



中華開發金控
CHINA DEVELOPMENT FINANCIAL

ESG REPORT

2023

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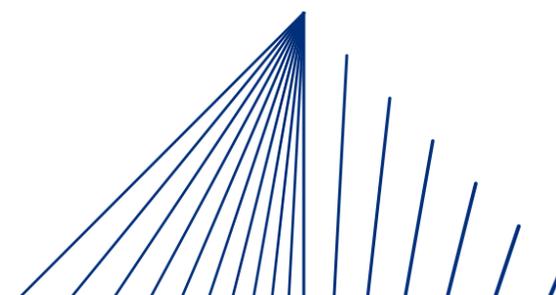
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About the Report

Since 2011, China Development Financial Holding Corporation (CDF) has been publishing the ESG Report in June every year to report the Company's sustainability performance in economic, environmental, social, and governance (ESG) aspects to our stakeholders and the public. This report is published in June and the 13th ESG Report of the Company, which discloses the sustainability performance from January 1 to December 31, 2022.

Scope of Disclosure

This report's scope of disclosure covers 100% of the consolidated financial data with the scope defined below. The financial data are taken from the public information attested by the CPA. If not specifically explained, all financial data refer to New Taiwan Dollars as the monetary unit. All financial data are taken from the consolidated financial reports.

Name of Unit	Abbreviation
China Development Financial Holding Corporation and its subsidiaries	CDF, the Company
China Development Financial Holding Corporation	CDFH
CDIB Capital Group and its subsidiaries	CDIB
KGI Securities Co., Ltd. and its subsidiaries	KGI Securities, KGIS
KGI Commercial Bank Co., Ltd. and its subsidiaries	KGI Bank, KGIB
China Development Asset Management Corp.	AMC
China Life Insurance Co., Ltd.	China Life, CL
China Development Foundation	CDF Foundation
KGI Charity Foundation	KGI Foundation

Note:

- The environmental data in this report includes all offices in Taiwan and China Life Beijing Representative Office, excluding the China Life communication divisions in Taiwan and overseas subsidiaries.
- The human resource data include those from the overseas subsidiaries and the information of the social charity aspects include the China Development Foundation (hereinafter referred to as "CDF Foundation" and the KGI Charity Foundation (hereinafter referred to as "KGI Foundation").
- If the scope of data or the calculation vary from the previous version, please note with description on that section.

Disclosure Principles	
Official Issuing Authority	Guidelines
Global Sustainability Standards Board (GSSB)	Global Reporting Initiative's Sustainability Reporting Standards (GRI 2021)
International Integrated Reporting Council (IIRC)	Integrated Report (IR) Framework
Sustainability Accounting Standards Board (SASB)	Guidelines for Insurance Industry Guidelines for investment banking and economic industry
Financial Stability Board (FSB)	Task Force on Climate-Related Financial Disclosure (TCFD)
Taiwan Stock Exchange (TWSE)	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Third-Party Assurance

Procedure	Description								
Interview Review	CDF follows the requirement of "Regulations Governing Listed Companies Preparation and Reporting of Sustainable Report" to stipulate the preparation of report and verification process. The report is prepared by the CDF ESG report team, and then reviewed for the chapter content and performance by all promotional teams under Sustainability Committee, and reported to Sustainability Committee before disclosure and report.								
External Investigation	The Report is prepared pursuant to BSI AA1000 ASv3 Type II Assurance. The information of this report is assured to conform to the materiality, inclusivity, response and impact of AA1000 accountability standards, in addition to conforming to the GRI standard disclosure. Please see the report appendix for the statement of independent assurance opinion and all other investigation and assurance for other dimensions are described below: <table border="1" data-bbox="2125 686 3135 977"> <thead> <tr> <th>Certification Authority</th> <th>Standards</th> </tr> </thead> <tbody> <tr> <td>Ernst & Young Global Limited (EY)</td> <td>TWSAE No. 1 of "Non-Historic Financial Information Audit or Approved Assurance Case" promulgated by Accounting Research and Development Foundation of the Republic of China</td> </tr> <tr> <td>Deloitte & Touche (Deloitte)</td> <td>International Financial Reporting Standards (IFRS)</td> </tr> <tr> <td>British Standards Institution (BSI) SGS Taiwan Ltd. (SGS)</td> <td> <ul style="list-style-type: none"> ◆ ISO 14001: 2015 EMS International Certification ◆ ISO 14064-1: 2018 GHG Inventory Standards ◆ ISO 50001: 2018 Energy Management System ◆ ISO 27001 Information Security Standards ◆ ISO 45001: 2018 Occupational Health and Safety Management System </td> </tr> </tbody> </table>	Certification Authority	Standards	Ernst & Young Global Limited (EY)	TWSAE No. 1 of "Non-Historic Financial Information Audit or Approved Assurance Case" promulgated by Accounting Research and Development Foundation of the Republic of China	Deloitte & Touche (Deloitte)	International Financial Reporting Standards (IFRS)	British Standards Institution (BSI) SGS Taiwan Ltd. (SGS)	<ul style="list-style-type: none"> ◆ ISO 14001: 2015 EMS International Certification ◆ ISO 14064-1: 2018 GHG Inventory Standards ◆ ISO 50001: 2018 Energy Management System ◆ ISO 27001 Information Security Standards ◆ ISO 45001: 2018 Occupational Health and Safety Management System
Certification Authority	Standards								
Ernst & Young Global Limited (EY)	TWSAE No. 1 of "Non-Historic Financial Information Audit or Approved Assurance Case" promulgated by Accounting Research and Development Foundation of the Republic of China								
Deloitte & Touche (Deloitte)	International Financial Reporting Standards (IFRS)								
British Standards Institution (BSI) SGS Taiwan Ltd. (SGS)	<ul style="list-style-type: none"> ◆ ISO 14001: 2015 EMS International Certification ◆ ISO 14064-1: 2018 GHG Inventory Standards ◆ ISO 50001: 2018 Energy Management System ◆ ISO 27001 Information Security Standards ◆ ISO 45001: 2018 Occupational Health and Safety Management System 								

Note: The certification and full assurance statement is provided in the appendix of this report.

Data Discrepancy

The discrepancy between the information disclosed in this report and that in 2022 is described as follows:

Chapter	Description of Discrepancy
Chapter 4. Elite Talent Development	<ol style="list-style-type: none"> Adjustment of the calculation method of the employee employment contract and update the data Data update for the actual number of people reinstated, the reinstatement rate (%), the number of people have reinstated for one year in that year, and the calculation of the retention rate (%) for the people reinstated from previous year

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ESG Website | <https://www.cdfholding.com/en/esg>

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Chairman's Messages

Implementing sustainable governance and opening up new opportunities for transformational finance.

From 2022 to present, the global economy has gradually recovered from the COVID-19 pandemic. CDF has upheld to robust management through “five major sustainable strategies” : Corporate Governance, Intelligent Finance, Elite Talent Development, Low Carbon Sustainable Environment, and Co-Creation of Sustainable Society. Under the common dedication exerted by all employees, CDF has achieved remarkable performance as the constituent of DJSI - World Index and DJSI - Emerging Markets Index for three consecutive years. The overall score is ranked the 4th place in global insurance industry and first place in the insurance industry of Taiwan. Recognized as the top 5% in S&P Sustainability Yearbook Industries. At the same time, CDF is the constituent of FTSE4Good Emerging Indexes and FTSE4Good TIP Taiwan ESG Index for the sixth consecutive year.

ESG has become one of the global development trends and the financial market could still face volatility in terms of governance in the next two years. The long-term credit rating and short-term rating for CDF by Taiwan Ratings is “twAA-” and “twA-1+” respectively. Such ratings recognize the group's ability to maintain stable capital and profit level. Additionally, we are constantly selected the constituent of TWSE Corporate Governance 100 Index by TWSE, and of TWSE RAFI® Taiwan High Compensation 100 Index and TWSE RA Taiwan Employment Creation 99 Index for the 9th consecutive years, exhibiting CDF's achievement in corporate governance, employee care, talent appeal and retention.

With regards to the environmental aspect, the 2050 net-zero transformation is still a global goal in response to global climate change. We proposed the “2045 Total Portfolio Net-Zero Carbon Emission” in 2021 and CDF has become the first financial holding company in Taiwan with commitment to meet the net zero goals 5 years ahead of time. To implement this goal, CDF introduced the green power wheeling and jointly announced the “SMEs Carbon Reduction Survey” with Business Today in November 2022. Moreover, CDF held the “Encrypting Green Economy – SMEs Carbon Reduction Forum” to invite the EPA and SMEs representatives and analyze how SMEs cope with demand for carbon reduction, building a more resilient green supply chain. In the carbon reduction forum, CDIB, China Life and KGI Bank provide solutions for SME owners from the green action, bank financing and other perspectives of the financial industry, guiding the SMEs from green transformation to sustainable vision.

To promote the policy on sustainable finance, we implement FSC's “Green Finance Action Plan 3.0” by stipulating responsible investment policies, principles of sustainable loan and climate risk management standards. Subsidiary CDIB and Hon Hai Precision Industry planned and co-established Kai-Hong Energy Co. in March 2023, in attempt to introduce the investment of funds into green power industries of sustainable development, providing the green electricity needed by enterprises while generating relatively stable investment returns. This first strategic green power investment platform of Taiwan supports industry progress towards net-zero emissions and open up new opportunities of green power in Taiwan.

With regards to social aspects, CDF has been promoting the development of sustainable society to create positive and profound social influence. Through various educational support programs, over one thousand

rural and disadvantaged students have been helped to turn their life around in 14 years. In Taiwan, there are over 300 townships facing rigorous challenges in population migration, aging, and low birth rate in recent years, CDF launched the “Inclusion Program” in 2021 and profoundly accessed the local township. Apart from injecting the corporate resources, CDF also links the innovative forces of social enterprises to help the local places establish long-lasting support system, thereby diminishing the rural-township gap and achieving the 8 SDGs of United Nations. Driven by the “Inclusion Program,” the employees of the group provide volunteer services in northern, central and southern townships in Taiwan. In 2022, the total hours of group volunteer services reached 77,660 hours, up 120% in growth, hitting a new record high. With the consolidation of three resources from the group, social enterprises and regional revitalization teams, CDF will continue promoting sustainable regional revitalization ecosystem and become the solid backup of sustainable development for Taiwan.

CDF eventually shows its performance in the promotion of sustainable development by entering the “Climate Leadership Award in the Taiwan Corporate Sustainability Awards (TCSA),” “TCSA – Information Security Leadership Award” in 2022, and won the special award in Climate Change Leadership A of Carbon Disclosure Project (CDP) for the first time.

Looking into 2023 and in midst of challenges from new situations, CDF sincerely expresses gratitude to customers, employees, shareholders, and partners with their encouragement and support along the way. Through the ESG report and diversity of stakeholders' sharing on the promotional outcome of all sustainable issues and prospects for the future goals, CDF will keep abreast of the time and implement various mechanisms from governance, environmental, and social aspects, with focus on the execution of core strategies and maintenance of long-term stable development, in order to provide more sustainable and resilient green financial services to customers, shareholders and the society.



Chairman
Hwangshun

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2022 ESG Performance

- ◆ Constituent of DJSI - World Index and DJSI - Emerging Markets Index for the third consecutive years. The overall score is ranked the 4th place in global insurance industry and first place in the insurance industry of Taiwan. Recognized as the top 5% in S&P Sustainability Yearbook Industries.
- ◆ Constituent of FTSE4Good Emerging Indexes and FTSE4Good TIP Taiwan ESG Index for the sixth consecutive years.



Environmental

- ◆ Won the special award in Climate Change Leadership A of Carbon Disclosure Project (CDP) for the first time.
- ◆ Won the Climate Leadership Award in the Taiwan Corporate Sustainability Awards for the fourth consecutive year.
- ◆ Completed the CDF Group's Phase I green electricity procurement in 2022, procuring and using 444.14 thousand kWh while per capital carbon emission down by 7.75% compared with the base year 2020.
- ◆ Signed and joined Science Based Targets initiative (SBTi) in April, 2022.



Social

- ◆ Won the first prize of "Buying Power Social Innovation Products and Services Procurement Incentive Mechanism" held by the Ministry of Economic Affairs in 2022.
- ◆ Joined "TALENT, in Taiwan" to upgrade the competitiveness of talent sustainability.



Governance

- ◆ Constituent of TWSE Corporate Governance 100 Index by TWSE for the eighth consecutive years, and of TWSE RAFI® Taiwan High Compensation 100 Index and TWSE RA Taiwan Employment Creation 99 Index for the eighth consecutive years.
- ◆ Won the Top 100 Taiwan Corporate Sustainability Awards and Information Security Leadership Awards.
- ◆ Introduced Taiwan Intellectual Property Management System (TIPS) and was certified by the TIPS (Grade A) review.



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CDF Overview

About CDF

CDF was established on December 28, 2001 and listed on the same day (Stock Code: 2883). The Chairman is Mr. Su-Kuo Huang, and the President and CEO is Mr. Stefano Paolo Bertamini. Our shareholders are more than 820,000 shareholders. Our total consolidated assets are NT\$3.5 trillion, with NT\$208.8 billion consolidated equity and NT\$ 184.3 billion paid-in capital.

With 60 years of industrial investment experience, CDF has been an important driving force in Taiwan's industrial development. CDF incorporated China Life Insurance as a wholly owned subsidiary of CDF through public acquisitions, cash and stock exchange. After gaining 100% CL Insurance shares in 2021, we can provide sustainable financial solutions for stakeholders through life insurance, commercial bank, securities, and venture capital/private equity, thereby becoming a leading financial company in Asia through our entrepreneurial spirit and innovation capabilities.

Operation Locations



Status of Shareholders

CDF is one of the TWSE-listed companies with the largest number of shareholders. Neither the top ten shareholders nor government institutions hold more than 5% of shares (please refer to 4.1.2 of CDF 2022 Annual Report).

Top 10 Shareholders in Shareholding Percentage

Shareholder	Shareholding Ratio (%)
Bank of Taiwan	1.7
Citibank (Taiwan) Ltd. in custody for Norges Bank	1.47
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Funds	1.28
CTBC in custody for Yuanta/P-shares Taiwan Top 50 ETF	0.96
Shin Wen Investment Co., Ltd	2.85
Jing Kwan Investment Co., Ltd.	2.55
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.24
New System Labor Pension Funds	1.41
Jing Hui Investment Co., Ltd.	1.07
Taishin International Bank in custody of Cathay High Dividend Taiwan Equity Fund, A Cathay Sustainability High Dividend ETF	2.47

Note:

- The chairman of Shin Wen Investment Co., Ltd. (2.85% of voting rights) is the same person as the chairman of Jing Kwan Investment Co., Ltd. (2.55% of voting rights). At the same time, Shin Wen Investment Co., Ltd. is the 100% holding company of Jing Hui Investment Co., Ltd. (1.07% of voting rights).
- Base date is April 19, 2023

The Company attaches great importance to the rights and interests of each shareholder, and all shareholders have the right to one share, one vote. Send us your opinions by contacting the person in charge of investor relations directly or through the Company's website, and exercise your voting right at the Annual Shareholders' Meeting. We are always ready to respond to any shareholders' suggestions.

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Business Activities		
Company	Service Business (Ex.: deposit/loan, credit card, wealth management, consumer finance, startups investment)	Amount/Trading Volume (Unit: NTD Thousand)
KGI Bank	Deposit Business	543,216,000
	Loan business	399,805,000
KGI Securities	Broker handling fees	11,738,610
	Security lending revenue	1,614,946
	Underwriting business revenue	572,466
	Wealth management business net profits	274,337
	Revenue from stock agency	249,935
CDIB Capital	Six core strategic industries	2,695,598
China Life	Insurance business	First Year Premium Revenue 70,073,071

Note: China Life - Insurance business: New contracts 2,424,979 cases, Master contract 1,831,226 cases, Rider 593,753 cases.

Partners



Operating Performance

2022 Operating Performance of Subsidiaries		
Subsidiaries	2022 Key Operating Performance	Major Business
KGI Bank	<ol style="list-style-type: none"> FD2022 Net profit after tax was NT\$ 6 billion, up 45% compared with last year Net profit return rate 1.39% maintain distinguished performance; under optimal asset structure, the loan to key SMEs and personal loans increased by 22% and 20% respectively Suyin KGI Consumer Finance in Mainland China made a profit of RMB160 million; the balance of loan doubled compared with last year, reaching RMB 22.9 billion 	Commercial banking services such as deposit and lending, credit card, wealth management, consumer finance, corporate finance, financial transactions and foreign exchange
KGI Securities	<ol style="list-style-type: none"> FY 2022 net profit after tax was NT\$3.628 billion Maintained shareholder equity and bond underwriting market with first place, number 1 in IPO and SPO sponsored cases for 10 years in a row, winning four major awards from Taiwan Stock Exchange and Taipei Exchange Won the first Taiwan Best Customer Center Award and recognized with golden medal in Taiwan Customer Evaluation 	Brokerage, wealth management, proprietary trading, underwriting, bonds, various derivatives and other securities businesses.
CDIB Capital	<ol style="list-style-type: none"> FY 2022 net loss after tax was NTD320 million; due to the volatility impact of the market in the 2022 H1, the investment position was affected and could not realize the valuation profits Completed the establishment of two new funds with a total fund scale for the whole year reaching NT\$2.1 billion Total allocation of funds for green investment of the whole year was NT\$500 million, with investment balance up 8%. Meanwhile, the investment business related to sustainable finance is opened and the company formed a green energy investment platform with Foxconn in 2023 	Venture capital, equity investment and asset management businesses.
China Life	<ol style="list-style-type: none"> 2022 net profit after tax was NT\$13.16 billion. Focusing on high-value product and increase market share for products paid by installment. In a challenging market, the new contract price is still up 1.8% compared with the previous year, up to NTD21.3 billion. Under market volatility, CL has maintained stable investment portfolio management; in 2022, the recurring yield is 3.75%, up 24bpx compared with the previous year. 	Various businesses of life insurance, and used funds in line with laws and regulation.

Financial Performance

CDF net profit after tax for 2021 reached NT\$ 16.37 billion, with EPS of NT\$0.98.

The Company will continue to implement the ABCDE strategy: Five strategies: Accelerate Digital, Become Employer of Choice, Customer Focus, Drive Growth, and Execution Excellence. We also promote the development of the four major profit engines at full speed: life insurance, banking, securities and private equity/asset management related businesses, to strengthen CDF's competitiveness and operational synergy, exert entrepreneurial spirit and innovation capabilities, promote the utilization efficiency and stable profitability of long-term capital, and achieve CDF's vision of becoming a leading financial company in Asia.

Financial Performance		Unit: NT\$ Thousand		
		2020	2021	2022
Total Assets		3,434,618,475	3,458,639,948	3,537,148,350
Total Liabilities		3,101,992,388	3,165,529,196	3,328,362,974
Total Equity		332,626,087	293,110,752	208,785,376
Net Profit		224,824,427	192,278,170	95,855,403
Net Profit Before Tax		21,948,393	52,199,699	21,940,865
Profitability	ROA (%)	0.64	1.37	0.47
	ROE (%)	6.57	15.05	6.53
	Profit Margin (%)	9.20	24.50	17.10
	EPS (NT\$)	0.87	2.34	0.98
Growth rate of net profit after tax (%)		(1.10)	176.91	(53.30)

Note: Please refer to "2022 CDF Annual Report" for details

Economic Value Distribution		Unit: NT\$ Thousand
		2022
Direct Economic Value Generated and Distributed (Net Profit)		95,855,403
Distributed Economic Value		96,317,847
1. Payment to Investors	Cash Dividend per Share	NT\$1.00 (Common shares)
	Dividend Expense	16,851,631 (Including preferred shares)
2. Operating Cost		55,633,427
3. Employee Welfare Expense		16,340,602
4. Payment to Government by Country		7,313,504
5. Community Investment		178,683
Economic Value Retained (Retained Earnings)		64,590,198

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CDF has been established for more than 60 years. CDF has accompanied and witnessed the development and changes of various industries in Taiwan. The four core businesses including insurance, banking, securities, and capital, serve as a solid foundation for responding to international sustainable trends and movement towards net-zero transition. Through forward-looking thinking, we are committed to the goal of sustainable development and grasp market opportunities with innovation capabilities. CDF's vision and five sustainable development strategies (Corporate Governance, Intelligent Finance, Elite Talent Development, Low-carbon Economy, and Co-creation of Sustainable Society) that are consistent with each other. We refer to the international initiatives and guidelines to ensure that the various sustainable promotion policies comply with international norms.

1.1 Sustainability Issue Management

1.1.1 Identification of Stakeholders and Material Topics

Identification of Stakeholders

CDF regularly reviews the focus of stakeholders every year to prepare the ESG Report and sustainable development plan. In 2022, CDF analyzed the trend of international sustainable development according to the AA1000 Stakeholder Engagement Standard (AA1000SES), with the five principles of Responsibility, Influence, Tension, Diverse Perspectives, and Dependency, in addition to taking reference from domestic and foreign leaders in the industry to identify CDF's 8 major stakeholders (including shareholders and investors, employees, clients, community, investees, suppliers, government and competence, and media), and incorporated the opinions of stakeholders to develop sustainable action plans, and prepared the ESG Report.

