disclosure

Facing the investment market and investors, FEIB provides accurate, timely, open, and transparent company-related information and maintains smooth communication channels. This will enable investors to obtain sufficient and accurate information about the Bank's financial, business and operational status and development strategies, in order to enhance their confidence in the Bank and to complete the reference information for investment decisions.





Legal Compliance

We comply with all applicable domestic and international laws, has a Legal & Compliance Group and a Head of Corporate Compliance, which is a department directly under the President at the organizational level to ensure its independence. In addition to supervising and implementing the mechanisms for anti-money laundering and combating the financing of terrorism, the Legal & Compliance Group is responsible for the overall legal compliance of the Bank, including systematically integrating the compliance operations of various departments, strengthening the awareness of compliance among employees, and establishing a audit mechanism to grasp the legal risks of the Bank's operations in advance.

Management and implementation of legal compliance effectiveness in 2021

Calibrating Laws and Regulations	Organize training and advocacy	Assessment of implementation effectiveness																		
<p>❶ We collect information on laws and regulations and penalties imposed by the industry on a daily basis, and immediately communicate them to our employees through our online system and conduct internal audits. We announced 66 new regulations and industry penalty cases and conduct 54 audits in 2021.</p> <p>❷ Compliance meetings are convened quarterly, and senior supervisors of each department are designated as the unit's legal compliance manager to establish a system of legal communication, consultation, and notification.</p> <p>❸ A quarterly legal compliance magazine is published to publicize the law and regulations as well as the cases of penalties imposed by the industry.</p> <p>❹ From time to time, we announce new amendments to the law at the top management meeting.</p> <p>❺ A total of 482 cases of legal compliance tracking and control were newly amended in 2021.</p>	<p>❶ The implementation of the compliance system, important laws and regulations, and the quarterly publication of the compliance magazine were included in the regular reports during the senior management meeting, and four meetings were held in 2021.</p> <p>❷ Administer education and training in compliance with the laws and regulations for various departments.</p> <p>❸ Every six months, we conduct legal compliance training for all employees, including courses on important laws and regulations, the latest internal and external regulations, internal deficiency reviews, and administrative penalty cases. The Bank has received 13,921 hours of relevant training.</p> <p>❹ Quarterly Publication of the Compliance Magazine</p>	<p>❶ The results from the 2021 compliance assessment for each unit are as follows:</p> <table><tr><th rowspan="2">Unit</th><th rowspan="2">Number of Units</th><th colspan="3">Assessment Level</th></tr><tr><th>A/Excellent</th><th>B/Good</th><th>C/Average</th></tr><tr><td>Head Office</td><td>9</td><td>1</td><td>7</td><td>1</td></tr><tr><td>Branches and Sub-units</td><td>76</td><td>3</td><td>72</td><td>1</td></tr></table> <p>❷ Compliance field audits were completed for 24 units for general audits and 4 project audits.</p> <p>❸ Supervise each unit in the self-assessment of compliance with the law and conduct pre-approval of the self-assessment content.</p> <p>❹ Establish an active and preventive legal compliance system that is fully digitalized, and includes transmission of regulations, consultation, and communication functions.</p> <p>❺ The internal regulations are revised according to the current trends, and the legal compliance checklist is used to actively check whether the management regulations are legal and compliant.</p> <p>❻ We conduct counseling on reported cases on violation of laws and regulations or deficiencies identified by internal and external audits and suggestions for improvement made by each unit, and report to the Board of Directors.</p> <p>❼ We review the legality of publicity documents, related contracts, and press releases.</p> <p>❽ To strengthen the legal compliance management mechanism of the Hong Kong Branch, we ensure the professionalism and independence of the local legal compliance officer, convene quarterly online legal compliance meetings, and perform related audits. The branch also fills in a checklist on a monthly basis</p> <p>❾ Conduct self-assessment of "Principles to Treat Clients Fairly" for each business group and review the implementation results of each business department.</p>	Unit	Number of Units	Assessment Level			A/Excellent	B/Good	C/Average	Head Office	9	1	7	1	Branches and Sub-units	76	3	72	1
Unit	Number of Units	Assessment Level																		
		A/Excellent	B/Good	C/Average																
Head Office	9	1	7	1																
Branches and Sub-units	76	3	72	1																





5 Corporate Governance

Anti-Money Laundering and Combating the Financing of Terrorism

The Money Laundering Prevention Unit (AML/CFT) of the Legal & Compliance Group is a dedicated unit for AML/CFT, with all members having obtained the international CAMS certification. The head of the unit is designated by the Board of Directors as a senior executive responsible for overseeing the implementation of bank-wide identification, measurement, and monitoring mechanisms to fulfill the financial industry's responsibility as the second line of defense for AML/CFT. There is a separate AML/CFT supervisor for the head office and each business unit. Management measures and results for 2021 are described as follows:

