

## 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.

2020 Training Results		
4.5 Satisfaction with classes (out of 5)	2,589 classes No. of training classes held	1,363,628 hours Total training hours

35.9 hours average training hours per person				
Year	2017	2018	2019	2020
Average training hours per person	42.9	40.0	36.8	35.9

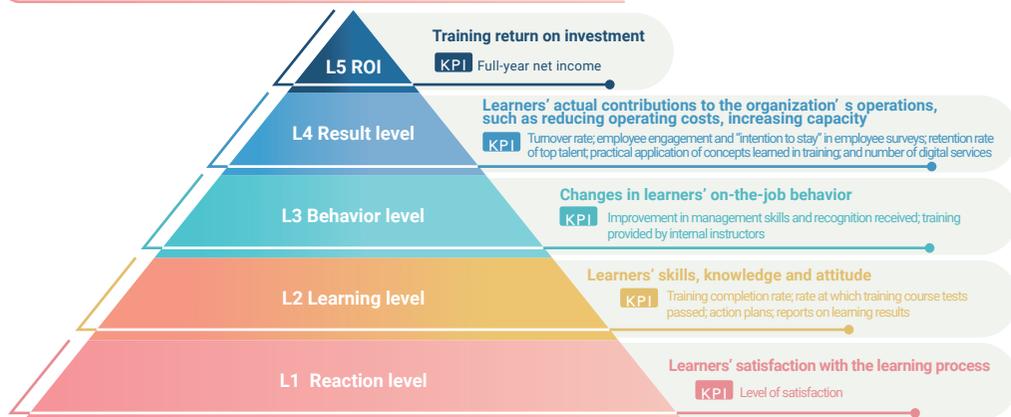
4.5 days average training days per person				
Year	2017	2018	2019	2020
Average training days per person	5.4	5.0	4.6	4.5

NT\$3,381 average training costs per person				
Year	2017	2018	2019	2020
Average training costs per person (NT\$)	4,095	4,240	4,502	3,381

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.

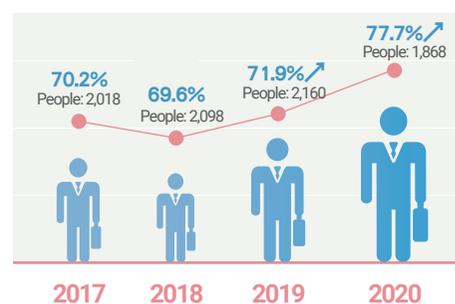
Note 2: The key training programs listed in the table above and related information cover Fubon Financial Holdings and all of its subsidiaries.

### 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
Base salary only Female : Male 100 : 100	Base salary only Female : Male 97 : 100	Base salary only Female : Male 92 : 100
Base salary + other cash incentives Female : Male 91 : 100	Base salary + other cash incentives Female : Male 99 : 100	Base salary + other cash incentives Female : Male 94 : 100

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.