8 Major Stakeholders

Shareholders and Investors	Employees	Clients	Community
Investees	Suppliers	Government and Competence Authorities	Media

2022 Communication with Stakeholders

Stakeholder	Purpose of Communication and Importance	Focus of Sustainability Issues	Communication Channel and Frequency	Communication Performance
Shareholders / Investors	The support of shareholders and investors will enhance the corporate value of the Company	<ul style="list-style-type: none"> Maintain shareholders' equity Improve service quality and customer compliant management Upgrade service convenience with digital finance Corporate Governance and Ethical Management 	<ul style="list-style-type: none"> Irregular news releases / material information: timely disclosure / announcement via media / Market Observation Post System (MOPS) Annual shareholders' meeting Quarterly domestic institutional investor conference, irregular analyst visits, conference calls, and forums Shareholder services and investor relations contact persons Phone: +886 2 2763 8800 #1508 Email : ir@cdibh.com	<ul style="list-style-type: none"> 314 Material information and announcements in Chinese and English 1 shareholder meeting to publish annual report Held 7 institutional investor conferences and 12 institutional investor conferences held by securities brokers 107 visits of corporate analysts and conference calls Regular communication through the contact persons Communicated with foreign investors through online institutional investors and annual report in English
Employees	Good relations with employees can consolidate the foundation of sustainable management of the Company	<ul style="list-style-type: none"> Competitive salary and welfare Diversified talent appointment and training Occupational safety and health Maintain shareholders' equity Labor protection and workplace inclusion and equality 	<ul style="list-style-type: none"> Annual engagement survey Irregular announcement on internal website, e-mail bulletin, and suggestion box Regular labor-management meeting Labor union Human Resource Department Phone: +886 2 2763 8800 Email : hr@cdibh.com	<ul style="list-style-type: none"> More than 607 pieces of announcement 28 labor-management meetings Collected employee opinions regularly
Clients	Customer support and trust contribute to the Company's revenue growth	<ul style="list-style-type: none"> Business Continuity Customer privacy and personal data protection Corporate Governance and Ethical Management Improve service quality and customer complaint management 	<ul style="list-style-type: none"> Irregular advertisement and social media 24-hour service hotline, complaint hotline, and website visitor message board Held Customer Care Committee meeting to establish customer-care mechanism Conduct irregular customer satisfaction survey Hold irregular financial workshops and wealth management seminars KGI Bank Phone: +886 2 2232 1296, 0800 255 777 Website: https://www.kgibank.com.tw KGI Securities Phone: +886 2 2389 0088 Website: https://www.kgi.com.tw/en/ China Life Insurance Phone: +886 2 2719 6678, 0800 098 889 Website: https://www.chinalife.com.tw/wps/portal/chinalife/ESGEN	<ul style="list-style-type: none"> Facebook fans: 113,000 (+4%) of KGIB / 36,000 (+3%) of KGIS / 41,000 (+11%) of CL LINE friends: 43,000 (+32%) of KGIB, 1,260,000 (+400%) of KGIS Customer satisfaction: 96.7% for KGIB, 99.9% for CL and NPS for KGIS with a score of 64% Held 421 anti-fraud advocacy meetings, 1,243 financial planning seminars, and 88 wealth management seminars
Community	Good relations with community can help increase the number of customers and enhance brand image	<ul style="list-style-type: none"> Social Participation and Supporting Disadvantaged Groups Maintain shareholders' equity Supply Co-Prosperity Sustainable Development Upgrade financial inclusion 	<ul style="list-style-type: none"> Irregular forums and seminars organized by private associations and academic institutions All subsidiaries, CDF Foundation and KGI Charity Foundation serve as the contact channel to communicate with related community groups: Group Marketing Planning Department Phone: +886 2 2763 8800 Email : service.cdfh@cdibh.com	<ul style="list-style-type: none"> 12,133 volunteers, with 77,660 hours of volunteer work 101 free lectures on innovation and entrepreneurship, with 2,076 persons involved

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2022 Communication with Stakeholders

Stakeholder	Purpose of Communication and Importance	Focus of Sustainability Issues	Communication Channel and Frequency	Communication Performance
 Investees	The business performance of the investees directly affects the profitability of CDF	<ul style="list-style-type: none"> Corporate Governance and Ethical Management Maintain shareholders' equity 	<ul style="list-style-type: none"> Irregular participation in investee shareholders' meeting and Board of directors Irregular roadshow to share with investees Irregular visits to investees Set up investee mailbox Financial Management Department: Phone: +886 2 2763 8800 Email : ir@cdibh.com	<ul style="list-style-type: none"> Visited in 137 investees' shareholders' meetings in person in 2022 Visited investees' companies voluntarily 487 times in 2022 Held 12 one-day startup Board meetings
 Suppliers	Suppliers provide safe and environmentally friendly raw materials to assist CDF in stable operation	<ul style="list-style-type: none"> Corporate Governance and Ethical Management Supplier Co-Prosperity Sustainable Development 	<ul style="list-style-type: none"> Signing "Letter of Undertaking regarding Supplier Corporate Social Responsibility" Irregular pre-bidding briefing Irregular supplier audit, evaluation, self-assessment, education and training and distinguished supplier recognition Establish procurement mailbox and hotline. Irregular participate in the green procurement projects from time to time Operation Management Department Mailbox Phone: +886 2 2763 8800 Email : procurement@cdibh.com	<ul style="list-style-type: none"> 100% of major suppliers signing the "Letter of Undertaking regarding Supplier Corporate Social Responsibility" Held pre-bidding briefings Conducted supplier audits, supplier evaluations, and supplier self-assessments from time to time Conducted real-time two-way communication with suppliers via procurement mailbox, which was used for supplier training during the pandemic
 Government and Competent Authorities	Government and the competent authority policies have direct impact on the direction of our operation	<ul style="list-style-type: none"> Corporate Governance and Ethical Management Business continuity Customer Privacy and Personal Data Protection 	<ul style="list-style-type: none"> Irregular participate in policy discussions and forums from time to time Irregular visit the competent authority from time to time Set up mailbox for government and competent authorities Legal Compliance Department Phone: +886 2 2763 8800 Email : cdf_cpl@cdibh.com	<ul style="list-style-type: none"> Participated in discussions and forums from time to time Selected as a constituent stock of the TWSE Corporate Governance 100 Index, TWSE RA Taiwan Employment Creation 99 Index, and Taiwan High Compensation 100 Index Responded to unscheduled audit to provide real-time information
 Media	Convey important information and performance through the media	<ul style="list-style-type: none"> Corporate Governance and Ethical Management Business continuity Customer Privacy and Personal Data Protection Upgrade service convenience with digital finance 	<ul style="list-style-type: none"> Irregular press release Irregular press conference Set up media service mailbox Group Marketing and Planning Office Phone: +886 2 2763 8800 Email : service.cdfh@cdibh.com	<ul style="list-style-type: none"> 261 regular press releases Held press conferences from time to time

Note: Stakeholders can make complaints on CDF's website, and relevant units will actively deal with them.

Procedures for Identification of Material Topics

CDF referred to the trend of international sustainable development, domestic and foreign leaders and peers, and internal opinions, to conduct regular identification of material topics. In 2021, CDF identified 18 sustainability issues through the investigation on internal and external stakeholders, and introduced the latest GRI standards accordingly in 2022 to divide the sustainability issues by the "Degree of Impact" and "Likelihood of Occurrence" of positive/negative impact for comprehensive evaluation. Finally, 11 key topics, 5 secondary topics, and 3 other topics were sorted out and the analysis results was discussed by members in each working group of Sustainability Committee, senior managers and external stakeholders. Sustainability Committee approved CDF sustainability material topics, and oversaw sustainability development plans and progress, and reported to the Board of Directors.

Analysis Procedures	Description	Consideration taken by Stakeholders and Expert Opinions
Stakeholder survey	Understand the sustainability issues concerned by the 8 major stakeholders through the stakeholder questionnaire survey, with a total of 18 stakeholder-concerned sustainability issues identified	In 2021, the questionnaires were distributed to the 8 major stakeholders and of which, 795 questionnaires from internal stakeholders (employees of all levels) and 177 questionnaires from external stakeholders were collected
Re-examination of sustainability issues	To assure the objectivity and comprehension of the identification results, CDF adopts the 18 sustainability issues identified 2021 as the basis, while the external professional ESG consultant is entrusted to take consideration of the material topics listed by SAAB, DJSI and other dimensions of sustainability requirement of international concern, to reverify the adjustment into 19 sustainability issues in conformance with industry and global sustainability issues, according to Taiwan's laws, regulations and trends	The external professional consultant examines the sustainability issues and propose suggestions for how to define the economic, environmental and social impact of the issues
Definition of Impact	On the basis of the list of 19 sustainability issues, CDF takes into account the latest GRI standards to redefine the positive/negative impact from the external environment and people, focusing on 12 negative impacts and 12 positive impacts.	CDF understands the possible external impacts occurred through the communication channel and investigation mechanism of daily operations. For example, customer satisfaction survey, workplace hazard risk evaluation, employee engagement survey, legal compliance self-evaluation, and participation in the shareholders' meeting and BOD meetings of investee companies, and the supplier audit, to fully collect opinions from stakeholders and to define the positive/negative impacts

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Analysis Procedures	Description	Consideration taken by Stakeholders and Expert Opinions
Evaluating impact and sorting materiality	The 20 departments within CDF evaluate and calculate by two axis, namely the degree of impact of 24 positive/negative impacts and likelihood of occurrence to generate the negative/positive material impact issue matrix. ◆ Degree of Impact: The objects and significance of the impact generated by such issue, and if such impact could be mitigated or made by the related management measures for comprehensive evaluation. Meanwhile, the negative impacts are incorporated in the adjustment factors. For example, take consideration of the impact is on human right or the relevant fines with comprehensive adjustment. The higher the degree of impact, and even if the likelihood of occurrence is low, the materiality of the topic should be adjusted. Positive impact will depend on the scale and scope of impact influence, and likelihood of occurrence before conducting comprehensive evaluation ◆ Likelihood of Occurrence: Take consideration of the number and frequency level of such impact generated in the past for comprehensive evaluation	
Sorting and adjustment evaluation results	According to the results of materiality evaluation, the negative and positive impacts are taken into consideration comprehensively to sort by the impacts on the external environment, economy and society. The 19 material issues are divided into three levels, including key, secondary, and other topics	
Reporting and disclosing content	CDF sustainability material topics and the analysis results were discussed by members in each working group of Sustainability Committee, senior managers and external stakeholders. Sustainability Committee approved CDF sustainability material topics, and oversaw sustainability development plans and progress, CDF ESG Report was compiled sustainability material topics and its identification process, sustainability development plans and progress, and reported to Sustainability Committee and the Board of Directors	

◆ Evaluation of Impact from Sustainability Issues

After evaluating the positive and negative impacts, the result analysis has been narrowed down to material topics with 11 key topics, 5 secondary topics and 3 other topics. In the procedure of material topics analysis, CDF takes consideration of suggestions from stakeholders and external experts and resolve to recognize the sustainability issues of key topics into the topics to be disclosed by the annual report this year. The comparison and convergence of the positive/negative impacts of material topics are described in the following table:

	Negative Impact	Positive Impact	Material Topics
Key Topics (11 topics)	Infringement of workplace human right	Labor protection and workplace inclusion and equality	Labor protection and workplace inclusion and equality
	Corruption and bribery	-	Corporate governance and ethical management
	Material risk incident	-	Risk management
	Customer complaint and dispute incident	Optimize service quality and maintain customer relation	Optimize service quality and customer relation management
	Corporate and customer data leak	-	Customer private and personal data protection
	Operation interruption or threat	-	Sustainable operation
	-	Upgrade service convenience through digital finance	Upgrade service convenience through digital finance
	Occupation disaster and employee health damage	Promote health in workplace	Workplace safety and health
	-	Upgrade financial inclusion	Upgrade financial inclusion
	-	Competitive compensation and welfare	Competitive compensation and welfare
	-	Employment and training for diversity of talents	Employment and training for diversity of talents

	Negative Impact	Positive Impact	Material Topics
Secondary Topics (5 topics)	Energy and resource consumption	-	Energy and resource consumption
	Environmental and social adverse impact caused by investment and finance	Implementation of sustainable finance	ESG risk and opportunities in investment and financing
	Adverse impact of social change incident	-	Management of influence caused by social changes
	-	Maintain shareholders' equity	Maintain shareholders' equity
	-	Social Participation and Supporting Disadvantaged Groups	Social Participation and Supporting Disadvantaged Groups
Other topics (3 topics)	Improper waste management	-	Waste management
	-	Supply Co-Prosperty Sustainable Development	Supply Co-Prosperty Sustainable Development
	Climate Risk Impact	Climate Opportunities and Business Potential	Climate Opportunities and Business Potential

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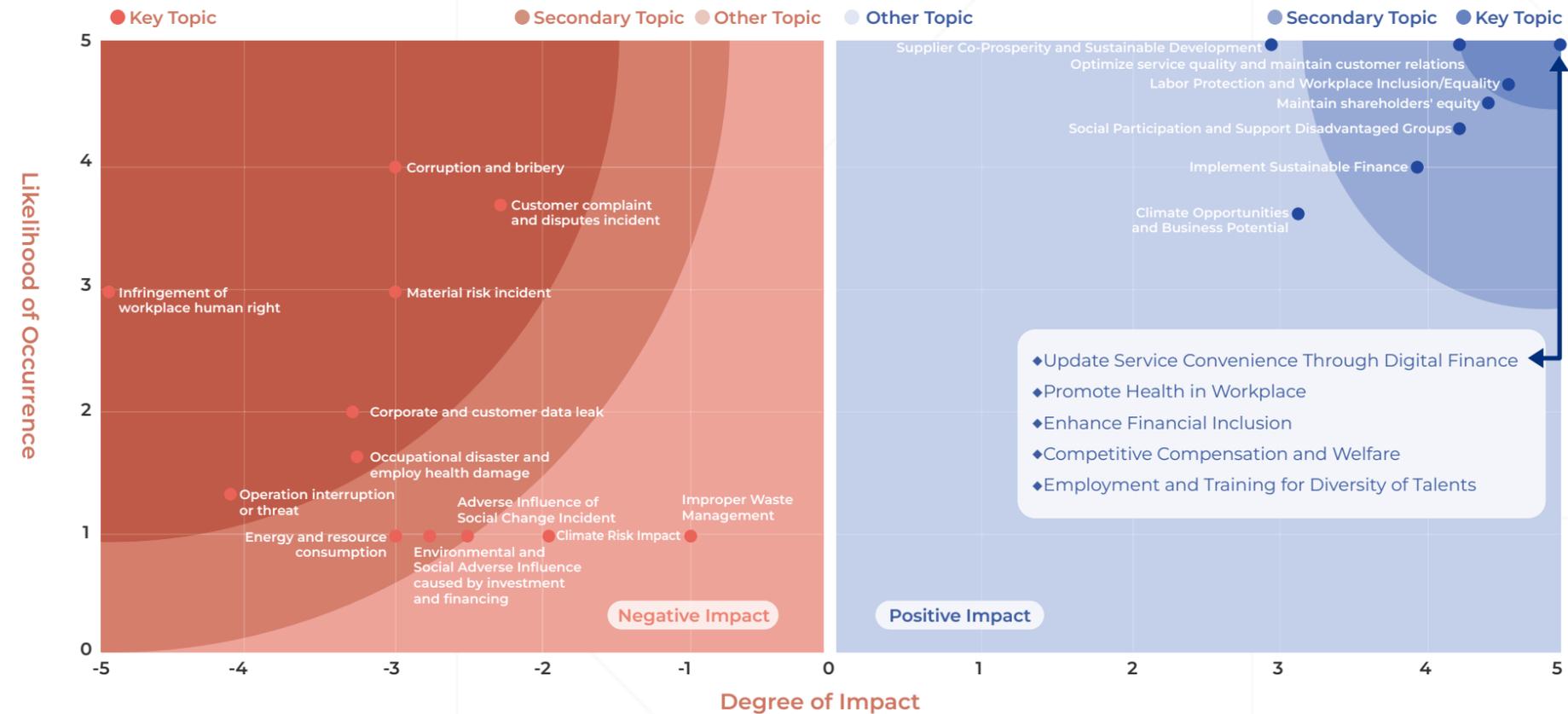
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◆ Material (ESG) Topics Matrix (Integration of Positive/Negative Impact)



◆ Sustainability Issue Adjustment

Based on the 18 material topics identified in 2021, the identification method of material topics underwent update in 2022 and are re-identified with adjustment to 19 material topics. The difference and description of material topics adjustment are described below:

	Reason of Adjustment	Change of Topics	
Name Adjustment	Adjust name to reflect the implication of impact identified and correspond with the international trends of sustainable development, and terms used by competent authorities and stakeholders.	<ul style="list-style-type: none"> “Operation performance” renamed to “maintain shareholder' equity.” “Information and cybersecurity” renamed to “sustainable operation.” “Sustainable finance” renamed to “ESG risk and opportunities in investment and financing.” “Service quality and customer relation management” renamed to “optimize service quality and customer complaint management.” “Digital finance and innovation” adjusted to “upgrade service convenience through digital finance.” “Social change response strategy” adjusted to “Manage influence caused by social changes.” “Talent attraction and retention” renamed to “Competitive compensation and welfare.” 	<ul style="list-style-type: none"> “Workplace health and safety” adjusted to “Workplace safety and health.” “Talent training and development” adjusted to “Employment and Training of Diversity of Talent.” “Financial inclusion” adjusted to “Upgrade financial inclusion” “Human right” renamed to “Labor protection and workplace inclusion and equality.” “Social Participation” renamed to “Social Participation and Supporting Disadvantaged Groups” “Sustainable supply chain management” adjusted to “Supply Co-Prosperity Sustainable Development.” “Climate change response strategies” adjusted to “Climate opportunities and risk management”
Importance Adjustment	According to the results of impact evaluation, the opinions of stakeholders and due diligence survey results, domestic/foreign policies and trends, and strategies currently promoted by CDF are take into account to adjust the order of material topics.	<ul style="list-style-type: none"> “Labor protection and workplace inclusion and equality” upgraded to key topic “Optimize service quality and customer complaint management” upgraded to key topic “Upgrade service convenience through digital finance” upgraded to key topic “Workplace safety and health” upgraded to key topic. “Upgrade financial inclusion” upgrade financial inclusion upgraded to key topic 	<ul style="list-style-type: none"> “Competitive compensation and welfare” upgraded to key topic “Employment and training of diversity of talents” upgraded to key topic “Energy and resource consumption” upgraded to secondary topic “Social Participation and Supporting Disadvantaged Groups” upgraded to secondary topic “Maintain shareholders' equity” downgraded to secondary topic
Division	Based on the reinventory of material topics, the domestic/foreign policies and trends are taken into account to divide the topics for more focused and precise response to stakeholders.	<ul style="list-style-type: none"> “Green operation” divided into “energy and resource consumption” and “waste management.” 	

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For the key topics, CDF evaluates the scope and targets of impact and develop the effective management standards and goals according to the international standards and directives. CDF also explains in different chapters and sections for stakeholders to understand. In the future, CDF will also increase the engagement of stakeholders in relevant impact mitigation and remedies to acquire the feedback for evaluation of action validity through thorough communication channels.