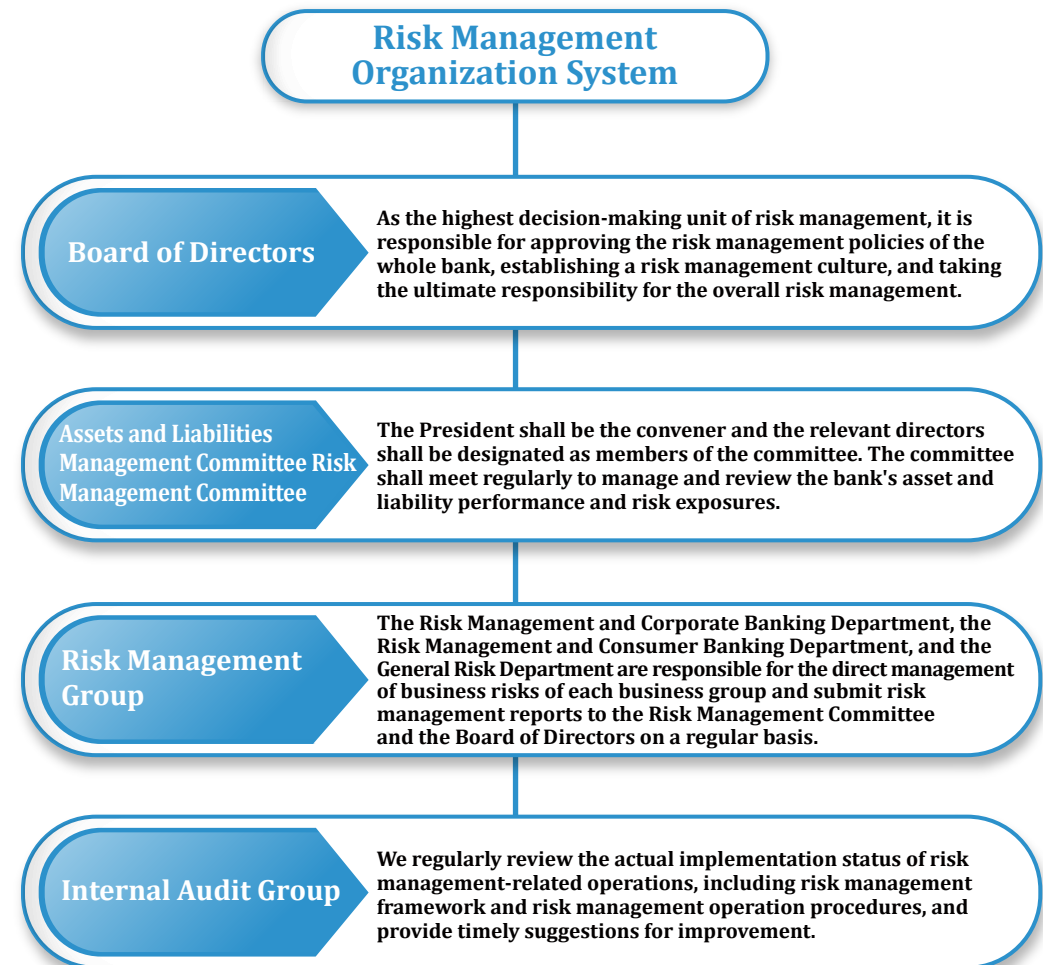
Management and implementation of AML/CFT effectiveness in 2021																						
Calibrating Laws and Regulations	Organize training and advocacy	Assessment of implementation effectiveness																				
<p>① The results of AML/CFT work are reported to the Risk Management Committee on a quarterly basis and to the Audit Committee and the Board of Directors every 6 months.</p> <p>② To implement the management mechanism, monthly meetings of branch supervisors and quarterly meetings of head office supervisors are held to promote the relevant laws and regulations, operation mechanism, and internal and external deficiencies, etc. Quarterly meetings of AML/CFT management between head office and Hong Kong branches are held to coordinate the operation mechanism, track the progress of major issues or projects, and strengthen the management of overseas branches to implement relevant operations.</p>	<p>① Organize quarterly meetings on money laundering prevention, and a total of 4 meetings were convened in 2021. All employees received at least two hours of money laundering education and training, which accumulated to a total of 6,738 hours. The completion rate of personnel who should complete the statutory hours is 100%, creating an AML management culture.</p> <p>② We promote the importance and practice of AML/CFT on our official website, Facebook fan page, ATM and other self-media to raise the awareness of our customers and the public.</p>	<p>① In order to enhance the possibility of pursuing money laundering crimes, establish a transparent money flow track, and strengthen international cooperation, the Bank completed 24 units and one project check to review the operation of the Bank's money laundering prevention mechanism. A total of 35 deficiencies were audited, with 8 suggestions for improvement.</p> <p>② To evaluate the AML/CFT assessment operations of each unit and review the effectiveness of their work, the assessment results for 2021 are as follows:</p> <table> <tr> <th rowspan="2">Unit</th><th rowspan="2">Number of Units</th><th colspan="3">Assessment Level</th></tr> <tr> <th>A/Excellent</th><th>B/Good</th><th>C/Average</th></tr> <tr> <td>Head Office</td><td>7</td><td>4</td><td>3</td><td>10</td></tr> <tr> <td>Branches and Sub-units</td><td>73</td><td>20</td><td>49</td><td>4</td></tr> </table> <p>③ Responding to the importance of the United Nations Sustainable Development Goal SDG16 "Peace, Justice and Strong Institutions" with practical actions, which includes reducing illegal capital flows and sources of funds for organized crime, and to help prevent all forms of financial crimes, FEIb declared 10,539 currency transactions over a certain amount, and declared 27 suspected money laundering transactions.</p> <p>④ Continue to appoint external consultants to assist in optimizing relevant systems, and conduct audits of accountants' projects to verify the effectiveness of AML/CFT-related internal control systems.</p>			Unit	Number of Units	Assessment Level			A/Excellent	B/Good	C/Average	Head Office	7	4	3	10	Branches and Sub-units	73	20	49	4
Unit	Number of Units	Assessment Level																				
		A/Excellent	B/Good	C/Average																		
Head Office	7	4	3	10																		
Branches and Sub-units	73	20	49	4																		



Risk Management

In order to build a risk management culture and an effective risk management framework to ensure sustainable operations, FEIB's risk management policies have been approved by the Board of Directors for compliance. The management of credit risk, market risk, interest rate risk, liquidity risk, operational risk, and other risks involved in on-balance sheet and off-balance sheet operations are included. The Risk Management Committee will report on the effectiveness of implementation, exposure status, risk decision-making and other issues and discuss them thoroughly at the risk management committee meetings held every quarter. Liquidity and interest rate risk control execution are discussed at the quarterly meetings of the Asset and Liability Management Committee for senior management's reference in making decisions, and the resolutions or conclusions of the meetings are reported to the Board of Directors.

All audits for 2021 were completed as scheduled. In addition to preventing fraud and corruption, we will also identify possible internal and external risks and assist in the implementation of risk management and compliance systems in order to achieve sound corporate governance. In addition, in order to strengthen consumer protection and implement the principle of fair treatment to customers, FEIB step up audits on the custody of customers' passbooks/financial cards/encryption letters, the opening of accounts outside the Bank and collection and payment operations, the prevention of misappropriation of customers' money by the Bank, insurance solicitation operations, the handling of customer complaints, the control and management of consumer finance loans, the collection of late interest and default fees on mortgage loans and the collection of default fees and revolving interest on credit cards in 2021. Also in 2021, 41 enhanced project inspections were planned, and 50 were implemented. The inspection issues raised were all improved as scheduled, and there were no cases of missing penalties imposed by the Financial Supervisory Commission. In 2022, 38 enhanced project inspections are planned. In addition, in order to comply with international development trends and the FSC's Corporate Governance 3.0 Sustainable Development Plan, FEIB's implementation of ESG sustainability-related tasks was included in the main inspection items.



5 Corporate Governance

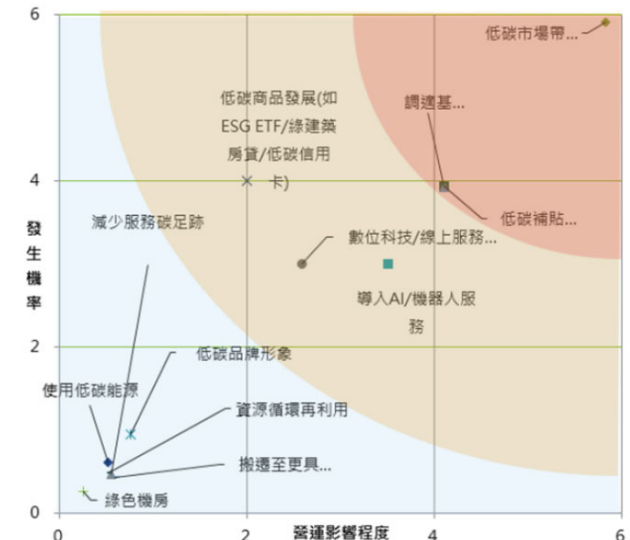
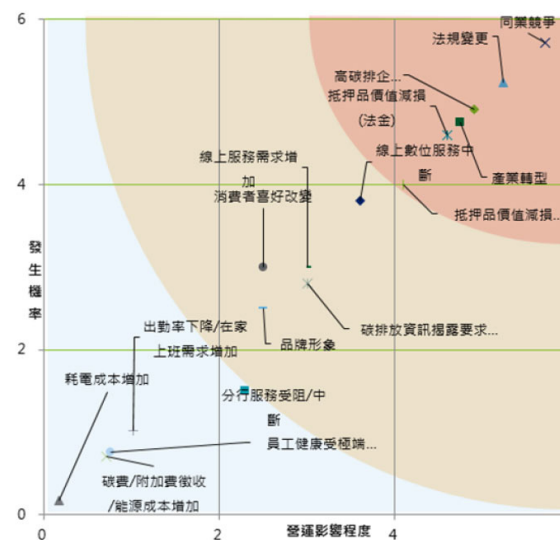
Climate Risks and Opportunities

Climate Risks and Opportunities

Extreme climate risks are increasing. In recent years, forest wildfires, floods, heat waves, and crop failures have been occurring more and more frequently around the world, becoming a common challenge for all countries, businesses, and people. In order to strengthen the response to climate change-related risks, the Risk Management Group incorporated "climate change and environmental risks" into the risk management policy in 2021 in accordance with the "Guidelines for Domestic Banks' Climate Risk Financial Disclosure" issued by the Financial Supervisory Commission. These include risks associated with natural disasters caused by extreme weather, greenhouse gas emissions, pollution emissions, energy and resource depletion, and the need to comply with increasingly stringent international and local environmental protection-related laws and regulations or environmental assessment requirements. In order to incorporate the issue of climate change into corporate governance, FEIB intends to establish a Climate Task Force in 2022, which will bring together the heads of relevant departments to develop strategies for sustainable finance and low-carbon transformation, control energy use and total greenhouse gas emissions, formulate sustainable financial policies, and develop low-carbon goods and services etc, in order to strengthen the Bank's control of climate risks and grasp opportunities, set management targets and goals, and report regularly to the Board of Directors on relevant strategies and implementation results. The Board of Directors is the highest supervisory body for the Bank's climate management. In the future, it will direct and oversee the promotion of the Bank's related matters through the Corporate Sustainability Committee and the proposed Climate Task Force.