The value chain management portion impacted by key material topics

Key Material Topics	Influence on CDF	Physical / Potential Impact	Description of Impact	Scope of Value Chain for Key Topic Impact		GRI Topics	Corresponding Chapter	Page No.
				Direct Impact	Impact Caused by Commercial Relation			
 Labor protection and workplace inclusion and equality	Employees are the important assets of CDF. We are committed to provide employees with excellent work environment and labor protection while asking suppliers to meet labor protection and workplace inclusion and equality	Physical	【People】 Positive: Employees are provided with excellent and health work environment through the optimization of workplace environment, safety and health, in order to upgrade the work quality. Moreover, female/disadvantaged employees/diverse groups are provided with excellent environment and work opportunities	●	●	405: Employee diversity and equality opportunity	4.1 Employee Structure	91
			Negative: Labor right issues related to overtime and forced labor; poor promotion of workplace gender equality concept that result in sexual harassment, gender or identity as well as other forms of discrimination or workplace bullying. Employees are treated unfairly with right and interest of work infringed				4.3.1 Talent Attraction and Retention	95~100
 Corporate governance and ethical management	Corporate governance is the cornerstone towards sustainability and the corporate culture of legal compliance and implementation of ethical management	Physical	【Economics / People】 Unethical, corruption, fraud, or fraudulence due to poor corporate governance, employee not in compliance of code of conducts or failure to implement ethical management, that result in the operational risk of the company, infringement of customer and the rights and interests of other stakeholders	●	●	205: Anti-corruption 415: Public policy 417: Marketing and signs	1.1.2 Membership of Associations and External Initiatives	16~17
							2.5.1 Framework and Principles of Ethical Corporate Management	50
							2.5.2 Implementation of Ethical Corporate Management	50~51
							2.5.5 Disclosure of Illegal Incidents	54
 Risk Management	Establish rigorous risk control to upgrade resource use efficiency and create new opportunities	Physical	The improper management of external emerging, market risk, or internal credit, operation, liquidity, and other risks, that results in the risk appetite exceeding the tolerance of the company in business promotion, or capital idling that cause material breach or management loss. Customers, shareholders and other stakeholders' rights and interests are infringed	●	-	201: Economic Performance	2.2 Risk Management	29~36
							2.3.3 Climate Risk Management	40~45
 Optimize service quality and customer compliant management	CDF provides quality service goal to optimize customer feedback mechanism constantly and improve customer satisfaction	Physical	【Economics / People】 Positive: Implement fair treatment of every customer, establish transparent claims mechanism and simply application threshold to provide assistance service to different groups and assure the maintenance of customers' rights and interests	●	-	Self-Defined Material Topic	3.4.3 Quality Services Tailored to Customer Needs	83~85
			Negative: Failure to effectively implement fair treatment or financial product claim petition mechanism overcomplex, poor service quality, nontransparent product information, reinforced marketing and business discrimination that result in customer complain and consumer disputes, infringing the rights and interests of customers				3.4.4 Customer Recognition	86~88
 Customer privacy and personal data protection	Assure information security and customer data privacy to win customer trust	Physical	【Economics / People】 Financial sector involves massive business transaction and information retention. The negligence of information security or human error or employee not complying with personal data privacy and protection, or the leaks of customer data or enterprise sensitive data could infringe the rights and interests of related stakeholders	●	●	418: Customer privacy	3.4.2 Customer privacy and right protection	79~82

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The value chain management portion impacted by key material topics

Key Material Topics	Influence on CDF	Physical / Potential Impact	Description of Impact	Scope of Value Chain for Key Topic Impact		GRI Topics	Corresponding Chapter	Page No.	
				Direct Impact	Impact Caused by Commercial Relation				
 Sustained operations	Under digital development trends, the risk management of internet attack is considerably important for assuring the sustained operation of business	Physical	【Economics / People】 For information security leak or internet attacks by hackers that lead to interrupted financial services, unstable financial market, enterprises not acquiring financing, and the public not acquiring the financial services, or the damage of rights of other stakeholders	●	●	418: Customer privacy	2.4 Information security	47~49	
							3.4.2 Customer Privacy Rights and Protection	79~82	
 Update service convenience through digital finance	Upgrade service convenience and popularity using technological power to expand scope of customer service	Physical	【Economics / People】 Following the rise of hybrid office model, the reliance for global enterprises on VPN service and remote desktop protocols has eventually increased. The supply of digital financial service updates customer's convenience in contact and use of financial services while the supply of the digital financial services and products lowers its own energy and resource consumption, thereby increasing the related operating revenue	●	●	Self-Defined Material Topic	3.4.1 Digital Finance	77~78	
							3.4.3 Quality Services Tailored to Customer Needs	83~85	
 Workplace safety and health	Maintain employee's physical and mental health to assure the workplace in conformity with various standards. Meanwhile we apply such standard to our supplies	Physical	【Economics / People】 Positive: Constantly optimize workplace environment, safety and health to provide employees with excellent work and development opportunities Negative: Work injury or accident affecting the right to work in employees, suppliers and other stakeholders	●	●	403: Workplace safety and health	4.2.2 Workplace health and safety	93~94	
							408: Child Labor 2016	4.2.1 Human Rights Commitment and Assessment	92
							409: Forced or Compulsory 2016	4.2.1 Human Rights Commitment and Assessment	92
 Upgrade financial inclusion	Promote sustainability with financial strengthen, care for disadvantaged groups and fulfill social responsibility	Physical	【Economics / People】 Provide preferential and additional services through disadvantaged or special groups, upgrade the service convenience in contact and use under CDF and its subsidiaries. Additionally, the support of corporate transformation and industry development drive the commercial activities with more social benefits	●	-	203: Indirect economic impact	3.1.4 Responsible Investment Outcome	66~69	
							3.2.2 Sustainable Insurance Product	70~71	
							3.3.2 Implementation and practice of responsible banking	74~76	
 Competitive compensation and welfare	Competitive compensation and welfare will attract talent for retention and devotion	Physical	【Economics / People】 Competitive salary and welfare offer employees with excellent work and development opportunities while advocating the overall sound development of the industry	●	-	201: Economic Performance	4.3.1 Talent Attraction and Retention	95~100	
							401: Labor-Management Relation	4.4.1 Employee Welfare	103
 Employment and training of diversity of talents	Upgrader employees' personal growth and achievement through diverse training systems, in order to create overall higher value for the company	Physical	【Economics / People】 Provide complete employment and training mechanism to create quality environment and opportunities for employees with diverse development, attract employees of different competence and professional background to boost the employment rate and advocate for the increase of knowledge in industry professionals. The complete training plan can improve employees' occupational competitiveness	●	-	201: Economic Performance	4.4.1 Employee Benefits	103	
							202: Market Status	4.4.1 Employee Benefits	103
							401: Labor-Management Relation	4.1 Employee Structure	91
							401: Labor-Management Relation	4.3.1 Talent Attraction and Retention	95~100
							404: Training and Education	4.4.1 Employee Benefits	103
404: Training and Education	4.3.1 Talent Attraction and Retention	95~100							
404: Training and Education	4.3.2 Human Resource Development	100~102							

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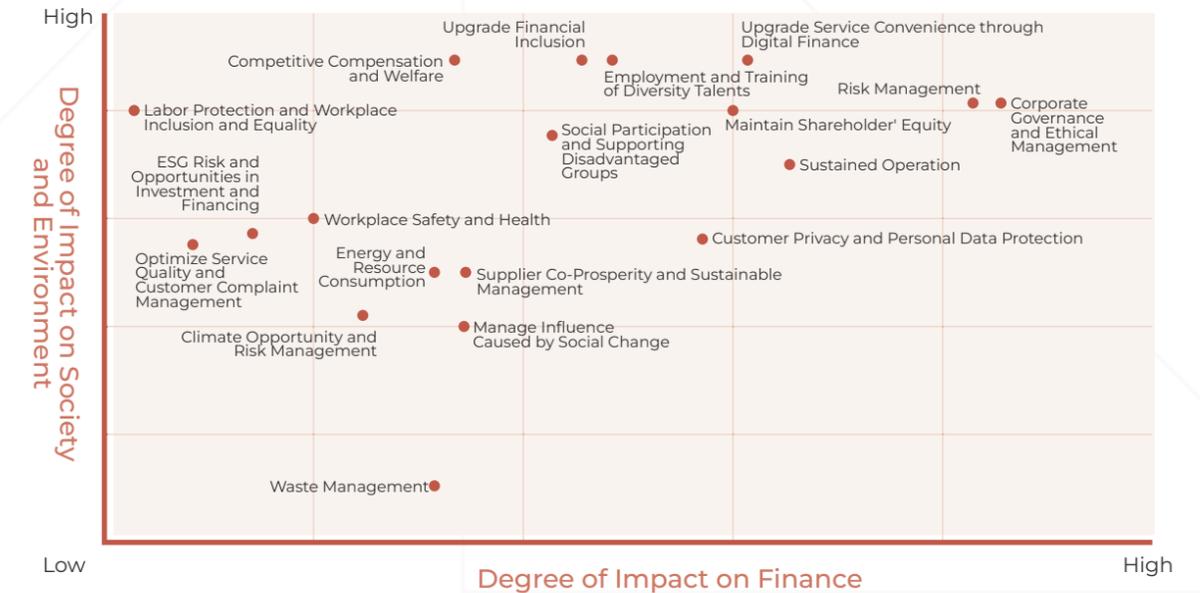
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◆ ESG Double Materiality Analysis

Apart from taking consideration of the impact brought by material topics on the external environment and people, CDF has introduced the double materiality analysis in order to understand the potential financial influence of all topics on the company and to help CDF control and develop the future operating strategies and resource integration with more efficiency. The top managers conduct “financial materiality” scoring on the possible costs, operating revenue, business reputation, and risk impact on the Company in addition to consolidating the results of “External degree of impact” to identify the double internal/external material topics with significant impact.

◆ CDF 2022 Double Materiality Matrix



◆ Top Three Material Topics' Management Strategies, Evaluation Mechanisms and Long-Term Targets

Material Topic	Strategy	Evaluation Mechanism	Long-Term Goal 2027	Execution
 Corporate Governance and Ethical Management	<ul style="list-style-type: none"> ◆ Establish a culture and awareness of integrity management through regular education and training ◆ Establish a clear reporting channel to implement corporate governance ◆ Gradually increase the link between executive compensation and sustainable performance 	<ul style="list-style-type: none"> ◆ Annual internal Board of Directors (BOD) performance evaluation; external evaluation every three years ◆ Legal Compliance Department is concurrently responsible for ethical management and regularly reports to the BOD for the execution of ethical management ◆ Auditors regularly check the status of compliance, and report the main flaws to the BOD and track the improvement status 	<ul style="list-style-type: none"> ◆ Strengthen the BOD performances and functions ◆ Top 5% of Corporate Governance Evaluation ◆ 100% completion rate of ethical management courses ◆ Introduce fintech, optimize legal compliance procedures, and improve legal compliance process efficiency to build a more improved internal control mechanism of legal compliance 	<ul style="list-style-type: none"> ◆ Please refer to “2.5 Ethical Management”
 Risk Management	<ul style="list-style-type: none"> ◆ Strengthen the risk management mechanism ◆ Build a sound risk management culture ◆ Strengthen TCFD climate risk management mechanism ◆ Incorporate emerging risk within the scope of risk management and combine with traditional risks ◆ Monitor overall climate risk management, increase the proportion of green products, and reduce high climate risk proportion 	<ul style="list-style-type: none"> ◆ Call quarterly Risk Management Committee meeting to review market, credit, process, liquidity, climate risk control report, and handle the risk management related issues, and monitor the execution of risk management ◆ Report to ESG Committee quarterly, develop green products and the progress and execution of related products and services ◆ Sift key emerging risks from those identified in the Global Risks Report of the World Economic Forum every year and request subsidiaries assess the impacts of such risks on the business operations or assets and propose countermeasures and potential opportunities 	<ul style="list-style-type: none"> ◆ Continue to optimize climate risk quantitative evaluation ◆ Review net zero carbon emission 2025 goals as adaptation of operation strategy ◆ Enhance the weight of engagement clients and improvement of green financial products 	<ul style="list-style-type: none"> ◆ Please refer to “2.2 Risk Management”
 Improve service convenience with digital finance	<ul style="list-style-type: none"> ◆ Digital transformation is one of our five major strategies. All subsidiaries of the group take it as priority action plans to create a digital platform with mobile device experience as the priority, and form alliances with strategic partners to build an ecosystem ◆ Target at the three featured new economy of industries in “digitalization, action, and cloud” to strengthen the international resource links and support local startup teams towards globalization 	<ul style="list-style-type: none"> ◆ Using NPS to constantly follow up and promote the changes of NPS in the digital service process, and engage in rolling optimization of system function according to customer opinions ◆ Conduct performance audit at the annual ESG Committee Customers' Right Group meeting and review plan for the next year 	<ul style="list-style-type: none"> ◆ Constantly promote digital innovation and implement finance scenes through ecosystem, accomplishing the sustainable and coprosperity ecosystem with strategic partners ◆ Smart customer service is comprehensively covered on digital contact points to prevent android service ◆ Become the most recommended digital securities leading brand by customers, and the NPS peer ranking increased by 30% compared with 2023 	<ul style="list-style-type: none"> ◆ Please refer to “3.4.1 Digital Finance”

Note: For links to material topics and top manager salary, please refer to “2.1.4 Salary Policy” for the performance evaluation indicator form of president and managers.

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1.1.2 Membership of Associations and External Initiatives

To promote social inclusion and assist the government to improve the overall domestic economic environment, CDF participated in 51 domestic and foreign associations and trade associations to understand the development trends of the industry, the direction and progress of regulatory research, so as to ensure that its strategic policies were in line with the trend and continued to advance to the sustainable development of the Company. In 2022, the Company made no financial contribution to political parties, think tanks, political advocacy organizations or advocacy acts.

CDF participates in international initiatives with enthusiasm in response to net zero emission.

In order to achieve the Paris Agreement's goal of controlling the temperature rise within 1.5 °C of the pre-industrial average level, CDF signed and joined the CDP carbon disclosure in 2016 and officially signed the Task Force on Climate-related Financials Disclosures (TCFD) in December 2018. CDF complies with the disclosure framework, including four core elements in governance, strategy, risk management, and indicators and goals. In 2021, CDF has committed to the goal of achieving net zero carbon emissions across all assets by 2045. In Apr. 2022, CDF completed the signing and participation in Science Based Targets initiative (SBTi) with commitment to launch the decarbonization goals at all stages, in addition to comply with gradual set the goal schedule for lowering and phase-out of mine coal and unconventional goal related industries. Moreover, KGIB signed and joined the "Partnership for Carbon Accounting Financials (PCAF)" in order to actively introduce the international standards of investment and financing carbon emission management.

CDF carbon reduction forum leads SMEs with green transformation.

CDF is committed to promote green finance and intends to become the sustainable financial partner of enterprises. To further understand the weak points of SME's green transformation, CDF and Business Today co-released the "SME Carbon Reduction Survey" in November 2022 and held the "Decrypt Green Economy: SMES Carbon Reduction Forum." EPA and SME representatives were invited to analyze how SMEs can cope with carbon reduction demand and build a more resilient green supply chain.

The "SME Carbon Reduction Survey" indicated that as high as 70% of SMES are concerned about the impact of carbon expenses but over 30% of the industries have not conducted carbon inventory, suggesting that there is gap between recognition and action in SMEs. Nearly 90% of the industries expect the government or financial sector to provide preferential financing project to invest in transformational funds. In the carbon reduction forum, CDIB Capital, CL and KGI Bank each take green action and bank financing perspective from the financial sector, to provide SME solutions and lead SMEs' with green transformation towards sustainable vision.



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	2020	2021	2022
Lobbying or interest representation	0	0	0
Local, regional or national political campaigns, organizations, candidates	0	0	0
Chamber of commerce or taxexempt organization	8,925,003	11,894,659	12,533,477
Elections and referendums or similar	0	0	0
Total	8,925,003	11,894,659	12,533,477
Data Coverage	100%	100%	100%

Initiative	Engagement	Amount Invested (NT\$)
Assist government in implementing financial policies and formulating regulations	CDF participated in various associations, regularly put forward policy suggestions to the competent authorities, and communicated extensively with international organizations through associations to assist the government in implementing financial policies, improving business development and promoting the public interests of the industry. Ex: Bankers Association of Taipei assists members in financing renewable energybased powergeneration projects in line with the government's green finance policy. The Company participated in 16 associations advocating assisting the government to implement financial policies and regulations, and held positions in 7 of them.	5,043,395
Protecting Investors	CDF participated in the relevant associations that advocate to protect investors to jointly prevent and curb fraud cases and save huge social costs. Ex: Chinese National Futures Association aims to protect investors, develop economy, coordinate interindustry relations, and promote common interests. The Company participated in 5 related associations that advocate protecting investors, and held positions in 1 of them.	1,860,237

Organization	Type	Amount Invested
The Bankers Association of the Republic of China (BAROC)	Industry/Trade Association	1,719,795
International Swaps and Derivatives Association (ISDA)	Industry/Trade Association	1,328,988
Trust Association of R.O.C.	Industry/Trade Association	1,284,634

Associations Participated in 2022

Organization	Position
The Bankers Association of the Republic of China (BAROC) (Note 1)	Served as director at KGI Bank
The Life Insurance Association of the Republic of China (Note 1)	Served as the deputy director and director of China Life
Securities Investment Trust & Consulting Association of the R.O.C. (Note 1)	Served as a director of KGI SITE
China Venture Capital and Private Equity Association (CVCA)	Served as a director of CDIB
Taiwan Mergers & Acquisitions and Private Equity Council (MAPECT) (Note 1)	Served as a director of CDIB
The Taipei Leasing Association, R.O.C.	Served as a director at CDC FINANCE & LEASING CORPORATION
Taiwan Equity Investment Association (Note 1)	Served as a director of KGI Ventures
Taiwan Venture Capital Association (TVCA) (Note 1)	Served as a director of KGI Ventures
Taiwan Futures Exchange (TAIFEX) (Note 2)	Served as a supervisor and alternate director at KGI Futures
Life Insurance Management Institute of the Republic of China	Served as the executive director of China Life
Taiwan Stock Affairs Association (TWSAA)	Served as a director in CDFH
Society for Financial Governance and Legal Compliance of the Republic of China	Served as a director of China Life
BAROC Financial Holding Business Committee	Served as a vice committee director in CDFH
Taiwan Bio Industry Organization	Served as director of CDIB
Actuarial Institute of the Republic of China (Taiwan)	Served as director and supervisor in China Life
Taipei Bills Finance Association (TBFA) (Note 1), Taiwan Insurance Law Association (Note 1), FinTech Space (Note 1), ROC-USA Business Council (Note 1), Chinese National Association of Industry and Commerce, Taiwan (CNAIC) (Note 1), Insurance Brokerage Association of Taiwan (Note 1), Chinese International Economic Cooperation Association (CIECA) (Note 1), The Bankers Association of Taipei (Note 1), Monte Jade Science and Technology Association (Taiwan) (Note 1), Trust Association of R.O.C. (Note 2), Taiwan Corporate Governance Association (Note 2), Institute of Financial Law and Crime Prevention (Note 2), Taiwan Securities Association (Note 2), SEMI, CHRMA, Taiwan Industrial Holding Association, Institute for Biotechnology and Medicine Industry, Cross-Strait CEO Summit, American Chamber of Commerce in Taiwan, Taiwan Rent-A-Car Association, TSAA, Chinese Arbitration Association, Taipei, Taiwan Tourism Interchange Association, Taiwan ITRI New Venture Association, Chinese Blood Donation Association, Accounting Research and Development Foundation, National Credit Card Center of R.O.C., Financial Information Sharing and Analysis Center (F-ISAC), Financial Planning Association of Taiwan, LIM1, CW ESG, Association of Certified Fraud Examiers, Institute of Internal Auditor - Chinese Taiwan, Computer Audit Association, Interntioal Swaps and Derivatives Association (ISDA), Taiwan Placemaking Appliance, TDCC	Members

Note:

1. Initiative: Assisting the government in implementing financial policies and regulations
2. Initiative: Protecting investors

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1.2 Sustainable Vision and Values

1.2.1 Sustainable Vision and Strategies

CDF has planned five sustainable strategies: Corporate Governance, Intelligent Finance, Elite Talent Development, Low-carbon Economy, and Co-Creation of Sustainable Society, actively respond to the UN SDGs, and face up to the risks and opportunities of global economic environment, and strive to integrate sustainability spirit into corporate operations, so as to create maximum value for all stakeholders.