Climate Risk Strategy

In 2021, the Risk Management Group integrated the relevant units and, with the assistance of an external consultant, introduce the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board. The financial risk disclosure framework, considering the short-, medium-, and long-term risks and opportunities, was used to complete a questionnaire survey of 16 climate risk factors and 12 climate opportunity factors under the assumptions of the high carbon emission scenario (RCP 8.5) and the high carbon transition scenario (SSP 1) to determine the degree of impact and occurrence of climate change on our operations. The survey will be used to complete the risk matrix analysis and opportunity matrix analysis related to climate change, and we will join the TCFD initiative at the end of this year to support the industry.



5 Corporate Governance

Based on the matrix analysis, the more significant risk issues of the Bank were identified as collateral value impairment as the physical risk, and regulation change ❶ for transition risks, ❷ and exposure to industry transition risks for competing high carbon emission enterprises. ❸ The Bank's more notable related opportunities are business opportunities arising from the low-carbon market, low-carbon subsidies for the development of low-carbon commodities, adapted infrastructure, green buildings or sustainable cities, etc. In the future, the relevant units will gradually integrate the identified significant risks and opportunities into their strategic, business and financial plans, and intend to refer to the relevant risk management practice manuals announced by the FSC, plan management objectives and targets, and conduct relevant stress tests.

In 2021, the Bank conducted its first assessment of the physical risk of flooding hazard and the transition risk of high carbon emissions exposure respectively, and the results were as follows:

Risks	Flooding Hazards Assessment of physical risks		High Carbon Exposure Assessment for Transition Risk
Subject	Real estate in possession	Collaterals	Credit and Investment
Methods	According to the UN IPCC assessment report under the RCP 8.5 scenario, the extreme 24-hour heavy rainfall is classified into 5 levels, with 600mm and 300mm as the disaster threshold for end-of-century flooding and slope hazards in each rural area.		<ul style="list-style-type: none"> ● According to the EPA's classification of emissions from the major carbon emitting industries, the higher the emissions, the higher the risk, and the proportion of exposure to total exposure in 20 categories of high carbon emitting industries, including oil and gas mining, cement manufacturing, steel smelting, paper manufacturing, chemical industry, semiconductor, optoelectronics, telecommunications, and power supply.
Results	None of the self-owned branches and warehouses are located in the sloping risk areas. 600mm and 300mm are used as disaster thresholds, and the hazards are divided into 5 levels.	The risk level of collaterals pledged by the Bank for more than 20 years is from 1 to 8, and manages the risk classification accordingly. 600mm and 300mm are used as disaster thresholds, and the hazards are divided into 5 levels.	<ul style="list-style-type: none"> ● The industries with higher climate risk were identified as the power, petrochemical and steel industries. ● Evaluation of credit customers: the proportion of credit granted to the semiconductor industry is relatively high at present, and there are no oil mining and cement related industries. ● Evaluation of investment targets: In reviewing the current ESG investment products, the amount of investment in green bonds for the power and semiconductor industries is relatively high.

5 Corporate Governance

Climate Risk Management

Impact and Management of Climate Risks			
	Item	Possible impact on operations	Corresponding Risk Management
Substanti- ality	Impairment on the value of the collateral	Natural disasters such as flooding and landslides caused by extreme weather (short-term episodic or long-term increase in occurrence rate and expansion of affected areas) may affect the value of collateral located in the area of impact and may affect the Bank's overall asset value and exposure.	<ul style="list-style-type: none"> ● Review the exposure of collateral and take corresponding management measures. ● Set exposure threshold levels and manage them at different levels
	Change in regulations Industry competition	<ul style="list-style-type: none"> ● Predictable regulatory changes such as carbon tax, carbon fee, or export carbon tariff barriers will affect the operating costs and competitiveness of enterprises, and may further impact their repayment ability or bond income, resulting in losses to the Bank. ● Since domestic and international regulations continue to support the development of the green industry, if the Bank fails to grasp the relevant trends and expand our share of the green lending market, we may lose the opportunity and it may affect our operational performance. ● The public's awareness of sustainable products is on the rise. If we do not grasp the trend and plan related products, we may lose customers and affect our operational performance. 	<ul style="list-style-type: none"> ● Promote green credit business and set target management ● Gradually adjust the operation model, continue to deploy green financial services and refine green financial products, implement due diligence and investment processes, and incorporate ESG risk and performance scoring options in the evaluation process of investment targets and credit clients
	Exposure of high carbon emission companies	The increasing market restrictions on high-carbon enterprises may affect their financial performance, credit risk, repayment ability, and investment efficiency, and further affect the interests of the Bank.	We will pay more attention to emerging green industries such as low-carbon and alternative energy industries, and focus on grasping emerging business opportunities.
	Industry Transformation	Market transformation, such as the gradual replacement of fuel vehicles by electric vehicles and the gradual replacement of thermal power generation by renewable energy, will affect the future performance and revenue of the Bank's products or services in response to the adjustment and deployment.	Introduction of ESG-related ETFs, bonds, and other financial instruments. By the end of 2021, 1,269 ESG funds will be on the shelf, accounting for 49% of the Bank's total funds on the shelf; 107 overseas ETFs, stocks, bonds, and preferred stocks will be on the shelf, accounting for 16% of the total overseas marketable securities.
Transfor- mational			