Sustainable Vision and Values				
Strategy	Implication	Action Plan	Capital	SDGs
Corporate Governance	The Company planned sustainable governance strategies, deepened the corporate governance culture, effectively exerted the functions of the Board, enhanced information disclosure and strengthened compliance.	<ul style="list-style-type: none"> Enhance the transparency of corporate governance and the functions of the BOD Fulfill ethical management and embed in corporate culture Improve risk management framework with emerging risks and assist subsidiaries in the adjustment planning of risk controls and mitigations 	Financial Capital Continue to invest funds in business operations and business development to increase return on investment and shareholder interest	 8.3, 8.10, 13.3, 16.5-16.7
Intelligent Finance	To keep in line with the development trend of international sustainable finance, implemented the net zero carbon emission strategy in the sustainable finance action plan, developed digital financial technology simultaneously, sought cross-sector partners, and enhanced the experience of financial services and brand value.	<ul style="list-style-type: none"> Integrate ESG concepts into investment and financing decisionmaking, and negotiate with investment and financing clients Focus on "Digitalization, Mobility, and Cloud" industries. Strengthen the connection of international resources, and support local startup teams to go global 	Intellectual Capital Invest in the development of financial products and innovative financial services	 8.4, 8.10, 17.2
Elite Talent Development	With the rise of the knowledge economy, talents were cultivated so as to lead the Company in a changing situation to break through, and plan forward-looking sustainable talent plans.	<ul style="list-style-type: none"> Combine with organizational strategic goals, plan forward-looking plans for talent development, plan various training projects, and cultivate talents that respond to organizational changes Promote the development plan for management functions of supervisors and the development plan for core functions of employees 	Human Capital Improve employees' expertise and ability to innovate and create an equal, healthy, and safe workplace	 5.1, 5.a, 8.5-8.8, 10.3-10.4, 16.b
Low-Carbon Economy	As the risks of climate change continued to intensify, CDF planned to reduce its GHG emissions, explored low-carbon economic industries and enterprises with potential for development, and jointly promoted low-carbon transition.	<ul style="list-style-type: none"> Introduce global climate change risks management framework and plan a low-carbon roadmap of transition Support green procurement and promote sustainable supply chain management Support green energy and green industries for transformation, and work together to promote green finance 	Natural Capital Promote green investments with core functions to reduce the environmental impact of business operations	 7.1-7.5, 12.2-12.8, 13.1-13.3
Co-Creation of Sustainable Society	The concept of "shared value" gradually affected the operation of the company, and used this concept for reference to create social value and enhance corporate value.	<ul style="list-style-type: none"> Strengthen the connection between social engagement and the core competencies of CDF, invest in various important issues of social welfare, implement social care, and exert key influence Establish a volunteer system, encourage employees to participate, and deeply cultivate shared values 	Social and relationship Capital Expand the scope of public welfare initiatives to elevate brand identification	 1.1-1.4, 2.1-2.2, 4.5, 10.2-10.5, 17.16, 17.17

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1.2.2 Value Creation Model

Five Capitals		Input	Output (Financial Value)	Output (Non-Financial Value)
Financial Capital	<ul style="list-style-type: none"> ◆ Total Assets: NT\$ 3.5 trillion ◆ Total Operating Expenses: NT\$ 29.07 billion 	<ul style="list-style-type: none"> ◆ Net profit after tax of NT\$ 16.39 billion (including noncontrolling equity of NT\$ 0.2 billion) ◆ Consolidated ROE of 6.5% 	<ul style="list-style-type: none"> ◆ Constituent stock of DJSI (World, Emerging Markets) for the third consecutive year ◆ Constituent stock of FTSE4Good Emerging Index and FTSE4Good TIP Taiwan ESG Index ◆ Ranked in the Top 6-20% of the 8th Corporate Governance Evaluation of TWSE/TPEX listed companies ◆ CL, CDIB, KGIB, KGIS and KGI SITE signed the "Stewardship Principles" of TWSE 	
Intellectual Capital	<ul style="list-style-type: none"> ◆ CL invested (optimized) NT\$132.12 million in Fintech ◆ CL invested NT\$ 12.45 million in i-Agent ◆ CL subsidized NT\$ 2.305 million for examination fee of professional license ◆ KGIB invested NT\$ 450 million for system research and development (including mobile banking, online banking, and the introduction of intelligent customer service platforms, and the new financial market trading systems... etc.) ◆ KGIS invested NT\$ 145 million in Fintech 	<ul style="list-style-type: none"> ◆ CL i-Agent utilization rate: 85% ◆ Utilization rate of CL mobile insurance: 98% ◆ Average licenses of CL employees: 2.7 ◆ The average number of licenses held by KGI Bank per employee was 5.8 ◆ Total KGIS employee training hours reached 101,061 hours, average per employee training hours 32.8 hours ◆ KGIS adopted the patented conference electronic signature technology to launch the first "adjustment to transaction limit of Taiwan stocks via video" service in the industry ◆ KGIS launched the first wealth management account online subscription of ETF IPO 	<ul style="list-style-type: none"> ◆ No. of Video survival analysis executed: 11,757 times ◆ Introduction of "RPA Process Robots" reduced manual work: improved work efficiency by 73% 	
Human Capital	<ul style="list-style-type: none"> ◆ Educational training costs: NT\$ 45.433 million ◆ Employee compensation fee: NT\$ 12.86 billion ◆ KGIS employee training fees during the year reached NT\$17.27 million 	<ul style="list-style-type: none"> ◆ Human Capital Return on Investment (HC ROI): 5.09 ◆ Average training costs NT\$ 4,873 (excluding field staff), up 48% compared with previous year ◆ Employee compensation was down 28.5% compared with previous year ◆ Total training hours of KGIS employees reached 101,061 hours and the average employee training hours were 32.8 hours 	<ul style="list-style-type: none"> ◆ Constituent stock of Taiwan High Compensation 100 Index for 8 consecutive years ◆ Average employee training hours: 38.5 hours 	
Natural Capital	<ul style="list-style-type: none"> ◆ Investment in energy saving and carbon reduction measures: NT\$ 7,773,487 ◆ Investment in green procurement: NT\$2,564,889 	<ul style="list-style-type: none"> ◆ Awarded "Green Procurement Certificate" for 4 consecutive years, and "Green Procurement Program for Private and Organizations" for 5 consecutive years 	<ul style="list-style-type: none"> ◆ GHG emissions from category 1 and category 2 down 522.59 tCO2e compared with 2020 ◆ Carbon reduction rate reached 2.37% ◆ Per capita energy consumption was 17.52 GJ, down 7.42% compared with 2020 ◆ Renewable energy consumption was 526.36 MWh ◆ Per capita water consumption density was 24.7 CBM, down 12.64% compared with 2020 	
Social and Relationship Capital	<ul style="list-style-type: none"> ◆ Total public welfare costs: NT\$ 166.15 million (including time investment and inkind donations) ◆ Employee volunteer time 77,660 hours ◆ Promoted microinsurance, small-sum end-of-life insurance policies, and disability whole life comprehensive insurance that catered for the needs of the disabled – "Friendly Whole Life Insurance" ◆ CDIB Capital Innovation Accelerator held 101 free innovation and entrepreneurship lectures, 12 one-day startup board meetings ◆ 7 charitable trust funds 	<ul style="list-style-type: none"> ◆ "Give You A Hand" revolving credit: 164 people successfully applied, with a success rate of 55% ◆ "Taxi Driver" smallsum revolving credit: 83 people successfully applied, with a success rate of 31% ◆ "Quick Repayment", a quotabased loan product: enabled amount of NT\$ 785 million ◆ Charitable trust: NT\$ 29.39 million 	<ul style="list-style-type: none"> ◆ Microinsurance serviced 92,631 policyholders ◆ 40,031 small-sum end-of-life policies ◆ 19,382 disabled people were insured ◆ Beneficiaries of public welfare activities: 39,774 people ◆ "Heritage 100 X Tutelage 100" social return on investment (SROI): 4.9 	

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Steady corporate governance is the cornerstone of the sustainable operation. The Company conducts corporate governance with an honest attitude, establishes a sound mechanism, and draws a blueprint for sustainable governance.

Key Strategy, Targets and Progress

Strategy	Target	2022 Goals	2022 Progress	Short-term Goals 2023	Mid-Term Goals 2024-2025	Long-Term Goals 2026-2027
Corporate Governance	Strengthen the functions of the Board of Directors (BOD)	<ul style="list-style-type: none"> ◆ Improve Corporate Governance Evaluation and scores in the DJSI questionnaire. 1. More than 90% of the Board members attending in person 2. Comply with the statutory requirements for director training hours 3. Complete the internal assessment of BOD performance 4. Composition of BOD and function disclosure in conformity with scoring standards ◆ Newly elected BOD members meet goals of diversification ◆ Set up Nomination Committee 	<ul style="list-style-type: none"> ◆ Improve Corporate Governance Evaluation and scores in the DJSI questionnaire: 1. More than 98% of the Board members attending in person (higher than the 93% of 2021) 2. Director training hours conform to the regulations 3. Completed the internal assessment of BOD performance with excellent performance 4. Disclose director composition and diversification function by score ◆ The Company's 8th directors elected on the Shareholder's Meeting on June 17, 2022 already meet the diversification goals set up ◆ Completed the setup of "Nomination and Performance Evaluation Committee" 	<ul style="list-style-type: none"> ◆ Strengthen BOD and organization operation efficiency with focus on the full play of BOD functions. 1. The governance and management mechanism of parent company and subsidiary shall comply with the conformity principle 2. Build the sustainable financial philosophy into the organization and corporate culture to encourage subsidiaries with setting up Sustainability Committee under the BOD ◆ Acquire corporate governance evaluation and scores in DJSI. 1. The average attendance rate for director in person is above 90%. 2. The director training hours meet the requirement, which includes at least 3 hours of courses in ESG related corporate sustainability field 3. Complete the internal assessment and external assessment of BOD performance 4. Disclose BOD composition and diversification function according to the scoring standards 	<ul style="list-style-type: none"> ◆ Efforts in advocating BOD operation with conformance to the scoring standards of corporate governance evaluation and DJSI, which will facilitate the ranking of corporate governance evaluation at the top 5% and maintenance of listing in DJSI composition stock ◆ Strengthen BOD composition and actively implement diversification policy 	<ul style="list-style-type: none"> ◆ Continue to strengthen BOD performance and function ◆ Maintain top 5% of corporate governance evaluation ranking and listing in DJSI composition stocks
Information Security	Improve information security management system and defense	<ul style="list-style-type: none"> ◆ Maintain ISO 27001-certified with validity ◆ Hold annual business continuity drill with frequency of 2 executions per year ◆ Score over 91 on external information service security inspections with third-party platforms ◆ Ongoing evaluation of security maturity by external consultants ◆ Expansion for scope of insurance covering information security ◆ Introduce international business continuity management standard ISO 22301 and acquired certification program ◆ Examine external information service security on at least five external information service providers via third-party testing platform ◆ Ongoing implementation of information security incident reporting and response management and the VIRT personnel capacity ◆ Plan and routinely disclose key risk indicators (KRI) of information security ◆ Optimize department annual information security assessment items and standards 	<ul style="list-style-type: none"> ◆ Maintained ISO 27001 and acquired certification to assure validity ◆ Held at least 2 drills with different drill goals, simulation scenarios and drill methods to assure the coverage of need for copying major disasters with emergency responses, upgrading the resilience of organization operation ◆ Scored over 95 on annual external information service security inspections with third-party platforms ◆ Implemented FFIEC's cybersecurity assessment tools (CAT) and methods in line with the Financial Cybersecurity Actions and commissioned external professional consultant to execute the information security infrastructure and defense system for technological testing. All relevant improvement suggestions were completed ◆ China Life Insurance completed the information security insurance and commissioned an insurance company to complete the overall evaluation of information security insurance, including insurance items, insurance coverage, and claims liabilities and self-paid expenses. The relevant evaluation results have been reported to the management ◆ Implemented Business Continuous Management System; China Life acquired ISO 22301 international certification ◆ Processed VIRT related technology transfer and educational training related process. In 2022, VIRT completed 1 case of investigation and processing of information security incident ◆ Monthly disclosure of information security key risk indicator (KRI) and report to the management ◆ Ongoing optimization and strengthening of KPI content 	<ul style="list-style-type: none"> ◆ Continue maintaining ISO 27001:2013 certification and validity, with amendment for new version ◆ Frequency of operational continuity drills is once every half a year ◆ Score over 95 on external information service security inspections with third-party platforms ◆ Implement FFIEC's cybersecurity assessment tools (CAT) and methods in line with the Financial Cybersecurity Actions ◆ Prepare budget for information security insurance. ◆ Implement operational continuity management system. Subsidiaries receive ISO 22301 certification ◆ Test 6 or more providers' external information service security on a third-party platform ◆ Continue enhancing information security incident reporting and response management and the VIRT personnel capacity ◆ Regular disclosure of information security key risk indicators (KRIs) ◆ Optimize annual departmental cybersecurity evaluation and standards ◆ Strengthen cybersecurity requirement in the supplier contracts ◆ Promote cybersecurity incident self-reporting action to employees ◆ Hold the cybersecurity month campaign and continue establishing peer cybersecurity awareness 	<ul style="list-style-type: none"> ◆ Acquire ISO 27001:2022 new version ◆ Frequency of operational continuity drills is once every half a year ◆ Scored over 96 on external information service security inspections with third-party platforms ◆ Implement FFIEC's cybersecurity assessment tools (CAT) and methods in line with the Financial Cybersecurity Actions ◆ Evaluate expansion of scope of information security insurance ◆ Implement operational continuity management system. Subsidiaries receive ISO 22301 certification ◆ Test 8 or more providers' external information service security on a third-party platform ◆ Continue enhancing information security incident reporting and response management and the VIRT personnel capacity ◆ Regular disclosure of information security key risk indicators (KRIs) ◆ Optimize annual departmental cybersecurity evaluation and standards ◆ Formulate supplier cybersecurity evaluation execution method ◆ Promote cybersecurity incident self-reporting action to employees ◆ Hold the cybersecurity month campaign and continue establishing peer cybersecurity awareness 	<ul style="list-style-type: none"> ◆ Continue maintaining ISO 27001:2022 certification and validity ◆ Frequency of operational continuity drills is once every half a year ◆ Score over 96 on external information service security inspections with third-party platforms ◆ Implement FFIEC's cybersecurity assessment tools (CAT) and methods in line with the Financial Cybersecurity Actions ◆ Evaluate expansion of scope of information security insurance ◆ Continue maintaining operation and management of ISO 22301 system ◆ Test 10 or more providers' external information service security on a third-party platform ◆ Continue enhancing information security incident reporting and response management and the VIRT personnel capacity ◆ Regular disclosure of information security key risk indicators (KRIs) ◆ Optimize annual departmental cybersecurity evaluation and standards ◆ Apply for supplier cybersecurity evaluation ◆ Promote cybersecurity incident self-reporting action to employees ◆ Hold the cybersecurity month campaign and continue establishing peer cybersecurity awareness
Risk Management	Enhance risk management mechanisms	<ul style="list-style-type: none"> ◆ Boost the participation rate of risk training course and establish profound foundation for risk awareness and culture ◆ Strengthen the identification of types of emerging risks, impact and response strategies ◆ Design of product development unit copying with the financial products and services with emerging risks ◆ Optimize the climate risk assessment system, such as establishing dashboard and the implied temperature rise (ITR) indicators, and the carbon emission factors by sector 	<ul style="list-style-type: none"> ◆ Regularly holding group level (including subsidiaries) View Sharing meeting, inviting domestic and international professional institutes to share their global macroeconomic prospective and explain the financial market situations to facilitate the group supervisors with monthly evaluation on the value changes and responses in financial assets ◆ External advisors were invited to hold the group climate courses, including climate change TCFD, climate stress testing practice, and SBTi introduction. The new risk evaluation procedures were completed with establishment of emerging risk evaluation form for subsidiaries to evaluate the major emerging risks and negotiation strategies. ◆ The subsidiaries completed 12 sustainability development bonds in total. The total underwriting amount for the sustainability development bonds grew by 124%. The cases of green equity fundraising were increased and the amount was up 61%. Four ESG sustainability-based funds were successfully funded with total asset reaching NTD4.4 billion. Additionally, green saving deposit program was launched in May 2022 ◆ The optimization of the 2022 system risk evaluation system's short-term goals has been completed. The climate risk quantification data from the investment and financing position processed by the system is used to prepare the TCFD report for that year. The carbon reduction indicator has been established in the Tableau risk appetite while investment and financing KPI has been set up for the management of net-zero carbon emission 	<ul style="list-style-type: none"> ◆ Establish regulations governing group climate risk management regulations ◆ Improve the quantification of TCFD financial impact ◆ Introduce SBTi and carbon reduction program by passing the SBTi review ◆ Optimize climate risk management platform and integrate the group climate information and the carbon reduction trends as well as the follow-up of goal achievement ◆ Arrange climate risk management and courses to improve the professional knowledge in company members 	<ul style="list-style-type: none"> ◆ Increase the ratio of engaging customer's ESG ◆ Strengthen biodiversity, and evaluate the forest and water resource issues ◆ Introduce sustainability category and carbon pricing to evaluate customer risks and factors of transaction ◆ Develop professional in climate risk management and plans adequate teamwork 	<ul style="list-style-type: none"> ◆ Review the net-zero carbon emission 2025 goals as adjustment of operational strategies ◆ Strengthen the weight of engaging customers and increasing the green financial products ◆ Continue to improve the climate risk quantitative assessment mechanism

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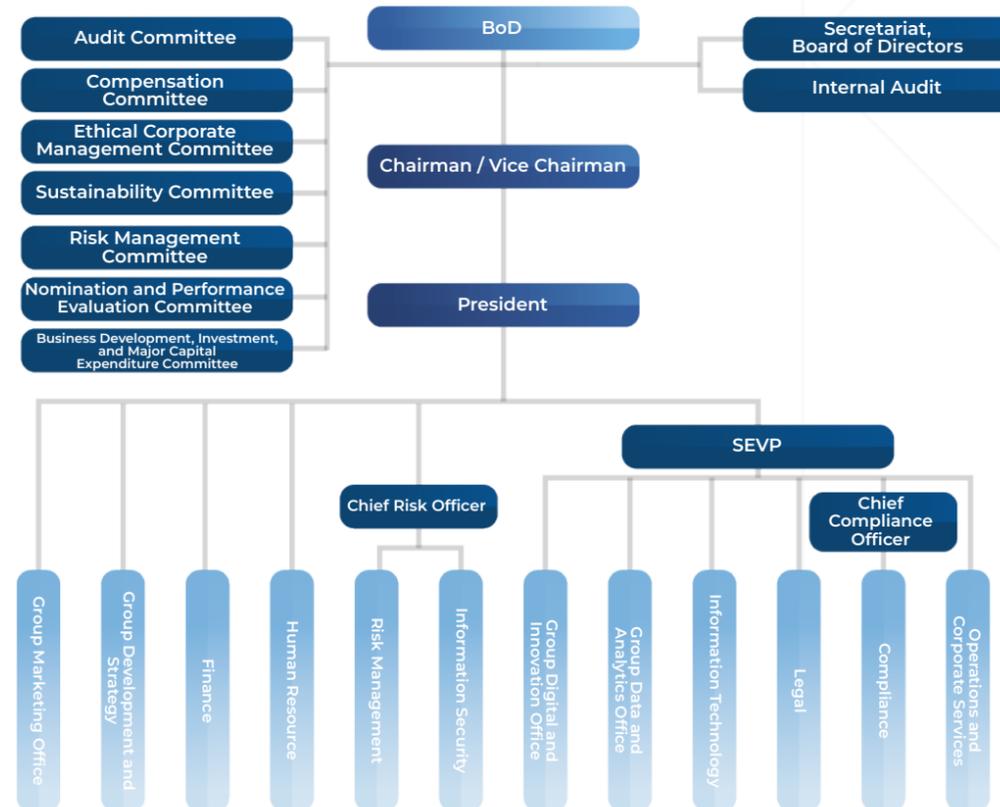
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2.1 Governance Framework

A sound governance structure and an effective Board of Directors (BOD) are the cornerstones of corporate governance, enabling the management to grasp the Company's business strategy and performance, formulate coping strategies, and respond to the business environment to create sustainable value.

The highest governance unit is BOD, which is responsible for leading and supervising CDF's operations and sustainable development. In order to improve the functions of BOD and decision-making efficiency, the "Nomination and Performance Evaluation Committee" and "Business Development, Investment and Material Capital Expenditure Review Committee" were added under the BOD in 2022. There are 7 functional committees set up under BOD, and the Executive Vice President David Chi, who was appointed with approval from the Board of Directors on April 24, 2023 to act as the proxy of "Corporate Governance Supervisor" and supervise the company with governance related affairs. The Company has established the "SOP for responding to requests from Directors" to assist directors to obtain the information and support they need to perform their duties as directors, and to enhance the effectiveness of the Board of Directors.

◆ Identification of Stakeholders



Note 1: Data dated March 31, 2023.

Note 2 : The primary functions and major regulations of the functional committees are described below:

Committee	Primary Functions	Composition Rules and Important Regulations
Audit Committee	<ul style="list-style-type: none"> ◆ Formulate or amend the internal control system and the assessment of validity ◆ Formulate or amend the procedures of material financial operations handling the acquisition or disposition of assets and engagement in derivative trading ◆ Fundraising, issuance or private fundraising of equity-based negotiable securities and material assets or auditing of derivative trading ◆ Appointment, dismissal or remuneration and finance of CPA, and appointment/dismissal of accounting of internal audit chief ◆ Auditing financial report and semi-annual financial report ◆ Matters involving the interests of the directors 	<ul style="list-style-type: none"> ◆ Audit Committee Articles of Incorporation
Compensation Committee	<ul style="list-style-type: none"> ◆ Formulate and regularly review director (including chairman and vice chairman) and managerial officer's performance evaluation and the policy, system, standards, and structure of salary remuneration ◆ Regularly evaluate and formulate the content and framework of individual salary remuneration for director (including chairman, vice chairman) and managerial officers ◆ Matters authorized by BOD for resolution 	<ul style="list-style-type: none"> ◆ Compensation Committee Articles of Incorporation
Sustainability Committee	<ul style="list-style-type: none"> ◆ Agreement on the annual plan and strategic direction of sustainable development ◆ Agreement on the sustainable development projects and activity plan ◆ Follow-up and review on the implementation effectiveness of sustainable development annual plan, strategy direction, projects, and activity plan ◆ Regularly review sustainability report ◆ Other resolutions reached by the BOD in assigning the matters in the participation of sustainable development and public affairs 	<ul style="list-style-type: none"> ◆ Articles of incorporation of Sustainability Committee ◆ Sustainable Development Best Practice Principles
Risk Management Committee	<ul style="list-style-type: none"> ◆ Shaping the organizational culture of various risk management produced from the Company valuation on management operations, to expand the depth, width and performance of risk management ◆ For sources of material risks such as market, credit and operations, audit the risk management framework of the Company by risk identification, risk evaluation, risk monitoring, risk report, and risk response procedures, establishing a top-down, cross-company and cross-operation integrated risk management report system, in order to implement risk management. ◆ Responsible for supervising and establishing the Company's risk management system framework and supervise the implementation of total risk management ◆ Regularly review the risk management report on the market, credit, operation, insurance, interest, and liquidity of the Company and all subsidiaries, in order to keep abreast the various risks undertaken by the Company and each subsidiary is executed under the existing risk tolerance and risk management mechanism. Regularly review the risk centralization overview and compile the analysis of the Company and subsidiaries from the overall perspective of CDF ◆ Regularly report the risk management implementation status and improvement suggestions of the Company and all subsidiaries to the Company's BOD. In case of material exposure to risk, supervise the subsidiaries to take proper measures and report to the Company's BOD 	<ul style="list-style-type: none"> ◆ Procedures for Establishing Risk Management Committee
Ethical Corporate Management Committee	<ul style="list-style-type: none"> ◆ Incorporate ethics and moral values into corporate management strategies and cooperate with the laws and regulations to formulate the related anti-fraud measures for ethical corporate management ◆ Supervise the Company in formulating procedures for ethical corporate management operations and conduct guide ◆ Supervise the Company's operational activities with higher unethical conduct risk within the scope of business and place the mutually supervisory and balance mechanism that is deemed necessary ◆ Promotion and coordination of promotional training for ethical policies ◆ Plan reporting system to ensure the validity of implementation ◆ Supervise the Company's routine analysis on the unethical behavior risks within the scope of business and the validity of relevant preventive measures and operations ◆ Submit report to the BOD based on the implementation status of ethical corporate management 	<ul style="list-style-type: none"> ◆ Articles of incorporation of Ethical Corporate Management Committee ◆ Ethical Corporate Management Best Practice Principles ◆ Report the standards for handling illegal and unethical or dishonest behavior cases
Nomination and Performance Evaluation Committee	<ul style="list-style-type: none"> ◆ Nominate the directors of the Company ◆ Re-audit the annual performance of Company's president, departmental heads and nominate the vice president with 15th ranking and seniority ◆ Audit and nominate the candidates for the directors and supervisors of the subsidiaries ◆ Audit and recommend candidates for the chairman, vice chairman and president of the subsidiaries ◆ Re-audit the annual performance of the chairman, vice chairman and president of the Company and subsidiaries ◆ Re-audit the annual performance of Company's departmental heads and approve the vice president with 15th ranking and seniority ◆ Audit the succession plan for president and departmental heads ◆ Resolve the matters authorized by BOD 	<ul style="list-style-type: none"> ◆ Articles of incorporation of Nomination and Performance Evaluation Committee
Business Development, Investment and Major Capital Expenditure Committee	<ul style="list-style-type: none"> ◆ Audit and review the management goals and mid-term and long-term development strategies ◆ Audit the matters with material impact on shareholder equity ◆ Audit the material equity investment, capital expenditure and expense projects ◆ Other matters authorized by BOD for handling 	<ul style="list-style-type: none"> ◆ Articles of incorporation of Business Development, Investment and Major Capital Expenditure Committee

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2022 Corporate Governance Key Improvement Projects

1. Complete the establishment of "Nomination and Performance Evaluation Committee" and "Business Development, Investment and Major Capital Expenditure Committee."
2. Amend the "Corporate Governance Best Practice Principles" to strengthen corporate governance and avoid the improper intervention by major shareholders in corporate management by stipulating the communication mechanism for shareholders with controlling capacity over the Company.
3. "Corporate Governance Social Responsibility Best Practice Principle" renamed to "Sustainable Development Best Practice Principle" and "Corporate Social Responsibility Committee" renamed to "Sustainability Committee" to implement goals in sustainable development.
4. Upgrade the diversity of director training course and meet the required training hours for the year. The total training hours was 134 hours, up compared with 2021.
5. Strengthen the validity of BoD performance evaluation and regularly examine the measurement indicator of BoD performance self-evaluation.
6. 2022 directors attending BoD in person in average was 98%, higher than the 93% in 2021.
7. In response to digital transformation trends, maintenance of fintech research outcome, and valid management of intellectual property, the Taiwan Intellectual Property Management System (TIPS) was introduced and the TIPS (Grade A) certification and review was passed.

2.1.1 Board of Directors Structure

Election Process, Diversity, and Independence

The term of directors is 3 years and adopts a "Candidates Nomination System." Candidates are nominated for directors in accordance with the "Articles of Incorporation" and "Procedures for Election of Directors," which shall be approved by the BOD and elected at the shareholders' meeting.

To promote the sound development of the structure and functions of the BOD, the "Corporate Governance Best Practice Principles" stipulates that the members of the BOD should consider diversity and the independency of directors. The election and appointment of directors shall take consideration the Company's operations, operation patterns, development needs and response capacity of coping with impacts. Apart from prudently examining the directors with popular and necessary knowledge, skills and qualities (including operation judgement capacity, accounting and financial analysis capacity, operation management capacity, crisis handling capacity, industry knowledge, international market insight, leadership, decision-making capacity and risk management knowledge and capacity) for executing the duties, the seats of directors taking concurrent position as the Company's managers, basic criteria of director members (such as gender, age, nationality, culture, and race), professional knowledge and skills, and experience in economic, environmental and social topics, and shareholders' opinions, are also taken into considerations. At the same time, in order to ensure that independent directors can exercise their powers objectively, the term of independent directors should not exceed three consecutive terms.

BOD Member Diversity Goals:

1. At least 1 director with experience in banking, securities/insurance and venture capital industries.
2. The ratio of directors who also serve as executives of the Company or subsidiaries shall not exceed 1/3.
3. At least one director of certified actuary or CPA.
4. At least 3 directors with professional experiences in execution and strategic planning, risk management, financial/financing, corporate governance, business and marketing, information technology/information security, and international experience.
5. Independent directors shall serve no more than three consecutive terms.

The 8th Directors were reelected at the 2022 Shareholder's Meeting. The Director term commenced from June 17, 2022 and expires on June 16, 2025. There are 8 directors in this session, including 3 independent directors and 1 natural-person, and 2 foreigners. The average age of the Directors is 61 years old, and the average tenure is 3.5 years. The proportion of independent directors is over 1/3 (37.5%) and none of the independent directors have served for more than three consecutive terms. There are 2 directors (not more than 1/3) who also serve as executives. The background and practical experience of the Directors can meet the diversity composition.

In terms of gender equality and to enhance the participation of female in decision-making, the Company continues to recruit suitable and outstanding female professionals to join CDF BOD and its subsidiaries in accordance with the principle of diversity.

◆ Ratio of Male and Female Directors

CDF	CL	KGIB	KGIS	CDIB
8 : 0	7 : 2	5 : 4	7 : 2	6 : 3

Note: Data dated March 31, 2023

To implement the management of part-time directors, the Company's "Corporate Governance Best Practice Principles Guidelines" and "Guidelines for Concurrent Serving of Chairman, President, and Directors" require that Directors' part-time jobs should be handled in accordance with relevant regulations. Independent directors should not serve as directors or supervisors concurrently in more than four listed companies at the same time, and no more than three independent directors at other listed companies.

Avoidance of Conflict of Interest

The Company's "Rules of Procedure of the Board of Directors" stipulate the directors having conflict of interests in relation to the meeting agenda, the directors or the legal entity represented, shall explain the material content of conflict of interest at the Board of Directors meeting. In case the conflict of interest jeopardizes the company's interests, the directors may not join the discussion and voting and shall avoid presence during discussion and voting. Such directors may not act as proxy for other directors in the exercise of voting rights. To prevent conflict of interest, the proposing unit shall check for any conflict of interest between the proposition and the directors when drafting the BOD propositions. Moreover, in case the BOD engages in proposition with interest of conflicts with the directors, the chairperson or attending personnel shall remind the directors with related conflict of interest to the proposition shall leave the seat and evade. The directors have evaded by requirement. Some agenda shall follow the legal regulations and reported to the Shareholders' meeting for discussion to assure the maximum interests of stakeholders. Additionally, please refer to the Company's Shareholders' Meeting [2022 CDF Annual Report](#) for concurrent positions of the directors and the shareholding status.

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Board Members

Title	Name	Executive Director/Non-Executive Director	Tenure as Director (Year)	Diversity Standards						Functional Committee									
				Nationality	Gender	Basic Criteria		Director Competence		Audit	Compensation	Sustainability	Risk Management	Ethical Corporate Management	Nomination and Performance Evaluation	Business Development, Investment and Major Capital Expenditure	Concurrently hold less than 4 positions in other companies	Independence of external director	
						Age	Industry Experience	Professional Knowledge / Skills											
Chairman	Su-Kuo Huang	Non-Executive Director	6 months	ROC	M		●	BC		FGHIJKL			●		●			●	●
Vice Chairman (Natural-Person Director)	Paul Yang	Non-Executive Director	13 years 11 months	ROC	M	●		ABC	D	FGHIJL					●	●		●	●
Director	Stefano Paolo Bertamini	Executive Director	2 years 5 months	USA	M	●		ABC	D	FGHIJKL			●	●		●		●	N/A
Director	Lionel de Saint-Exupéry	Executive Director	3 years 6 months	France	M	●		AC	D	FGHIL					●	●		●	N/A
Director	Hung Yi Hsiao	Non-Executive Director	9 months	ROC	M	●			E	FGHIJKL								●	●
Independent Director	Tyzz-Jiun Duh	Non-Executive Director	3 Years 10 Months	ROC	M		●	A	DE	FGIKL	●	●	●	●	●	●		●	●
Independent Director	Shih-Chieh Chang	Non-Executive Director	9 Month	ROC	M	●		ABC	E	FGHIJL	●	●		●	●		●	●	●
Independent Director	Wei Chung	Non-Executive Director	9 Month	ROC	M		●	ABC	D	FGHIL	●	●		●	●		●	●	●

Note:

1. Data dated March 31, 2023.
2. Industry Experience: Finance (A: Financial Holding Company, B: Commercial Banking, C: Securities/Insurance), Others (D: PE/VC Investment, E: Government & Public Sector); Professional Knowledge / Skills (F: Execution & Strategic Planning, G: Risk Management, H: Financial Services, I: Corporate Governance, J: Business and Marketing, K: IT/Information Security, L: International Experience). Moreover, Independent Director Shih-Chieh Chang is a certified fellow actuary (Actuarial Institute of the Republic of China (Taiwan)), Independent Director Wei Chung is a CPA, and Director Hung Yi Hsiao serves as the director of Institute for Information Industry - Science and Technology Law Institute and the chairman of Taiwan CyberSecurity Foundry Company.
3. Concurrently serving in other company positions means serving as a director or supervisor of a TWSE/TPEx listed company; are in compliance with relevant laws and regulations.
4. The independence of external directors is defined as per definition in the 2020 Dow Jones Sustainability Index (DJSI) of RobecoSam. To be considered independent, external directors have to meet at least four of the following nine criteria and at least two of the first three criteria. According to this definition, the company has 6 independent directors, of which the chairman and vice chairman are non-executive directors and independent director. (For criteria incorporated in domestic laws and regulations, please refer to the 2022 Annual Report of Shareholder's Meeting):
 - (1) The director must not have been employed by the company in an executive capacity within the last year.
 - (2) The director must not accept or have a family member who accepts any payments from the Company or any subsidiary of the Company in excess of US\$60,000 during the current fiscal year, other than those permitted by SEC Rule 4200 Definitions.
 - (3) The director must not be a family member of an individual who is employed by the Company or any subsidiary of the Company as an executive officer.
 - (4) The director must not be an adviser or consultant to the Company or a member of the Company's senior management, and must not be affiliated with the company.
 - (5) The director must not be affiliated with a significant customer or supplier of the Company.
 - (6) The director must have no personal services contract(s) with other companies or a member of the senior management of other companies.
 - (7) The director must not be affiliated with a not-for-profit entity that receives significant contributions from the Company.
 - (8) The director must not have been a partner or employee of the Company's outside auditor during the past year.
 - (9) The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent.
5. Lionel de Saint-Exupéry (CEO of CDIB Capital International Corporation) and Stefano Paolo Bertamini (CEO of CDFH) are internal directors of the Company; therefore, the criteria for the independence of external directors does not apply.

Proportion of Directors with Relevant Competence

Industry Experience					Professional Knowledge / Skills						
Financial Holding (A)	Commercial Banking (B)	Securities/ Insurance (C)	PE/Investment (D)	Government & Public Sector (E)	Execution & Strategic Planning (F)	Risk Management (G)	Financial Services (H)	Corporate Governance (I)	Business and Marketing (J)	IT/ Information Security (K)	International Experience (L)
75%	63%	75%	63%	38%	100%	100%	88%	100%	63%	50%	100%

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2.1.2 Board Operations

Board Operation Performance

Board meeting is convened at least once every quarter. A total of 20 meetings were convened in 2022, with an average attendance of 98% for personal attendance by directors.

CDF's "Board Performance Self-evaluation Questionnaire" and "Board Member Self-evaluation Questionnaire" include the level of activeness of directors attending the Board meeting in the assessment of performance (less than 70%-1/needs improvement; 70%-2/acceptable; 80%-3/fair; 85%-4/ good; 90%-5/excellent). The director compensation will be affected if the actual attendance rate fails to meet the standard rate, and therefore the actual attendance rate by directors has reached at least 80%. Regarding the Board operation which are implemented according to the law, and the details are disclosed in the annual report.

Regular Meeting Overview			
Reporting Dept.	Frequency	Hierarchy	Description of Report
Finance Management Dept.	Monthly	BOD	Operation performance
	Annually	BOD	Implementation of tax affairs management
Risk Management Dept.	Quarterly	BOD Risk Management Committee	Risk implementation status and material risk related information
Compliance Dept.	Monthly	BOD	Board meeting minutes summary of subsidiaries
	Semi-Annually	BOD Audit Committee	Implementation of compliance operations
	Annually	BOD Audit Committee	Assessment results of implementation of compliance system by all departments and subsidiaries
Audit Dept.	Annually	BOD Ethical Corporate Management	Report on ethical corporate management execution (including unethical conduct risk evaluation results)
	Semi-Annually	BOD Audit Committee	Audit operation comprehensive report
Legal Dept.	Annually	BOD	1. Meeting minutes on internal control system flaw review workshop 2. Departmental internal control performance scoring comparison table 3. Comparison table of subsidiary internal audit operation comprehensive scoring
	Annually	BOD Sustainability Committee	Material proceeding cases handling status
Group Marketing Dept.	Annually	BOD	Sustainable development annual plan and execution
Information Security Dept.	Annually	BOD	Information security plan and execution report

Operation Performance of Functional Committee

The "Audit Committee," "Compensation Committee," "Sustainability Committee," "Risk Management Committee," and "Ethical Corporate Management Committee" have been set up under the BOD of CDF to strengthen the BOD functions. To improve the decision-making quality of BOD and strengthen corporate governance and sound BOD function, the BOD further passed the establishment of "Nomination and Performance Evaluation Committee" and "Business Development, Investment and Material Capital Expenditure Audit Committee" on September 26, 2022, to assist the BOD with the audit on economic, environmental, social, ethical governance, business development strategies or material equity investment, capital expenditure and expenses projects as well as the discussion of various material agenda through comprehensive functional committees (Regarding mandate for each functional committee, please refer to the [2022 CDF Annual Report](#) for details).

2022 Functional Committee Operations							
Committee	Audit Committee	Compensation Committee	Sustainability Committee	Risk Management Committee	Ethical Corporate Management Committee	Nomination and Performance Evaluation Committee	Business Development, Investment, and Major Capital Expenditure Committee
Year of Establishment	2011	2011	2014	2019	2019	2022	2022
Members ^{Note}	All independent directors	All independent directors	Chairman, president, 1 independent director, KGIS chairman, KGIB president, 1 independent director from CL, and 1 external director from CDIB	All independent directors, president, chief risk officer	Chairman, 2 independent directors, one director from KGIB and KGIS respectively, and CL president	Vice chairman, president, 1 director, and 1 independent director	Vice chairman, president, 1 director, and 2 independent directors
No. of Members ^{Note}	3 people	3 people	7 people	5 people	6 people	3 people	5 people
Proportion of Members as Independent Directors of CDF or Subsidiaries ^{Note}	100%	100%	28.6%	60%	67%	33%	40%
NO. of Meetings held	13	13	4	5	2	1	2
Average Actual Attendance Rate	100%	100%	100%	100%	100%	100%	90%

Note: Data dated March 31, 2023.

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Board Performance Evaluation

In order to implement corporate governance and enhance the functions of the BOD, CDF establishes performance targets to enhance the operational efficiency of the BOD. The Company established the “[Principles for the Performance Evaluation of the Board of Directors](#),” to conduct at least one internal performance evaluation of Board's performance every year to evaluate the whole BOD, including individual Board members and functional committees. Since 2018, CDF should enlist independent institutions or experts and scholars in conducting external evaluation at least once every three years to strengthen the independence and effectiveness of Board's performance. The next external evaluation will be executed in 2023.

◆ **Dimensions of Performance Evaluation**

Self-evaluation of Board performance	Self-evaluation of Board member performance	Self-Assessment of the Functional Committee performance
A. Involvement in the Company's business activities	A. Control over the Company's goals and tasks	A. Involvement in the Company's business activities
B. Improving Board of Directors' decision-making quality	B. Cognition of director duties and functions	B. Cognition of director duties and functions
C. Composition and structure of the Board of Directors	C. Involvement in the Company's business activities	C. Improving decision-making quality of functional committee
D. Election of directors and their continuing education	D. Management of internal relations and communication	D. Composition of functional committee and member re-election
E. Internal control	E. Directors' professional and continuing education and training	E. Internal Control
F. Participation in ESG initiatives	F. Internal control	

Note: Five levels for each index: Excellent (5), Good (4), Fair (3), Acceptable (2), and Needs Improvement (1). The scoring standard is based on the “average score.”

In 2022, only two dimensions the self-evaluation of internal performance scores of the BOD were 4.93 while all other dimensions scored maximum 5 points, indicating that the overall operation of the BOD is running well. Among them, the “Participation in ESG initiatives” evaluates the achievements of Board members on sustainability issues, and the self-evaluation score in average was the maximum 5 points.

The aforementioned evaluation results are all disclosed on the company website and shareholder's annual report. We will continue to strengthen the efficacy of BOD and improve corporate governance mechanism based on the evaluation results and the objective suggestions given by the external independent institutions.

Training for Board Members

To improve the professional competence of the Board directors, the Company considers external corporate governance practice trends, company business development needs and Board professional functions, offering continuing education courses for the Board. The topics may cover corporate governance related to finance, risk management (including information security), sales, commerce, accounting, legal & compliance, anti-money laundering, counter-cyber terrorism, ESG, internal control system or financial reporting accountability. The Company invites experts and scholars in related fields to serve as lecturers. The Company also regularly keeps Board members posted on the latest continuing education courses and seminars offered by accredited institutions, and assist them with course registration.

In 2022, CDF's directors logged a total of 134 hours training (including 99 hours logged by non-executive directors) and which hit higher requirement of training suggested by the laws and regulation. For sustainability related course hours reached 41 hours, including the following nine courses: “Net-Zero Trend: Practical Observation on BOD ESG Decision-Making,” “Influential Investment and SDG's Practice,” “Acquaint with Climate Related Financial Information Disclosure,” “Cumulate Climate Related Financial Information Disclosure,” “Real Value of Environment and Low-Carbon Innovation Created -Understand Circular Economy and Governance,” “Risks and Opportunities under Climate Actions- Carbon and Launch,” “Cross-Border Management and Sustainable Management,” “Risk and Opportunities for Climate Change and Net-Zero Emission Policy on Corporate Management,” and “Internal Peak Online Forum - Bilateral Communication with Primary foreign shareholders to complete ESG implementation and formulate the KPI for future sustainable development.” For more advanced courses, please refer to the [2022 CDF Annual Report](#).

Internal Training Courses for Directors		
Date	Course Name	Lecturer
September 12, 2022	Material Information Security Standards and Compliance for Financial Industry	Deloitte & Touche - Executive Vice President Hong-Wei Jian (served as the first premier of Executive Yuan National Institute of Cyber Security, and the first premium of National Development Council -Information Management Office)
November 7, 2022	Challenge and Impact of IFRS 17 Implementation on the operation of insurance industry	WCWP - Vice President Yi-Lin Lin (actuary), associate manager Kai-Jie Zhuang, and assistant manager Guang-Yu Chen

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2.1.3 Sustainability Governance Structure

With the growing trend of global sustainability, the Financial Supervision Commission (FSC) successively launched the “Green Finance 3.0 Action Plan,” “Corporate Governance 3.0 - Blueprint for Sustainable Development,” and “Roadmap for the Sustainable Development of TWSE/TPEX listed Companies” in order to actively respond to various government regulations.

The Company policy goals include “active involvement in public affairs, promote economic, social and environmental ecology balance and sustainable development to practice corporate social responsibility.” The BOD sets up “Sustainability Committee” consisting of six task work groups, including corporate governance, social welfare, environmental sustainability, responsible finance, customers’ interests, and employee care. The Group director acts as committee member and senior management acts as group leaders, who propose and execute ESG agenda with responsibility in launch of annual plan.