5 Corporate Governance

Identification and Management of Climate Change Opportunities

Opportunities	Possible impact on operations	Corresponding Opportunity Management
Low carbon market leads to business growth Development of Low Carbon Commodities	<ul style="list-style-type: none"> The effectiveness of investment or credit services in green industries, such as resource recycling, is having an increasing impact on operational performance. Low-carbon-related products increase the attractiveness and adhesion of customers who are concerned about environmental issues 	<ul style="list-style-type: none"> Continue to promote green credit business. In 2021, the number of green industry credit cases reached 201 enterprises, of which 47 were newly added, with a cumulative balance of NT\$22.8 billion, which is an increase of 13.3% over the previous year. Industries include: ① solar energy; ② biomass energy; ③ geothermal power generation; ④ comprehensive green power; ⑤ energy-saving products, electric vehicles; ⑥ green buildings; ⑦ sewage treatment, waste treatment. ESG products are planned to account for 45% of the total number of available-for-sale investment products in the next 5 years
The Low Carbon Subsidy Policy Infrastructure for Adaptation Green Buildings, Sustainable City Development, etc.	The European Union's green revitalization program includes low-carbon infrastructure in its application requirements, and Taiwan is gradually developing low-carbon sustainable cities and promoting green buildings, low-carbon transportation and other infrastructure. Related industries are growing as business opportunities for banks, but those who are sensitive to emerging opportunities and quick to act are expected to take advantage of them.	We pay close attention to the government's supporting measures to promote climate control and sustainable development, and our credit business is deployed in line with the policy's promotion of climate adaptation, green buildings and sustainable cities, and other related green industries.

Climate Risk Indicators and Targets

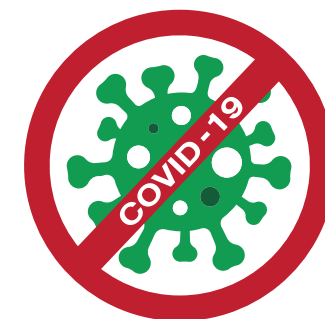
The Bank conducts greenhouse gas inventories in accordance with ISO 14064-1 and incorporates international certifications such as ISO 50001 energy management systems to control the data on energy, water resources and waste used, such as electricity and fuel oil. Given that the Bank's greenhouse gas emissions come from electricity use, we are promoting various energy saving programs as a way to reduce carbon emissions and setting short, medium and long term reduction targets. However, in the investment and credit business derived from the greenhouse gas emissions inventory, due to the availability of relevant information and coefficients in the investment and credit target is still inadequate, so it has not been carried out for the time being, and the implementation method will be planned in the future. In addition, the monitoring indicator for physical risk is not proposed for the time being because the percentage of the Bank's collateral affected by flooding is only 0.046%. As for transition risks, considering that ESG-related products are less affected by high carbon emission control, industrial transformation, and regulatory adjustment, the percentage of ESG-related products is increased to strengthen the resilience of the Bank's transition risk, and is used as an observation indicator.

Current Indicators	Results in 2021	Targets
Greenhouse Gas Emissions (Scopes 1, 2, and 3)	<ul style="list-style-type: none"> Scope 1: 692.26 metric tons CO₂e Scope 2: 5,825.99 metric tons CO₂e Scope 3: 2,044.71 metric tons CO₂e 	Set the greenhouse gas reduction target, using 2020 as the base year: <ul style="list-style-type: none"> Short-term (1-2 years) 2% reduction Medium-term (2-3 years) 3% reduction Long-term (3-5 years) 5% reduction
Percentage of ESG-Related Financial Commodities	<ul style="list-style-type: none"> The total number of ESG funds is 1,269, accounting for 48% of the total number of funds on the shelf. We have 107 overseas ESG marketable securities, accounting for 16% of the total number of securities on the shelf 	We plan to further enhance sustainable commodities related to green energy development and water resources management, and to increase investments in transformational technology stocks to strengthen our ability to withstand the transition risks.

5 Corporate Governance

Public Health Risk Management for Emerging Risks

Risk Identification		Corresponding Opportunity Management
Item	Possible impact on operations	
Infectious disease crisis Leads to employee isolation	Operations Interrupted	<ul style="list-style-type: none"> When a risk occurs, an emergency response team is established to keep an eye on the current situation and trends of the epidemic, and formulate protective measures. Implement a backup mechanism, and key positions will work in separate locations to ensure uninterrupted operations On May 15, 2021, the Executive Yuan held a temporary press conference, announcing that the Taipei Metropolitan Area raised the epidemic alert to the Level 3, and four days later, the scope was expanded to the whole country, and it was lowered to Level 2 on July 27. During the alert period, the Bank cooperated fully with the Central Epidemic Command Center and the Financial Supervisory Commission, and all preparations that were made in advance were rolled out or activated in response to the situation. Under the principle of uninterrupted operation, we have handled the incidents of confirmed diagnosis of branch employees at the Nanjing East Road branch in Taipei properly, demonstrating our resilience towards epidemic prevention.
Infectious disease crisis Leading to industry stagnation	Business Risks and Opportunities	<p>Get a hold of the Business Risks</p> <ul style="list-style-type: none"> Pay close attention to the operating conditions of industries with high sensitivity to the epidemic Inventory the extent to which corporate customers are affected and keep track of their business status To control the cost/income ratio, each business group re-examines budgets such as the different expenses, and controls possible profits and losses. <p>Launch of financial services planning in response to the pandemic</p> <ul style="list-style-type: none"> Cooperate with the government to apply for policy relief/revitalization loans or loan extensions in response to the pandemic for customers affected by the pandemic. Optimize the contactless digital financial services platform to help customers maintain their socially distances.