When developing ESG-related plans, each working group will collect the opinions of internal and external stakeholders through questionnaires, and identify ESG material issues as the basis for the annual sustainability action plans. Meanwhile, the corporate shareholders of the Company also conduct exchange and audit on the economic, environmental and social (ESG) agenda focused through director representatives, BOD or Sustainability Committee meetings. The Sustainability Committee will regularly report to the BOD for the annual work plan and execution status of all work groups, so that the Company’s “Sustainability Committee” can follow accordingly for operations. The BOD adopted the formulation of “Organizational Charter of Sustainability Committee.” In 2022, a total of 4 Sustainability Committee meetings were convened. According to the duties defined under the Company’s “Organizational Charter of Sustainability Committee,” the key agenda of annual sustainable development is audited, including: Report on the 2021 work plan execution, passing 2023 sustainable development plan, and other agenda. The Company’s sustainability report is prepared by group marketing plan office and the EST Team is responsible for collecting data from all departments. After all work group leaders verify and through the validation conducted by third-party notary, the agenda shall be reported to the Sustainability Committee and BOD for adoption.

◆ Organizational Structure of the Sustainability Committee



Data dated March 31, 2023.

◆ Operation Mode



2.1.4 Remuneration Policy

Director Remuneration Policy

The Company has stipulated the director remuneration including the director compensation, monthly salary and attending fees, excluding the contract signing bonus, severance pay and retirement benefit in its “Articles of Incorporation” and “Guidelines for Remunerations Payment to Directors and to Functional Committee Members.”

According to the “Articles of Incorporation,” the Company shall set aside no more than 1% of its annual profit, if any, for directors’ remuneration. The percentage of directors’ compensation and total amount shall be submitted to the Compensation Committee and the BOD for approval prior to the annual shareholders’ meeting, and distributed after the meeting. The directors’ remuneration is allocated with reference to the director’s duties, degree of involvement in and contribution to the operations of the Company, and whether there is a violation of legal obligations or laws is taken into consideration, as well as the results of a comprehensive assessment of the directors’ individual performance. The independent directors of the Company are remunerated on a fixed-rate basis and do not participate in the annual distribution of directors’ remuneration as provided in the Articles of Incorporation.

The directors of the company (not in concurrent position as the directors and the managers of CDF and its subsidiaries) receive a fixed monthly remuneration, and if they concurrently serve on the functional committee, the remuneration of the functional committee members will be paid on a monthly basis. However, if the director of the company is an executive of the Company or its subsidiary, he or she shall not receive the director’s remuneration and functional committee remuneration.

In addition, if a director attends the BOD and functional committees in person, an additional attendance fee will be paid on a case-by-case basis. Nonetheless, if the Company’s or subsidiary’s executive serves as the member of the functional committees, the attendance fees for functional committees will not be distributed.

The directors serving as the managers of CDF or its subsidiaries shall be paid the remuneration of managers by the respective company according to the rules. The remuneration includes the monthly salary and other remuneration in cash, stocks, retirement benefits, or severance pay, various allowances, and other measures with substantial rewards. The payment method includes monthly, quarters or semi-annually method and long-term bonus, such as restricted stock awards, which the Company will only issue when employees meet certain performance criteria, which value is related to future stock price and employees shall share the same future management risks with the Company. The Chairman and Vice Chairman shall be applied with the variable salary indicator during the year (such as performance bonus) while the deferral mechanism of variable salary during the year is consistent with that of president and top managers.

CDF established the Compensation Committee, which main responsibility includes the formulation and periodic review on the policy, system, standards, and structure of the performance appraisal and salary remuneration for directors (including Chairman and Vice Chairman) and the managers. Moreover, the Committee regularly evaluates and develops the content and framework of the individual salary and remuneration of directors (including Chairman and Vice Chairman) and managers. Currently CDF does not hire additional remuneration advisor.

Structure of CEO / Executives Compensation

CDF recruit excellent talent according to the “Employment and Compensation Management Standards” and will sign bonus contract if necessary. CDF president and managers fall in the applicable scope of such standards. Meanwhile, CDF developed the “Employee Retirement Standards” pursuant to Labor Standards Acts and the Enforcement Rules of the Labor Pension Act. All employees of CDF and its subsidiaries will receive pension funds as retirement benefits according to the standards, while the president and managers also fall in the scope of applicability without additional severance pay or retirement benefit system.

The CEO / Executive compensation at CDF includes a regular salary and a variable bonus. A variable bonus is decided in line with the performance of the Company as well as that of the individual. Performance measures include financial indicators and key management indicators.

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CEO / Executives Performance Indicators			
Indicators	Annual Variable Compensation		Long-term Variable Compensation
Type of Indicators	Ratio	Indicators	Indicators
Financial Indicators	45%	Return on equity, net income target, cost control, and related financial metrics such as return on capital, return on invested capital, etc.	The Company's Restricted Stock Unit (RSU) considered in the three performance indicators for a three-year period. If the three indicators reach the top four of all financial holdings in Taiwan, the stock issuance will reach the upper limit. According to the proportion corresponding to the achievement of the performance indicators, it will be awarded in three years. A long-term reward mechanism for up to 6 years. 1. Total Shareholder Return (weighted 34%): (Average closing price in 2023 - Closing price at the end of 2020+ Dividends distribution during the period) / closing price at the end of 2020 2. Return on common stockholders' equity (weighted 33%): Average return on common stockholders' equity for the three-year period from 2021 to 2023. 3. Earnings per share (weighted 33%): Three-year average EPS for 2021-2023.
Relative Financial Indicators		Financial Industry Rankings of Total Shareholder Return (TSR), Return on Common Equity (ROCE) and Earnings Per Share (EPS).	
Management Indicators	30%	Business, Customer NPS, Digital, Employee Engagement, Talent Development	
Materiality Indicators	25%	Risk Management, Compliance, ESG, Information Security	

Note: 3-year rolling cash bonus plan or stock-ownership plan: The Company has established an annual performance bonus method, which stipulates that the part of the bonus exceeding a certain amount should be deferred. If the shares are held by the executive's trust, the deferred amount varies from 20% to 65%.

Executives' variable bonus is decided in line with the performance of the Company as well as that of the stock price. We encourage executives to pay attention to the Company's long-term business performance and create a win-win situation for the Company, employees and shareholders. However, our clawback policy requests when a violation of law, a breach of employment contract or service agreement, or a citation of a serious offense as per the Company's Employee Reward and Discipline Policy will automatically result in the forfeiture of the grantee's vesting rights and any remaining participation in the program, as well as the return of shares upon disposition. This measure is to discourage the executives from engaging in activities beyond the risk profile of the Company, not promote the executives to pursue high remuneration, and to ensure that they comply fully with corporate governance practices. The compensation of the CDF's CEO is 104 times that of an average employee.

Structure of CEO Compensation

Fixed Compensation	Percentage of total compensation: 27%
Variable Compensation	Percentage of total compensation: 73%
a.Cash Compensation	Percentage of variable compensation: 37.5%
b.Shares Compensation	Percentage of variable compensation: 62.5%

Note:

1. If the cash reward part of the variable salary exceeds a certain amount, a shareholding trust shall be handled in accordance with the regulations. The ratio of variable compensation deferred to shares is 76% in 2022.
2. In 2021, a long-term reward mechanism of up to 6 years was allocated to the Company's new shares with restricted employee rights issued in 2021 (3-year performance evaluation period, vested over three years upon expiration).
3. In 2021, the 6-year long-term reward mechanism was received as the restricted stock awards issued for CDF in 2021 (3 years of performance evaluation period and receipt over 3 years upon expiration).

Ratio of Allotted Shares Relative to Basic Salary

CEO	5.0 times
Other Executives	2.1 times

The above rewards and remuneration projects have indeed implemented a high degree of connection between employee and company performance and individual rewards, in order to possess both talent retention and risk management control mechanisms.

Ratio of Shares Held by Executives in Taiwan to Base Salary

CEO	7.1 times
Other Executives	4.0 times

Note: The Company stock held by the executives includes the number of self-owned shares (according to the agreement, CEO will purchase a certain amount of the Company's stock with its own funds and continue to own it, without pledge creation), employee stock ownership trust, and new shares with restricted stock unit (RSU) that have been allocated but not yet obtained. In addition, the shares held do not link to derivative financial instruments. The base date for the number of shares and stock price is the average closing price as of 2022.

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2.2 Risk Management

2.2.1 Risk Management Framework and Policy

Risk Management Framework

The Company has established comprehensive risk management framework and policies, including risk governance, risk identification and measurement, risk management, and risk reporting and monitoring, in order to manage various risks. The risk appetite indicators and tolerance levels are set in accordance with the strategic objectives. The Company is committed to creating value via prudent management, taking into account the interests of shareholders, customers, supervisory authorities and social responsibilities, and the Company will continue to increase the value of the Company through promoting a systematic risk culture.



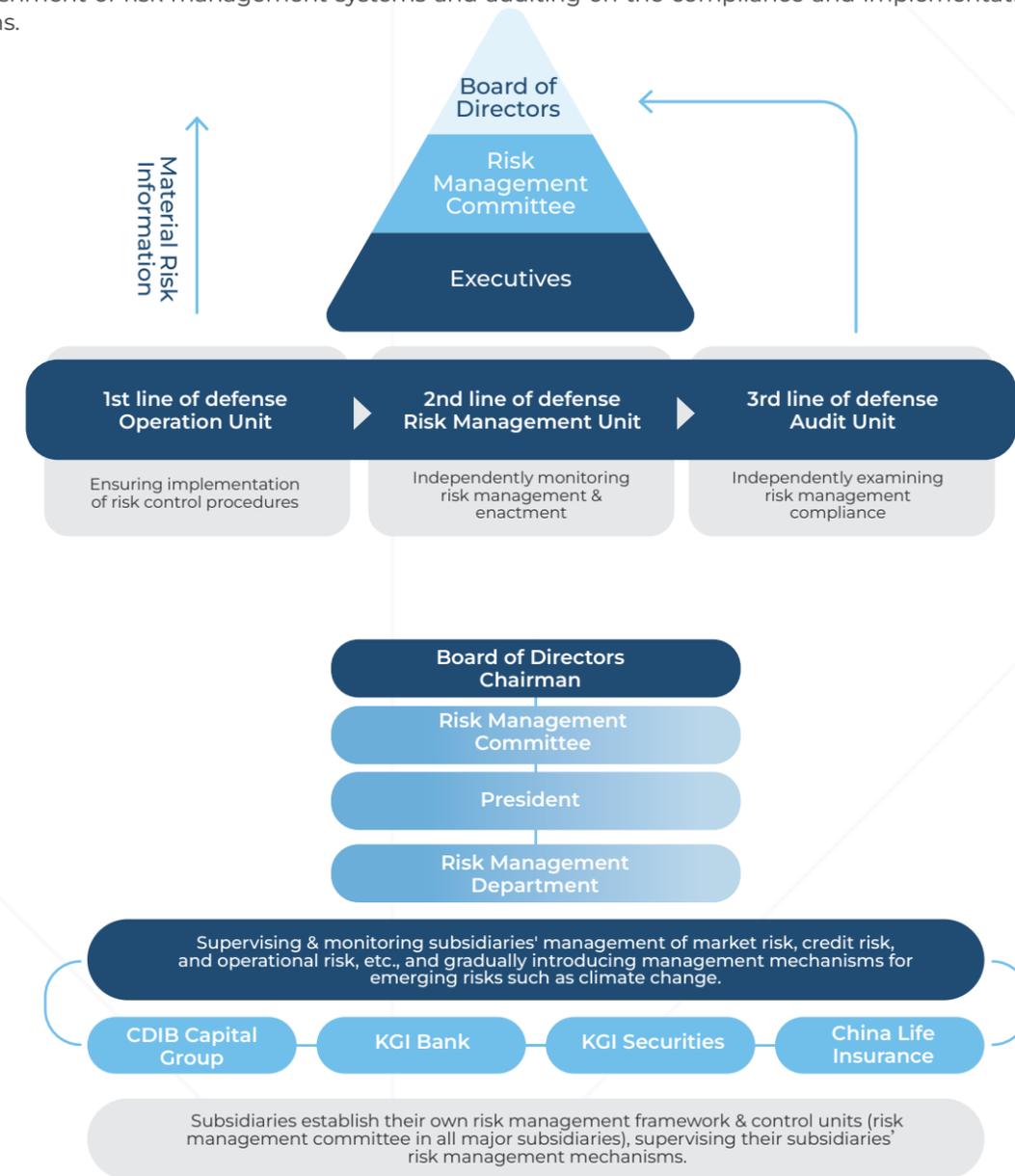
Risk Governance Organization

The Board of Directors is responsible for supervising the Company to establish an appropriate risk management framework and culture, ensuring the effectiveness of risk management practices, and reviewing key risk control information. The Board of Directors also takes the ultimate responsibility of risk management.

The Risk Management Committee reviews risk appetite, asset portfolio and major risk issues, oversees the implementation of overall risk management, and reports to the Board of Directors on a regular basis.

The Chief Risk Officer is tasked with dedicated risk management responsibility, including supervising the Group to establish and comply with risk management systems, monitoring of appropriateness of risk exposure and the effectiveness of risk controls, and reporting to the President and Risk Management Committee.

The Company adopts three lines of defense in the risk management framework. The first line of defense lies with the business and process units and each unit is responsible for ensuring its compliance with risk management regulations and for implementing risk controls in daily business activities. The second line of defense refers to the independent risk management unit that is set up to design and manage the Company's risk management system and to supervise the execution of risk management of its subsidiaries and provide comprehensive risk management information to top management (including the Risk Management Committee) and the overall risk management information needed by the Board of Directors. The third line of defense refers to the audit unit that is responsible for reviewing the establishment of risk management systems and auditing on the compliance and implementation of the systems.



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Scope of Risk Management

The scope of the CDF's risk management includes life insurance, banking, securities, venture capital and asset management. We follow international standards and risk management policies to develop relevant guidelines as the basis for risk management. Appropriate techniques are used to measure the risks and assess potential losses and correlations. In response to emerging risks such as climate change, we also establish relevant mechanisms to identify, assess, and response mechanisms in addition to conducting regular scenario analysis so as to manage such risks. The major risk types are as follows:



Risk Type	Description	Monitoring/Reporting Frequency	Report to BOD for Material Event	2022 No. of Reports and Status
Country Risk	Track macroeconomics and country risk exposure trends, monitor concentration limits, sovereign ratings, CDS changes and the impact of regional risks, and strengthen management of high-risk countries.	Monthly evaluation and monitoring	Y	
Industrial Risk	Regularly detect changes in the industry risk and consolidate subsidiaries' risk exposure and limit control of high-risk industry.	Monthly monitoring	Y	The material risk incident that could cause jeopardize the normal operations and could cause loss to the subsidiaries due to the risk assets held or material incident occurring to the transacting parties (such as bounced cheques, financial difficulty, suspension, or major disasters or litigations), shall be immediately reported by regulations. Report to the Risk Management Commission quarterly and the BOD.
Market Risk	For short-term trading of financial instruments, assess and monitor value at risk, position sensitivity (Delta, DV01, Vega, etc.), and stop loss limits, and perform stress tests on a regular basis to estimate potential losses arising from drastic market price changes.	Daily evaluation and monitoring	Y	
Credit Risk	Monitor early warning indicators of debts investment and corporate financial and financing business to detect the potentially increased credit risk early; regularly monitor the large exposure of credit extension and securities investment to risk; review subsidiaries' asset quality and the appropriateness of allowance for doubtful accounts on a quarterly basis.	Monthly evaluation and monitoring	Y	
Operational Risk	Monitor the frequency and loss of operational risk events.	Immediate reporting	Y	The material risk incident that could cause loss to the subsidiaries due to internal processing, personnel and system improper or mistake, and external incidents, shall be immediately reported by regulations. Report to Risk Management Commission quarterly and the BOD.
Management Risk	Routinely review and monitor the ten dimension of indicators for detecting management risks, including capital adequacy ratio, asset quality, management capacity, profitability, liquidity, source of profits, foreign exposure to risk, investment position, external projects, and public petition.	Quarterly monitoring	Y	Quarterly report to Risk Management Commission and BOD.
Assets and Liabilities Risk	Monitor the liquidity risk and interest risk management of CDF and subsidiaries.	Regular monitoring	Y	Report to Risk Management Committee quarterly and report to BOD.
Insurance Risk	Monitor the compliance with relevant regulations of the Insurance Act.	Regular monitoring	Y	Starting from 2022 Q3, the Risk Management Committee reports the insurance risks quarterly and report to the BOD.
Emerging Risk and Climate Change Risks	Evaluate the potential impact on key businesses and examine the handling capabilities of the organization members, internal control procedures, and risk mitigation or measures.	Regular meetings and discussions	Y	Reported to the Risk Management Committee and BOD in August, 2022 with regards to the identification results of the Company's emerging risks and the evaluation results of investment/financing business in light of emerging risks.

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Risk Management Culture

Risk management culture is the cornerstone of CDF's core competitiveness and sustainable development. We continue to enhance monitoring indicators, risk self-assessment, risk incident reporting, and internal control self-assessment mechanism, and regularly report the execution status to the Risk Management Committee and the Board of Directors. CDF also instills risk awareness among employees through training to shape a sound risk culture and carries out risk management in daily operations.

Mechanism for Enhancing Risk Management Culture

1. Financial Incentives

CDF links risk-management performance to remuneration through MBO and KPI assessments. CDF assesses executives' performance and remuneration using financial indicators, such as ROE budget achievement rate and non-financial indicators like risk management and ESG sustainability targets. The remuneration of heads of departments is correlated to their departments' KPIs covering indicators in respect of financial, business, internal management and risk management indicators. Employees' performance evaluation involves risk management and ESG criteria in addition to business execution, cost effectiveness, and leadership and teamwork, as well as promotions and performance bonuses are determined based on the evaluation.

2. Measures encouraging employees to voluntarily identify and report with feedback

The operational mechanisms and regulations allow employees to voluntarily identify and report material risk incidents and operational risk incidents with proposal of corrective measures, so as to prevent potential risks from occurring or recurring. In 2022, CDF and its subsidiaries reported a total of 12 material risk incidents and 1,260 operational risk incidents. To further strengthen risk management, the goals associated with ESG criteria, risk management process optimization and innovation have been added to performance evaluation, encouraging employees to suggest solutions to potential risks (including emerging risks) and motivating them to participate in the risk management enhancement.

Moreover, the Company and the subsidiaries have established the early warning indicator mechanism to detect the potentially increasing credit risks early through external public information and internal information. This year, the market information instant reminder function is added to upgrade the instant reporting benefits. Meanwhile, the Company continues to utilize data for monitoring the model and strengthening the business operation process, thereby assisting the subsidiaries with establishing data disclosure monitoring model, reducing redundant work, enhancing transparency, and ensuring timely and effectively solving business risk incidents and vulnerability. Subsidiary KGIS continues to introduce "RPA Robotic Process Automation" to its operation process, which improves personnel operation efficiency and reduces labor work. In 2022, 38 processes have been improved and the operation efficiency boosted by 73%.

The Risk Management Office of CDF continues to improve data integration and Tableau visual risk analysis to encourage all employees from subsidiaries to involve and act the seeds, transplanting their project experience to all subsidiaries and thereby accelerating the overall risk management efficiency of the group. In the future, CDF will further analyze personnel through AI smart assistive risks to generate the reference information for making decisions in market trends.

3. Incorporating risk criteria in product development and approval process

Prior to launching a new product, the concerned units of front-, mid-, and back-end office are required to hold a product brief on product-related compliance, internal control, risk measurement, and information system requirements to ensure that the relevant controls are in place through thorough discussion. All subsidiaries of the Group are built with Risk Metrics to produce value at risk, stress scenarios and other results, in order to meet the standardization of market risk measurement.

4. Education and Training Course

In addition to centralized risk education and training for new recruits, courses on various risk management topics are offered throughout the year, including the *View Sharing* meeting held regularly for group level (including subsidiaries), where domestic and international professional institutes are invited to share the global macroeconomics economic outlook and the financial market situations. In the quarterly *Risk Townhall* meeting held for group risk management personnel, the meeting advocates the changes in risk trends and introduces risk management knowledge by theme, new risk policy and project benefits, in order to establish foundation for the awareness of group risk management. The *Let's Learn Together* meeting was held from time to time (6 times in total), inviting the personnel from the Group's risk management units to participate while the internal senior risk management employees of the Group shared about their professional experience and summary of learning. In 2022, 1,555 employees of the Company and its subsidiaries attended training courses on risk management for a total of 1,775 hours.

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Contingency Plan

In the event of a significant change in the financial market or the occurrence of a major risk event, resulting in a material negative impact on the risk-generating unit, the risk-generating unit shall immediately notify the risk management unit and its business supervisor and the president. The risk-generating unit or management unit may convene an extraordinary meeting as necessary to review the contingency measures submitted by the risk-generating unit or to resolve a contingency plan, and report to the Board of Directors if necessary.

The Company and its subsidiaries will perform stress tests on trading positions in light of material changes in the financial market to assess potential losses under extremely adverse circumstances and may assess capital and operational contingency measures to manage potential risks based on the stress test results. The results of the stress test should be regularly reported to the Board of Directors and the Risk Management Committee.