Information Security

FEIB's "Information Security Division" under the Operations Group is responsible for formulating relevant strategies and consolidating related matters. We have established a management system that conforms to international information security standards by focusing on the control framework, establishment integrity, corporate culture and employee mentality, incident handling capabilities, threat management, and remediation capabilities, and has invested in education and emergency response drills to prepare for the rising information security threats. In 2021, we further integrated important systems and all information security equipment into the Information Security Monitoring Center to improve the timeliness and comprehensiveness of monitoring and control of suspected information security incidents, and introduced an automatic detection mechanism for counterfeit websites. Also we estimate to complete the information security strategy blueprint and plan the three-year implementation plan in 2022, and through the analysis major operational impacts, we can establish various management documents in line with international standards. The Bank also encourages colleagues in the Internal Audit Group to pursue courses in information security, big data analysis, and financial technology to keep pace with the development of digital financial services and to enhance the effectiveness of related checks.

Information Security Events in 2021

Number of data security incidents	0
Loss of customer data due to information security incidents	0
Number of customers affected by information security incidents	0
Financial loss due to information security incidents	0

Investing resources in information security

In order to strengthen the risk management of information security, the Bank continues to invest in related expenses, including the improvement of the management and technical security framework, strengthening the defense equipment and security information analysis, and arranging related education and training. Training for employees includes professional training on information security and reinforcement of information security awareness for all employees. By 2021, 7 employees will have obtained BS10012 LA, ISO 27001 LA, CEH, CISA and other professional certifications, and 100% of the general employees will have passed the information security training. Our employees completed 252 hours of professional-level courses in information security, 90.4% of which were external courses.

	2021	2020	2019	2018
Investment Costs in Information Security	NT\$41 million	NT\$44.15 million	NT\$41.9 million	NT\$14.4 million
Course Hours on Information Security	252 Hours	336 Hours	239 Hours	95 Hours

5 Corporate Governance

Information security layout with equal emphasis on management and technology

Risks	Corresponding Measures	Description
Loopholes in Information security management	Verification Completed for the Information Security Management System (ISMS)	The review was carried out by the international certification agency BSI, and the validity period of the certificate will last until July 2024.
Latency for Malicious Attacks	Build a Security Operation Center (SOC) management platform	In order to strengthen the depth of information security defense, information security equipment will be built to expand the scope of log collection. Through the establishment of log correlation rules supplemented by AI intelligence and big data analysis, all external service systems will be included in the monitoring scope in 2021 to strengthen the ability of information security equipment to analyze malicious behavior, which will help shorten the time for information security personnel to investigate and confirm information security incidents.
Personal Data Breach	Verification Completed for the Personal Information Management System (PIMS)	The review was carried out by the international certification agency BSI, and the validity period of the certificate will last until September 2023.
Personal computer data breach	Build Data Loss Prevention (DLP) systems for personal computers	Full detection and control of the personal data transmission.
Hacked APP	Build a code protection mechanism for the APP	It can prevent the risk of hacking, decompiling, and profiling to ensure the security of APP program.
Hacked with a virus program	Enhance user protection	We use the new version of anti-virus programs and malicious tools to conduct a comprehensive inventory and set up regular mandatory shutdown of all personal computers in the bank. We also conduct an annual email social engineering exercise to eliminate phishing emails.
External files containing viruses	Form protection on the external media files	An external media file inspection and cleaning system is built, and the media files delivered by the vendor are uniformly inspected by the file inspection and system host in the monitoring area to confirm that they are virus-free before they can be retrieved for use.
Web pages have been tampered with	Establishing anti-tampering protection mechanism for web pages	In order to prevent and avoid unauthorized tampering of web pages or programs, hackers can be detected in advance when they attempt to tamper with the Bank's external service website system.
Counterfeited websites or Apps	Build protection against counterfeit websites and apps	Introduced in January 2021, it can quickly detect and remove counterfeit websites and mobile device applications.
The server was attacked by a system vulnerability	Build advanced security software for servers	The implementation of Deep Security software was completed in September, 021 to prevent malicious attacks on servers by detecting and blocking the hackers' attempt to attack in real-time and compromise the servers by exploiting system weaknesses.
Information Security Incident Occurrence	Strengthened emergency response procedures and plans	The distributed denial of service (DDoS) attack response procedures, ATM incident response procedures, and 100% of the information system backup drills were completed to confirm the effectiveness of the mechanism and procedures, and the drill results met expectations.