In order to reduce the potential liquidity risk of emergency response, the Company and its subsidiaries can maintain normal financial operations, properly plan funding flows, and maintain the balance between funding gaps and debt repayment sources in accordance with the "Liquidity Risk Management Guidelines." CDF regularly reviews the liquidity risk indicators of the Company and its subsidiaries, which are also reported to the Risk Management Committee, and the funding needs in the event of abnormal situations are arranged in advance.

Internal Audit

CDF adopts the "three lines of defense" from the competent authority for its internal control system. The internal audit department under the Board of Directors – Audit Office serves as the third line of defense for the purposes of helping the Board of Directors and senior management verify and evaluate the effectiveness of internal controls, providing timely recommendations for improvement, ensuring the continuity of implementation, and providing a basis for review and modification of the internal control system.

2022 Implementation of the Internal Audit System	
Implementing Projects	Cases
"Internal control system deficiencies forum;" "Group internal audit officers meeting" and "Joint conference for audit, compliance and risk management departments"	5
Regular business auditing; special project auditing	12
Audit of derivatives trading	12

Note: A total of 52 cases of deficiencies without material deficiencies. The deficiencies listed have been followed-up until improvement is completed.



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2.2.2 Emerging Risks Management

The Company evaluates the emerging external risks of the main business every year to simulate the possible influence and further examine the processing capabilities corresponding to the organization members, internal control procedures, risk mitigation or response measures. Guided by the "Global Risks Report" of the World Economic Forum (WEF) and other major institutional reports and articles in emerging risks, the Company determines emerging risks and the most critical emerging risk items determined internally.

Procedures for Identifying Emerging Risks

In light of the increasing impact of emerging risks and their influence on the financial market, we have established the following management procedures to effectively assess the impact and develop measures in response. After discussion, the critical emerging risks identified by the Company in the current year include climate change mitigation/modulation failure, regional economic risk, declining social cohesion and bipolarization, and information security failure risk.



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Impact of Emerging Risks, Response Measures and Potential Opportunities

To evaluate the influence of emerging risks, the Company follows the risk items identified and the timeframe of possible influence corresponding to the relevant events as well as the changes in major risks introduced. CDF's subsidiaries assess the impact of emerging risks on businesses or assets, and propose the response measures and potential opportunities. This section lists the risks of climate change action failure, regional economic, declining social cohesion, and information security failure, along with possible events in the future, timeframe, and major impact areas. Based on the information, CDF assesses the potential impacts on the Company's related businesses and comes up with feasible measures accordingly.

Type of Emerging Risk	Future Risk Events	Risk Timeframe	Description of Risk
Economic Risk in Asia-Pacific Region	Military Threat from China	2033, according to the Global Risk Report, the China's military budget has risen for 27 years in a row, causing the risks of regional conflicts and economic impact to constantly increase. In the following 3-10 years, China will further intensify the military threat to Taiwan, resulting in a negative impact on the social and economic stability of Taiwanese society.	China military continues to engage in threat actions in the periphery air of Taiwan and imposes economic stress on Taiwan's export industries. The deterioration of cross-strait relations may lead to further military actions taken by China, which will hit the operating offices of industries.
	U.S. - China Economic Decoupling	2033, according to the Global Risk Report, the competition (including economic, technological, and military) between China and the United States will continue to heat up in the next decade.	The U.S. intensifies the restriction policy on export to China, which could evolve into a decoupling of the Sino-US economy in the future, leading to the risk of supply chain disruption, reduced investment, and market turmoil.
Deterioration of Social Cohesion and Societal Polarization	Reduced interpersonal trust	2028, the fast growth in AI related applications could reduce some interaction between people, lower social cohesion and even increases unemployment and wealth-poverty gap, resulting in risks of social bipolarization.	<ul style="list-style-type: none"> ◆ The unfair circumstances or intense atmosphere caused by economic weakness, racial discrimination, diversity of values, technological changes, weakening of family ties, intensified globalization and international competition could worsen the alienation in members of society and social division. ◆ Following the rise of AI technology, the biggest risk unknown to the human currently is whether AI produce independent awareness and affect the operation model of society today. Moreover, human will face the unemployment wave with work being replaced and the many uncertainties due to social order and economic activities. The following 3-5 years will become the major emerging risks for social economy and stability.
	Social division intensifies turmoil	2033, social groups show severe division in terms of income, political consciousness, and universal value, which could cause members to hold doubts towards social equality and justice, thereby affecting the long-term development of the society.	World Bank stated that social cohesion is one of the driving forces for political changes. If social cohesion further declines, more intense political confrontation could expand outward under the current globalization background and becomes a major obstruction in the long-term development of global economy. Emerging markets such as Latin American countries, the social structure shifts towards bipolarization, where the number of middle-class people reduces. To gain control, the local politicians often launch polarization policy to gain the majority support of the society, which will aggravate social disruption. Such short-termism policy will cause stagnation in national economy and industry development as well as weakening the national force. This malicious cycle will be formed to drag the social cohesion and national competitiveness, thereby causing the financial market of the region to fall into turmoil accordingly.
Cybersecurity Risk	Failure to identify and prevent new types of information security attack	2033, fast development and commercialization of Artificial Intelligence (AI), quantum computer, decentralized financial services (DeFi) will substantially change the forms and media of information security risks in the next 3-10 years.	Ransom or data theft of the Company due to phishing, malware, password cracking, message and image counterfeit, social networking software attack, online banking hacked to crush or cause customer losses.
Failure in Climate Change Mitigation and Adaptation Actions	Rising greenhouse gas concentration and increased frequency of extreme weather	2033, according to the sixth climate change assessment report published by the IPCC in March, 2023 (AR6 Synthesis Report), the average surface temperature between 2011 and 2020 has increased by 1.1 °C (0.95 °C ~1.20 °C), compared with the pre-industrial revolution levels. There is still gap of implementation between the policies and voluntary contribution goals of each country, and failure to strengthen the policy could push the global warming temperature to reach 3.2 °C by the end of the century.	<ul style="list-style-type: none"> ◆ As the sea level rises, the offices in some low-lying areas are hit and the island is flooded. Coupled with changes in rainfall patterns, it has a significant impact on the environmental ecosystem and agriculture. Enterprises will bear the massive losses brought by extreme weather and pay higher costs to implement energy-saving and carbon-reduction measures. Climate action fail will lead to slowed economic growth while climate risk could cause instability in corporate profits and capital market. ◆ The EU required importers to submit carbon data related information in 2023 and imposes carbon custom tax to importers starting 2026. The initial five major industries include stainless steel, cement, fertilizer, aluminum, and electricity, which will affect the long-term profits.

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Type of Emerging Risk	Affecting Area	Description of Impact	Impact Quantitative Assessment	Response Measures/Opportunities
Economic Risk in Asia-Pacific Region	On Operation Level	<ul style="list-style-type: none"> ◆ Enterprises could be have major impact on the operation due to the sanction on customers or production base, causing the Company to suffer the risks for breach of contract ◆ The mortgage collateral asset portfolio of the Company is 100% in Taiwan. However the regional risks due to geopolitics will face the systematic risk threat from impairment of market value in the overall real estate 	<ul style="list-style-type: none"> ◆ The Company's financing position is mainly distributed in Taiwan and China in a ratio of approximately 40% ◆ In case of systematic risk incurs to the real estate market, taking consideration of the more severe stress scenario set up for the stress test from the banking competent authority as 30% drop in housing price, and when applied to regional fall, the average original loan to value will rise from the 69.57% to 99.57% 	<ul style="list-style-type: none"> ◆ Identify impacted sectors, reduce local operations in China or close uneconomical business locations to reduce losses ◆ The Company collaborates with professional research institutes in Taiwan to provide the monthly economic indicator forecast in Taiwan and overseas under different scenarios (such as economic decline), and provides the analysis report and description of reason. The <i>View Sharing</i> meeting is held regularly to discuss the economic indicator change under all scenario analysis. Meanwhile the investment unit is invited to share the views and finally, the information will be imported and incorporated with the evaluation of profit/loss forecast before reporting to the Group meeting. The assessment of impact and response measures should be drafted
	On Business Level	<ul style="list-style-type: none"> ◆ Following the continuous intensification of Sino-US competition while U.S. intensifying restriction on export to China, Taiwanese companies will shift their production line southward to Southeast Asia or back to Taiwan as a trending movement, which will drive the demand for land purchase and factory setup related financing ◆ Supply chains are facing restructuring, and trade, technology, and investment are all under pressure of adjustment, which also affects the valuation of investment targets ◆ Regional economic instability may cause exchange rate fluctuations and inflation risk, which will in turn affect the economic recovery and the business of some customers 	<ul style="list-style-type: none"> ◆ The Group's financing position in China is approximately 6% of the total financing position, mostly focusing on major financial institutions and international enterprises that lower the impact ◆ The technology diversion and exchange fail caused by Sino-U.S. technological war will cause many countries to lose 1-3% of GDP, which could directly affect the profits of the investment unit 	<ul style="list-style-type: none"> ◆ The industries cope with global supply chain restructuring and shift the production site to add credit, investment and financial consultant ◆ To avoid the intensified Sino-U.S. competition and establish backup production base, Taiwanese companies are shifting their production line southward to Southeast Asia or back to Taiwan as a trending movement. The production base shifted outside of China will help drive the demand for land purchase and factory setup related financing. The customers are adjusted with production line and provide relevant financial services ◆ Be more cautious in providing financing in the region, and include the analysis of customer plants and supply chains in the credit assessment. Prudently assess the global competitiveness and industry outlook of the targets before making investment and financing. The Company has imposed a limit cap for high-risk sectors to reduce the concentration risk. Enhance the monitoring mechanism post-investment and financing, and keep abreast of customers' business and operations to mitigate the credit risk ◆ The Group not only chooses interacting counterparties with excellent credit but also takes into account that the high-end technology listed under control by U.S. will cause China related industries to break the chain and result in excessive production. The risk reduction and evasion by the group will favor the niche-based technology and industries, particularly the semiconductor, high-tech and high smart property right favored, which will direct the growth of business
Deterioration of Social Cohesion and Societal Polarization	On Operation Level	<ul style="list-style-type: none"> ◆ The intensification of economic gap, rural youth outward immigration, political opinion discretion, and international competition could cause social cohesion to decline. Moreover, following the development of virtual world and rise of AI technology, the risk of people addicted to the virtual world could also intensify the problems of social division. Meanwhile, political turmoil results in social confrontation, affecting economic and investment environment, which leads to slow economic growth, increasing severe social division, social structure approaching extreme disparity between the rich and the poor, the decreasing middle class, the possible rise of potential debt risk... etc 	<ul style="list-style-type: none"> ◆ In terms of changes in the employment market, it is forecasted that customers' revenue will decline, which will affect the line of credit for loan and could drive customers to focus in intermediate to high risks and high risk level, resulting in lower approval rate. ◆ According to the statistics released by FSC, the number of domestic bank branches reach 3,424 branches as of the end of 2022, hitting an all-time low in nearly 7 years, down 57 branches (reduced by 1.6%), which was down 19 branches in just one year, compared with the previous year. As the benefits of physical branches decrease and the ratio of online transaction continues to grow, the formulation of well-prepared compliance for online consulting, referral, and deal in order to effectively avoid customer complaints will become a great challenge 	<ul style="list-style-type: none"> ◆ CDF applies its financial professionalism to inject with corporate resources in the promotion of "Regional Revitalizations." The Group trains professional manager talents for regional revitalization to link with social innovative energy, assisting locality to establish a sustainable support system for 3-5 years of intermediate to long-term planning. The Group not only supports social enterprise development and operation but also assists local development through supporting startup companies, thereby to reduce urban-suburb gap, encourage young people with startup, which is intended to solve unemployment or employment shortage in young generations, thereby meeting the goals of sustainable society. Moreover, the "Innovation Accelerator Fund" of CDIB Capital invests in startup companies at early stage to provide startup mentors, corporate resource matching, social networking and media resources, and holding various startup courses to assist startup companies with growth ◆ To promote social inclusion, the core businesses of subsidiaries provide financially disadvantaged groups with more sources, building financial inclusion products with friendly and sustainable financial services, including microinsurance, micro-enterprise loan, charity trusts, small amount credit load and others to meet the needs of disadvantaged groups and social enterprises. Moreover, the Company integrates the business opportunities of emerging risks to continue developing the products and services related to various social welfare, thereby creating the maximum social benefits and strengthen social cohesion ◆ Boost the proportion of digital service use with the branch and lower costs to counter visits. Launch emerging technology such as CGPT related financial products to expand cold market. Use technology for massive data analysis and assist with the development of un-accessed market to lower costs and improve efficacy ◆ Strengthen risk management, improve customer satisfaction and expand financial service methods to increase customer trustworthiness in financial institutions
	On Business Level	<ul style="list-style-type: none"> ◆ Such risk has higher potential impact on the economic performance of Latin Americas countries in emerging market. Hence, the asset allocations strategy will adjust the risk changes with allocation ratio in Latin America region 	<ul style="list-style-type: none"> ◆ The investment position of the Group in Latin American emerging market is about 5% of the total investment. If the political and economic turmoil in that region intensifies, it could affect the investment performance 	<ul style="list-style-type: none"> ◆ This trend will weaken the economic development of emerging market. More attention will be drawn to the customer investment or factory building in the emerging market and if the economic recess or financial turmoil affects the financial conditions of customers or any obstruction in the supply chain. Moreover, the communication with the frontline and customer will be continued to diverse and diversify the assets, in order to avoid the heavy investment in one single market or country ◆ Pay attention to the changes in emerging market situations and conduct risk assessment and position review when applicable

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Type of Emerging Risk	Affecting Area	Description of Impact	Impact Quantitative Assessment	Response Measures/Opportunities
Cybersecurity Risk	On Operation Level	<ul style="list-style-type: none"> ◆ Digital finance adopts diversity of tools, which indirectly helps hacker dimension. The rising risk of challenge in information security protection could lead to flaws in information system design and management, system leak, hacker attack, fraud and other information security events, causing the leak of personal data or fintech trading operation 	<ul style="list-style-type: none"> ◆ System, internet, information security equipment, personnel employment, and education and training as well as other management costs will increase ◆ The operating revenue is projected to decline while expenses and costs increase 	<ul style="list-style-type: none"> ◆ Introduce personal data leak protection, scanning, document encryption, supervisory review, and other software and mechanism to lower incidence of information security incident risks. The customer data are stipulated for confidentiality and safety maintenance mechanism and regulation, regular employee education and training, and personal data inventory and personal data leak drills, to upgrade the information security awareness in all employees of CDF ◆ Comprehensively upgrade the information security management capacity of all aspects. Additionally, the professional consultants are hired periodically to assist CDF with conformity assessment, information security evaluation and testing to assure the complete protection and response capacity of the system
	On Business Level	<ul style="list-style-type: none"> ◆ The rise of emerging technology boosts hacker attack. If the digital services provided by the Bank is hacked, it will affect customer rights or leak customer personal data. Failure to properly respond could affect customer confidence in the digital products and information security protection of the bank ◆ Trading system, particularly automatic quotation related system, could cause loses due to impact in hacker invasion or information system break or anomaly, market making, hedging or strategic trading 	<ul style="list-style-type: none"> ◆ Affecting customer trustworthiness in the Company's digital service and information security protection capacity. ◆ Personal data leak or system service interruption that leads to customer claims and fines by supervisory institution 	<ul style="list-style-type: none"> ◆ Establish anti-counterfeit monitoring and reminder mechanism for CDF website, social network and mobile applications, in order to protect customers from phishing, fraud email or SMS, and false online fraud information misleading to the loss of rights or amount. The system will establish firewall, system, vulnerability scanning, personal computer and personal data scanning, data storage, and transmission encryption as well as other mechanisms. In response to the information security risks derived from the adoption and assessment of new technology, seek for corresponding solutions to control the possible information security risk, and thereby continue to strengthen the information security strengths at all dimensions and assure the safety and reliability of CDF provided digital services ◆ Establish the system and instant information wire backup mechanism and regularly undergo backup drills. In case of information security incident or system disconnection and anomaly, switch within short period of time to reduce possible losses
Failure in Climate Change Mitigation and Adaptation Actions	On Operation Level	<ul style="list-style-type: none"> ◆ Due to extreme weather conditions in the area of operations, business disruptions may occur, resulting in a decrease in profits ◆ Cause information equipment malfunctions, power outages, or loss of other physical assets 	<ul style="list-style-type: none"> ◆ Under the two scenarios of temperature rise by 1.5 ° C (SSP1-1.9) and temperature rise by 4 ° C (SSP5-8.5), approximately 70% or more operation offices of the Group have taken and adopted mediation measures under the assumptions of 1.5 ° C and 4 ° C scenarios, while more than half of the operation offices are located in low-risk level (Level 1) region, which is determined not to cause intense impact on the operations yet 	<ul style="list-style-type: none"> ◆ The existing locations will take further waterproof measures, and the new locations will conduct further investigation and evaluation of the sections that are not affected by climate. In order to reduce dependence on physical locations, to continue to improve the features of digital platforms and the number of transactions, and to measure climate risks more accurately, the flood scale adopted by the Company has been reduced to 10*10M for urban areas and 40*40M for non-urban areas since 2021 ◆ According to the Company's "Guidelines for Operation Continuity Management and Major Disaster Response Operations," the "Operation Continuity Management and Major Disaster Response Handling Team" is formed to supervise the daily maintenance operations and execute disaster preventive drills. In the event of major disaster, the team can mitigate the threats from operation interruption, avoid expanded disaster and effectively execute the response recovery process ◆ The new buildings of the Company come with rainwater and sewage division system and sensor lighting to help the entire buildings with meeting energy saving and reuse
	On Business Level	<ul style="list-style-type: none"> ◆ Collateral may be damaged by the disasters due to climate change, resulting in a decrease in the value of the collateral ◆ Customers in high energy consumption and high pollution sectors who fail to transform successfully will lose competitiveness and support from financial institutions ◆ Credit customers could be affected following the more rigorous carbon control act and extreme climate change, which could have impact on the operation and finance as well as the subsequent credit fault and loss in bank ◆ Extreme climate may affect the investment target whose revenue is likely to drop, leading to the risk of profitability. It will have a negative impact on the long-term profitability of the enterprise, and further affect the valuation of the investment target 	<ul style="list-style-type: none"> ◆ The Company evaluates the real estate value impairment amount for each collateral for the impact on the expected credit loss of KGIB, according to the address, floor, remaining years to the loan of the consumer's financial collateral. More than 85% of the collateral with KGIB are rated as low-level flood risk (Level 1-2) under 1.5 ° C and 4 ° C scenarios, and only about 10% of collaterals have risk exposure rated Level 4-5 ◆ The Company evaluates the collateral against corporate real estate mortgage under 1.5 ° C and 4 ° C scenarios as low-level flood risk. KGIB will continue to pay attention to the climate risk of the location of collateral for corporate loan in the future, in order to assure the value impairment of the corporate real estate property not affect the business development of KGIB ◆ The high carbon emission industry is under significant pressure of transformation. The investment and financing positions of the Company in the high-carbon emission industry account for around 18.7% of total investment and financing positions. The Group will further develop the carbon grading system for more effective management ◆ In accordance with EU standards, the carbon tax will be imposed on heavily polluting industries in the future. The risk exposure of the Company's investment and financing in industries such as iron, steel, chemical fertilizers, and non-metallic minerals accounts for approximately 1.3% of the Group's total assets 	<ul style="list-style-type: none"> ◆ The collateral of the mortgage loan should have adequate liquidity, flood prevention plan and drainage facilities, and due diligence and analysis of geologically sensitive areas should be carried out. When assessing land and building financing, soil liquefaction potential area investigation should be conducted ◆ Develop credit business with potential business opportunities, including (1) Assess alternative energy, renewable energy or green energy related project. (2) Financing opportunities for urban renewal and reconstruction of urban unsafe and old buildings projects (3) Funding demand for promoting green energy upgrade such as solar power and wind power generation development. (4) Increase credit opportunities for favored industries including electric vehicles, related peripheral industries and related low-carbon processing suppliers, in addition to lowering carbon emission from heavily polluted industries ◆ By prudently assessing the impact of climate change on investment targets before investment, as well as investment targets' business/capacity contingency mechanisms to address the climate risk in the region, CDF aims to avoid investment in the companies whose profitability is vulnerable to the failure in climate actions and at the same time strengthen its post-investment monitoring mechanisms. The Company has also established a negotiation strategy for high carbon emission companies, and through adequate investigation and communication, the Company is able to understand customers' thoughts facing the climate risk. Based on the results of the negotiation, the Company will work out a plan to reduce the number of customers who are unwilling to transform, and on the other hand, provides assistants to those customers who are willing to engage in the transition in order to create a win-win situation ◆ By examining the environmental performance of the target, screening and adjusting the investment and financing portfolio, reducing the exposure to those high carbon emissions customers who are not capable or unwilling to transform, and increasing green investment assets, the Company hopes to exert its financial influence to achieve sustainability. The Company has established a target of 5% annual growth in its green investment and financing position

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2.3 Climate Chapter

2.3.1 Climate Governance

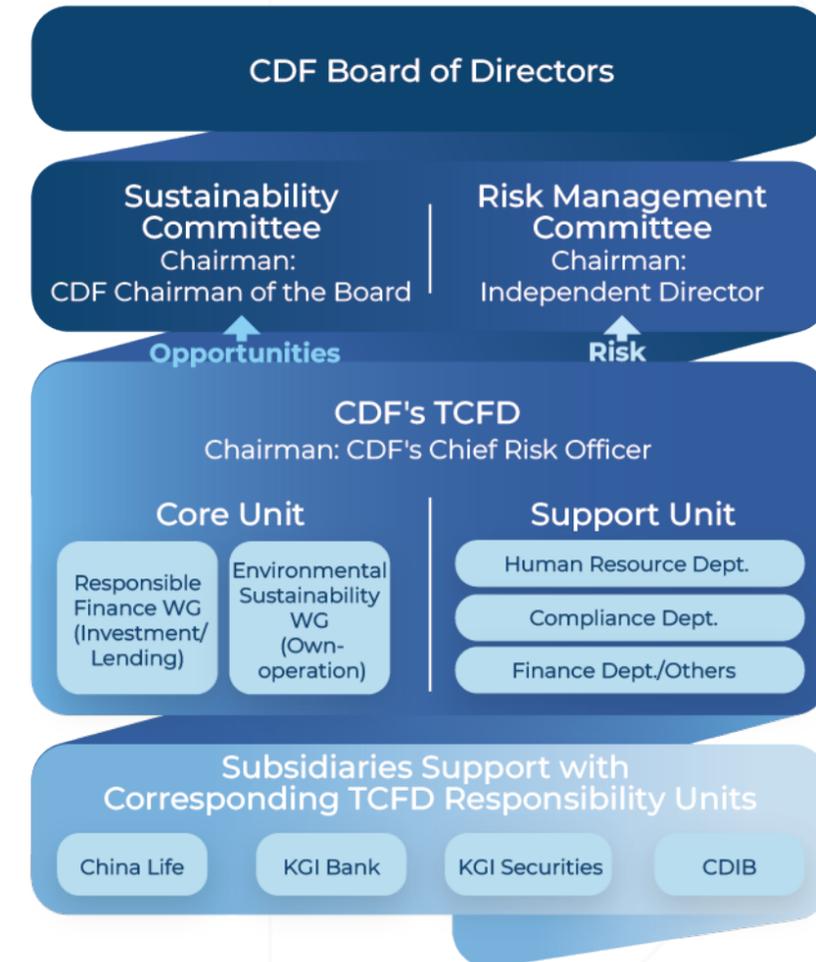
2.3.1.1 Organizational Structure and Responsibilities for Climate Governance

To establish a good climate risk management system, CDF adopted the "Climate Risk Management Guidelines" in 2023, as agreed by the Board of Directors, and developed corresponding climate risk management measures to mitigate and adapt to the impacts of climate change. Additionally, the Company's Board of Directors and senior management have taken into account the identified climate-related risks and have incorporated them into the development of the Company's strategy. The Group will continue to aim for sustainable development to ensure that going forward, the Company will not only be able to address the risks that climate change may pose, but will also be able to make a positive contribution to society and the environment.