5 Corporate Governance

Internet Transaction Security

Key Items	Key Management Measures
Maintain Uninterrupted Operations	<ul style="list-style-type: none"> ● The information system security is protected by a double firewall structure to control the network partition and access. ● Key hosts adopt online real-time redundancy mechanism to improve system availability. ● Depending on the importance of the business, the open system servers are equipped with backup mechanisms and recovery procedures such as co-location, off-site or backup restoration. ● Establishment of the Remote Office Mechanism: <ul style="list-style-type: none"> > Employees are able to handle company business offline via remote connection to enhance the Business Continuity Plan (BCP) and improve efficiency and productivity. > VDI system (virtual desktop technology) is built to establish remote encrypted connection (VPN) through two-factor authentication (MOTP) authority control to achieve secure access to the bank's internal system and to prevent data leakage.
Electronic access to mobile Internet banking	<ul style="list-style-type: none"> ● Corporate Internet Banking uses hidden codes for account information when sending debit and credit notifications for customer transactions. ● Internet Banking and Mobile Banking use the SMS Dynamic Password feature for Non-Designated Transfers. In 2020, we introduced the Endpoint-to-Endpoint Encryption (E2EE) for user passwords, which ensures secure data transmission by encrypting the passwords entered by customers during login and transactions before transmission. ● Build APP code protection mechanism to prevent APP programs from malicious hacking, anti-compilation, and profiling risks. ● TLS transmission encryption mechanism is used to increase the security level of encrypted transmission of the website. ● Website penetration tests, vulnerability scans, and APP tests are conducted annually by professional third-party organizations.
Automatic Teller Machine (ATM)	<ul style="list-style-type: none"> ● A whitelist system for ATM programs is established and regularly tested. Programs that are not set by the Bank cannot be executed. ● Completely abolish the use of CD-ROM and USB devices in ATMs. ● Strengthen the contingency management and notification mechanism for abnormal ATM functions. ● When the vendor performs the maintenance operation, in addition to showing the identification card to confirm their identity, our staff or security personnel will monitor the whole process.
Encryption of data transmission for outsourced operations	<ul style="list-style-type: none"> ● All outsourced operations have contractual terms with the vendor, and data transmission with the vendor is carried out in the form of direct-line encryption, and the data is eliminated after processing. ● We regularly send our employees to conduct on-site audits and keep record reports to ensure that the operation process is in compliance with the contract and related procedures.

5 Corporate Governance

Personal Data Protection

FEIB has set up an inter-departmental "Personal Data Protection Management Team", with the Vice President of the Operations Group as the convener, to oversee the management of personal information protection for the entire bank and to train entry level personnel with the aim of deepening the awareness and regulation of personal information protection in each department. In addition, we take strict measures to protect and disclose how we collect, process, and use customers' information, as well as the rights that customers have with respect to their information. In addition to informing new customers of the privacy policy which is stated in the trading contract and announced on the official website, customers can choose to accept or reject the relevant service procedures. Specific results related to personal data protection in 2021 are as follows:

- Passed the review of the British Standards Institution BS10012:2017 PIMS Personal Information Management System Verification;
- The activity complies with the Personal Data Protection Act and relevant regulations, and there is no violation of laws, regulations of competent authorities or breach of contract;
- Launched an enhanced version of the personal data review regulations for outgoing emails;
- Introduced an enhanced customer service regulation of "Confirmation of caller's identity process".
- Convened 2 personal data management review meetings to review the operation of personal data management and discuss issues related to personal data throughout the bank;
- Revisit the personal data file inventory once in the first and second half of the year and perform personal data risk assessment operations;
- 100% of the employees completed signing of the personal data protection non-disclosure agreement and receive at least two hours of personal data protection education training each.
- Ongoing simulation drills for personal data breach incidents:
- No personal data protection incidents were reported in 2021, and no monetary losses were incurred as a result of violating laws related to customer privacy.

Personal Data Breach Simulation Exercise Topics

2019	Customers were directed to other unknown websites using the i booking system when opening accounts
2020	Dark web suspected of selling personal information of trading customers
2021	The insurance claim is lost during the courier process

Number of Personal Data Breach

Number of Personal Data Breach	0
Percentage of personal data leakage incidents	0
Number of customers affected by the data breach	0

5 Corporate Governance

Personal Data Security Incident Notification

Incident Levels	Level Classification	Notification and Processing
Level 1 Incident	<p>Less than 50 pieces of personal information were leaked and no media inquiries or reports were received about the incident</p>	<ul style="list-style-type: none"> ❶ The supervisor of the unit that discovered the incident will provide information on the incident and the notification processing form to the business authority. ❷ If the incident is under control, the business authority will update the contents of the notification processing form and then file and close the case, and the executive secretary will be notified. ❸ If it is still uncontrollable within 5 working days from the date of knowing, and it is identified as a Level 2 accident by the supervisor of the business authority, it shall be handled in accordance with the Level 2 accident specification. If the operation of the Bank is jeopardized or the rights and interests of a large number of parties are damaged, the notification of major incidents must be carried out simultaneously.
Level 2 Incident	<p>If one of the following criteria is met, the case can be judged as a Level 2 incident.</p> <ul style="list-style-type: none"> ❶ More than 50 pieces of personal information were leaked ❷ The incident has received media attention. ❸ The leaked content of the incident contains special personal data. ❹ Incident uncontrolled for more than 5 working days ❺ The law enforcement agencies or business authorities have been alerted and notified. ❻ The incident jeopardized normal operations and caused disruption to the Bank's business. 	<ul style="list-style-type: none"> ❶ The supervisor of the unit that discovered the incident will provide information on the incident and the notification processing form to the business authority for emergency response processing and immediate notification to the executive secretary. ❷ The Executive Secretary was notified and requested the Convenor of the Personal Data Protection Management Team to set up an Emergency Response Team with an Incident Management Team, an Investigation and Evaluation Team, a Communication and Coordination Team, and a Public Relations Media Team as appropriate, to develop a contingency plan. ❸ If the Bank's operations are endangered or the rights of a large number of parties are jeopardized, the business unit should notify the FSC within 72 hours and perform the notification of major incidents.





5 Corporate Governance

Ethical Corporate Management

The Bank has established the "Ethical Corporate Management Best Practice Principles" as a guideline for sustainable development. The Board of Directors and the senior management complied with the relevant laws and regulations and internal procedures such as the Company Act and the Securities and Exchange Act, and all of them completed signing the "Declaration of Compliance with the Ethical Corporate Management Policies". FEIB does not engage in politics. Donations to political parties, stakeholders and public welfare organizations are publicly disclosed on the Bank's website, and there were no donations to political parties or organizations in 2021. In addition, the Bank requires major suppliers with annual transactions of over NT\$1 million to sign a "Supplier Social Responsibility Pledge" prior to signing contracts or conducting transactions, which includes requirements for honest business practices and expressly prohibits any form of bribery, corruption, extortion, and improper benefits, including gifts of money, commissions, positions, services, favors, rebates, etc., in any form or name.

Establishing employee conduct related regulations

As a reminder, the Bank has established labor contracts, work rules and other regulations, and 100% of its employees received education and training on ethical corporate management and sign a code of conduct in 2021. In addition, the Bank has established the "Guidelines for Corporate Insiders' Shareholding", which is announced in the quarterly legal compliance meetings. As for the common violations by insiders that are reminded by the stock exchange, the Bank will update them on a quarterly basis and notify the relevant persons to file the reports within the deadline.

Key points of Employee Conduct Related Regulations	
Major Corruption Risks	Corresponding Code of Conduct
Preventing Conflicts of Interest	It is necessary to withdraw from handling a case with a person who has a relationship of interest to them. For example, in a credit granting case where the applicant, his spouse, or his relatives within the third degree of kinship have a significant interest, the parties concerned must sign for withdrawal.
Avoiding personal gain and self-interest	<ul style="list-style-type: none"> ● Employees shall not accept gifts or hospitality from business-related parties; nor borrow money from clients or companies, or use other people's names to make private transactions or loans to the Bank; nor use other people's accounts to transfer funds from clients or individuals, or lend accounts for other people's use; nor have private monetary transactions with clients or hold passbooks, seals, or property on behalf of clients. ● During working hours, employees shall not engage in any other business or deal with matters unrelated to their duties, and they shall be assigned or approved by the Company for any part-time job or position outside the Bank. ● Procurement operations, project contracting or business outsourcing shall be subject to procedures such as bidding, price comparison or price negotiation can only be handled after submission and approval.
Avoid infringing on the interests of others	<ul style="list-style-type: none"> ● All information relating to customers must be kept secure and confidential. ● All creations related to the position shall not be copied or infringed on the intellectual property rights of others in any way.
Fair Trade	Treat customers, competitors, and employees fairly and not gain improper advantage through manipulation, concealment, misuse of information learned from their positions, misrepresentation of important matters, or other unfair dealing practices.
Proper Use of Company Assets	<ul style="list-style-type: none"> ● To protect the company's assets and reduce expenses to ensure that they are used effectively and legally for business purposes and are not stolen, neglected, or wasted. ● Documents relating to the Bank's business or administration must be kept secure and confidential.
Compliance to regulations	Daily operations follow The Banking Act, The Securities Exchange Act and other laws and regulations, and abide by the concept of professional ethics; shall not destroy, falsify or forge any documents or information that may be relevant to internal or external investigations; and shall not assist clients in attempting to evade taxes or other illegal acts.

5 Corporate Governance

Establish a reporting mechanism

In order to prevent fraud and corruption, the Bank not only establishes a code of conduct for employees, but also strengthens the audits conducted by the Internal Audit Group on the authorization of various systems, the control of business expenses, and the compulsory leave of bank employees. We also include in our audit focus whether the financial management service personnel keep the customer's receipts, vouchers, and the operations related to collection and payment on behalf of the bank, etc. In addition, in order to establish a channel for employees to file complaints with peace of mind and to encourage the reporting of any unlawful or dishonest business practices within the organization, the "Precautions on Handling Employee Grievances" and "Precautions on Handling Reports of Illegal and Unethical Dishonesty" specify the reporting channels, investigation and handling procedures, acceptance of anonymous reports, notification and disposal measures after investigation, and protection of whistle blowers from unfair treatment. The above-mentioned regulations are announced on the official website or internal website for employees' information, and are supplemented by annual promotion and regular reminders. In addition, we established guidelines for handling rewards and punishments for employees and set up a personnel review committee to impose punishments on those who violate regulations and discipline. In 2021, no improper benefits were found to have been received by our employees.

FEIB's Reporting Channel for Illegal, Unethical and Dishonest Practices