Aiming at a more complete planning and implementation of sustainability-related strategies, the Group renamed the CSR Committee attached to the Board of Directors as the Sustainability Committee in 2022 and put it together with the Risk Management Committee under the Board of Directors. The Sustainability Committee is charged with setting guidelines on climate governance, while the Risk Management Committee applies three lines of defense, ranging from business units, management units to audit units, to incorporate climate governance into the original risk process and enhance the Company's sustainability value through a structured risk management mechanism and culture.

CDF set up Task Force on Climate-Related Financial Disclosures (TCFD), consisting of a core unit and a support unit. The core unit is tasked with carrying out sustainability action plans for improvement and response, collecting and setting metrics and targets for risks and opportunities associated with climate related topics. By keeping abreast of major climate issues through meetings and projects, the unit assists and oversees the establishment of climate mitigation and adaptation measures by each subsidiary to consistently fine-tune and revamp the sustainability action plans, and to practically introduce climate change assessments into current business and risk management operations. The support unit lends its support to the core unit and promotes related business by following CDF's TCFD strategy based on its business mandate and responsibilities. The TCFD is headed by CDF's Chief Risk Officer as the chairman, who manages and coordinates the introduction and execution of TCFD in each subsidiary, and regularly tracks and manages the implementation status. The execution results of the TCFD are also regularly reported to CDF's Risk Management Committee and Sustainability Committee.

Climate Governance Framework



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Board of Directors

- ◆ The Board of Directors is the highest decision-making body for climate risk management and is responsible for approving climate risk management policies, supervising the objectives endorsed by the functional committees and the effectiveness of risk management. The agenda in the Board of Directors' meeting in 2022 contained a total of five items on climate issues.
- ◆ CDF's Board has mandated the Sustainability Committee to map out and monitor the effectiveness of the overall ESG issues, climate opportunities and net-zero carbon emissions targets, with its subsidiaries incorporating climate change issues in their annual budgets, operating plans and risk management. The Board keeps an eye on the achievement of material climate issues and targets submitted by the Sustainability Committee at least once a year.

Sustainability Committee

- ◆ The Sustainability Committee, chaired by the chairman of CDF and comprising the chairmen, presidents and independent directors of the subsidiaries, is the steering body for the attainment of the financial sustainability goals.
- ◆ It is responsible for reviewing the sustainability goals as well as the action plans proposed by the steering WG and regularly monitors the implementation on a semi-annual basis against TCFD's recommendations and key climate topics.
- ◆ The Sustainability Committee reports to the Board of Directors on at least annually basis on the execution of climate strategies and opportunities and on important resolutions.

Risk Management Committee

- ◆ The Risk Management Committee applies three lines of defense, ranging from business units, management units to audit units, to incorporate climate governance into the original risk process and boost the Company's sustainability value through a structured risk management mechanism and culture.
- ◆ The Risk Management Committee is responsible for the review on climate risk management related regulations and strategies, developing climate risk appetite, risk limits or indicators, and supervising subsidiaries with the establishment and execution of climate risk management mechanism and climate risk management.
- ◆ The Risk Management Committee reports to the Board of Directors on at least annually basis about the performance of climate risk (investment and financing & own operations) and about important resolutions.

TCFD Working Group

- ◆ It is a working group attached to the Sustainability Committee and the Risk Management Committee, chaired by CDF's Chief Risk Officer, who is the Company's top-tier officer for climate management. The working group is comprised of representatives from CDF's Sustainability Development Department, Risk Management Department, Responsible Finance WG and Environmental Sustainability WG, as well as the subsidiaries' TCFD WG.
- ◆ The working group is charged with driving the climate goals and development strategies approved by the Sustainability Committee and assisting the Group in developing a methodology for quantifying climate risks and risk appetite indicators. It meets at least once a year to look into the development of the Group's TCFD process and keep track of the various climate metrics and targets.

2.3.1.2 Climate-Related Education and Training

To ensure that environmental management responsibilities are carried out in an efficient manner, it is particularly important to consolidate the functions of the Board of Directors and senior management. CDF has instituted a climate education and training program to help directors and senior management gain an appropriate understanding of climate-related risks and opportunities, and to raise awareness of climate change governance and low carbon economic development trends and opportunities at the managerial level, thereby shaping a climate friendly corporate culture from the top down. Through this program, the Company's management is able to understand its responsibilities and response measures to be taken when faced with climate change and learn how to promote a low carbon economy, so that they are well-positioned to lead customers to develop sustainable benefits.

In addition, the Group is dedicated to nurturing talent for sustainability management by bringing in external consultants to deliver training sessions on climate-related topics and actively encouraging our staff to obtain climate-related professional certifications and continue to learn and sharpen their skills. Up to now, several of the Group's staff have been certified as ISO 14064 Lead Verifier, ISO 14067 Lead Verifier, PAS 2060 System Builder, Executive Yuan EPA GHG Inventory Verifier, ISO 50001 Internal Auditor and Corporate Sustainability Manager.

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2.3.2 Climate Strategy

2.3.2.1 Climate Strategy & Actions

Committed to improving the environment, CDF has been conducting lending business in accordance with the Equator Principles since 2015. The Company officially subscribed the TCFD in December 2018 and abides by the disclosure framework, including four core elements of governance, strategy, risk management, metrics and targets. In addition, by referring to the environmental capital and industry-specific materiality guidance provided by the Sustainability Accounting Standard Board (SASB), the Company is progressively completing the implementation depth of each disclosure item.

To attain the Paris Agreement's goal of maintaining global warming within 1.5 °C above pre-industrial average levels, the Group in 2021 committed to the goal of achieving net zero carbon emissions across its assets by 2045. According to UNEP FI's recommendations as a principle for moving towards net zero, we came up with five net zero implementation strategies and set short-, medium- and long-term milestones. By improving our own operational energy consumption and carbon emissions, adjusting the asset allocation of our investment and financing business, and leveraging our financial influence to help customers transform and work together towards mitigating the impact of climate risk and achieving net zero carbon emissions, the Group has taken steps to link the management of climate risk with traditional risk and has also introduced the results of the assessment into our daily operating activities through a self-inspection mechanism.

Five Net Zero Strategies

CDF has adopted five net-zero execution strategies: compliance with UN regulations, customer engagement objectives, target industry goals, investment and financing portfolio objectives, and its own transition goals, and has devised a follow-up process that serves as a framework for implementation across all levels and internal operations, allowing for specific quantitative objectives to be proposed and regularly monitored and reviewed.

Considering the organizational structure, the five execution strategies are carried out from the parent company to the subsidiary level, with voluntary compliance with NZAOA as the core. By integrating and designing the organizational aspects, the Sustainability Committee has set up a standard TCFD execution system for the Group, communicates and cooperates with relevant units in each subsidiary, regularly tracks the implementation of various Group strategies by the subsidiaries, and assists the subsidiaries in their fulfillment and promotion. Top-down target setting, bottom-up execution and feedback allow the Group's different business segments to align themselves with net-zero goals, while taking into account practical execution possibilities.

Compliance with UN regulations: We observe the NZAOA principles for target setting and disclosure recommendations, as well as international standards relating to finance, including the Principles for Sustainable Insurance (PSI), the Principles for Responsible Banking (PRB) and the Principles for Responsible Investment (PRI).

Customer engagement objectives: We engage with specific targets, gradually raise our engagement coverage, actively guide customers towards sustainability and net zero, and provide financial services linked to sustainability.

- ◆ Target industry goals: After gaining an extensive knowledge of the carbon emissions and environmental impact in each industry and in line with compliance requirements, we defined the high carbon emission industries relevant to the Company and set investment and financing ratio targets for the industries to reduce CDF's carbon footprint and emissions from investment and financing activities.

- ◆ Investment and financing portfolio objectives: To keep all portfolios aligned with the Paris Agreement, we are working in collaboration with our subsidiaries to map out a carbon reduction pathway to maximize the achievement of our current goals.
- ◆ Transition goals: CDF aims to reach net zero carbon emissions from its own operations by 2030, and to substantially raise the proportion of green credit and green investment in its business activities.

Net Zero Carbon Emission across Asset Portfolio by 2045

CDF is dedicated to a sustainable net-zero vision and commits to achieving net-zero carbon emissions from its own operations by 2030 and from its entire asset portfolio by 2045. As the first financial holding company in Taiwan to commit to reducing its carbon emissions by 25% by 2025 and 50% by 2030 from the baseline year of 2020, CDF aims to achieve net zero carbon emissions across its asset portfolio by 2045. To accomplish a net-zero low carbon transition, CDF joined the Partnership for Carbon Accounting Financials (PCAF) in June 2023, and all its subsidiaries have also conducted carbon inventory on equity and bond investment, corporate loan, commercial real estate loan, and power generation project financing in compliance with PCAF, and set annual carbon reduction targets. To keep track of carbon reduction progress more systematically, the Company in 2022 completed signing up to the Science Based Targets initiative (SBTi) and the Pledge to Net Zero.

Decarbonization Commitments in the Thermal Coal and Unconventional Oil and Gas Industries

To further embark on carbon reduction initiatives, CDF's Board of Directors has approved the “[Sustainable Finance Commitment](#)” and created a decarbonization timeline. Meanwhile, we have initiated industry and customer engagement to stimulate clients in high carbon-emitting industries to drive their carbon reduction and transition plans. CDF and its subsidiaries will continue to launch the decarbonization goals for all phases. We expect to achieve a complete global phase-out by 2040 for business activities in coal and unconventional oil and gas related industries and have set a timetable for stepwise reduction and a full exit.

As to thermal coal related industries and unconventional oil and gas related industries, we are committed to withdrawing from businesses involving related industries by 2040, including infrastructure and project financing, credit lines and loans, fixed income commodity underwriting business, and all active, passive, and third-party managed investments activities. Our phased commitments are:

- ◆ By 2025, cease direct project investment and financing of not only thermal coal as well as unconventional oil/gas projects (including new projects or expansion of existing projects) but also projects from companies which are still expanding related businesses ^(Note 1).
- ◆ By 2030, phase out most ^(Note 2) of our direct investment and financing from companies in the thermal coal and unconventional oil and gas industries in industrialized countries in the European Union and OECD Member States.
- ◆ By 2040, phase out globally from the investment and financing support ^(Note 3) of thermal coal related, unconventional oil and gas related industries.

Note 1: The percentage of revenue from relevant businesses is expected to continue to grow.

Note 2: A business deriving more than 30% of their revenue or generated power from thermal coal and unconventional oil and gas related industries, without putting forth a low-carbon transition project in alignment with the targets under the Paris Agreement.

Note 3: A business deriving more than 5% of their revenue or generated power from thermal coal and unconventional oil and gas related industries, without putting forth a low-carbon transition project in alignment with the targets under the Paris Agreement.

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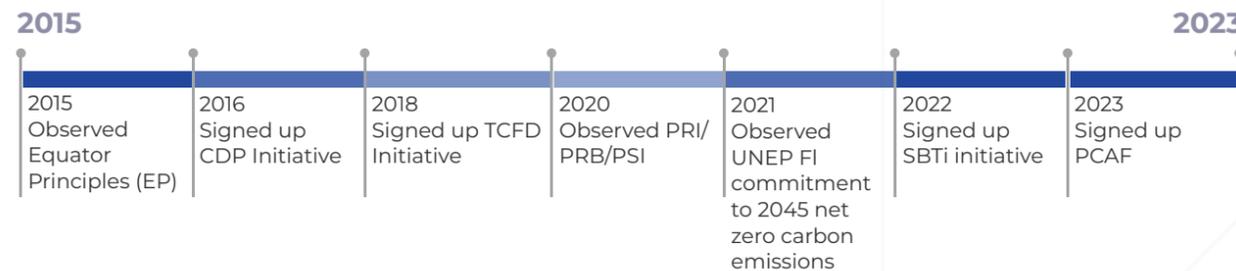
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◆ CDF Responds to International Initiatives



CDF Follows the UNEP FI Guidelines towards Net Zero Carbon Emissions

Strategic Direction	UNEP FI's Recommendations for Credible Net-Zero Commitments	Actions Taken by CDF
Net Zero compliant scenarios	1. Align with science-based 1.5 °C scenarios	Committed to net zero across assets by 2045, we have signed up SBTi, aiming to reach net zero by 2050 in the 1.5 °C pathway under the initiative.
	2. Align with the assumptions and criteria of the scenarios	We have set a timetable for reducing investment and financing in high carbon emission industries and increasing the proportion of green finance, and ceasing the Company's further exposure to coal and unconventional oil-related industries and fully exiting the industries by 2025.
Complete carbon footprint inventory	3. Set near-term (ideally 5-year) targets	We have set a 5-year target to reduce carbon emissions from investment and financing by 25%.
	4. Commit to transparent reporting of GHG emissions	Each year, our report reveals specific GHG emissions and allocation results.
	5. Establish an appropriate emission scope, striving for full coverage as soon as possible	According to the current scope, we have completed a 100% investment and financing carbon inventory for 2022 for equity, bond investments, power plant project financing, commercial real estate loan, and commercial loans.
Specific implementation approach	6. Incentivize the real economy to achieve a low-carbon transition	We have instituted vetting criteria for our investment policy and have begun to conduct surveys and engagements, and will continue to devise effective schemes to stimulate low-carbon transition of our investment and financing targets.
	7. Neutralize remaining carbon emissions through investment cooperation	Through a direct investment channel, we continue to seek out companies with negative emissions technologies such as forestry, regenerative agriculture, etc., to achieve negative emission benefits through investment partnerships, which can be used to neutralize the final residual carbon emissions once the emission reduction goals are attained.
	8. Finance low-carbon transition	The Group's commitment to sustainable finance combines stewardship with a mechanism to leverage its financial influence to finance the transformation of businesses according to industry-specific strategies.
	9. Provide metrics to classify products as sustainable	We participate in the development of Taiwan's taxonomy for sustainable activities and will apply the taxonomy to our product categories and define green financial products in line with international standards once a complete taxonomy has been created.
	10. Identify specific products and services that have a unique transition purpose	We proactively identify companies with specific low carbon or negative emissions technologies, such as carbon capture and storage for fund investment.
Periodic public disclosure	11. Disclose transparently and comprehensively the metrics, targets and progress	We disclose full targets and progress on an ongoing basis in our reports.

2.3.2.2 Sustainable Finance

In recent years, sustainable development has become the focus of global attention. For enterprises, actively pursuing sustainability policies has become an integral part of their corporate responsibility and mission. CDF has always taken corporate social responsibility seriously and actively pursues sustainability, and is responding vigorously to the Financial Supervisory Commission's policy of promoting sustainable finance by further stepping up the Company's sustainability strategy.

Our subsidiaries China Life Insurance Co, CDIB Capital Group, KGI Bank, KGI Securities Co and KGI Securities Investment Trust Co have all subscribed to the "Stewardship Principles for Institutional Investors" released by the Corporate Governance Center of the Taiwan Stock Exchange, adhering to its six major principles. By incorporating ESG management procedures into investment decisions and applying the "institutional investor stewardship," we can rein in corporate operating risks and minimize losses incurred by ESG factors through a "responsible investment policy," thereby further fulfilling the companies' sustainability responsibilities, bolstering their brand image and public perception, and enabling them to better live up to social expectations. For further particulars, please refer to Chapter 3 of this report on Smart Sustainable Finance.

2.3.3 Climate Risk Management

2.3.3.1 Scope of Climate Risk Management

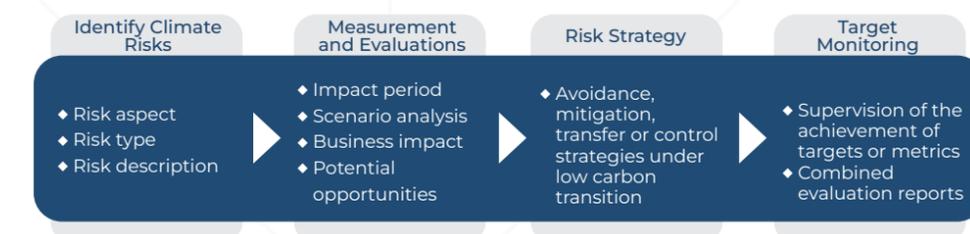
To address climate risk, CDF's Board of Directors in 2022 adopted the "Climate Risk Management Guidelines" to incorporate climate factors into the three lines of defense for corporate risk management, encompassing life insurance, banking, securities, futures, venture capital, asset management and other segments. In compliance with international standards and risk management policies, we have laid down relevant criteria for risk management, using appropriate techniques to gauge risks and assess potential losses and correlations. In addition, we have established a mechanism to identify, assess and respond to emerging climate risks, and regularly perform scenario analysis for management purposes.

2.3.3.2 Climate Risk Management Process

The Group assesses the climate risks to which its major business activities are exposed on an annual basis to anticipate the likely implications and further examines how these are addressed by members in terms of organizational capability, internal control procedures, risk mitigation or response measures.

Climate risk comprises physical risks that are classified as immediate or long-term depending on weather patterns and may have a financial and operational impact on the Company, and transition risks that may occur to the Company's finances, strategy, operations, products and reputation as a result of policy, legal, technological and market variations for the purpose of transitioning to a low-carbon economy.

◆ Climate Risk Identification and Management



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Assessment of the Group's Identification of Climate Change Risks

Risk Aspect	Risk Type	Description of Significant Risks	Impacts and Effects	Affected Value Chain	Influence Period	Responses or Opportunities
Physical Risk	Immediate risk of extreme weather events	<ul style="list-style-type: none"> ◆ Impact on the value of own real estate and the ability to continue office operations ◆ Impairment in the value of collateral pledged by borrowers 	<ul style="list-style-type: none"> ◆ Damage to physical offices or equipment and business interruptions, e.g. power failure to operations and maintenance premises, typhoon damage to servers or network equipment ◆ Possible damage to the collateral if located in a special area 	Own operations Downstream activities / customers	Short-term	<ul style="list-style-type: none"> ◆ Initiating and completing the establishment of backup sites in a timely manner at all existing premises and all new business locations to minimize the risk of service disruption. Formulating the "Directions for Disaster Emergency Responses" and setting up a "Disaster Emergency Response Team" to take actions in the event of a disaster to maintain operational response and deployment ◆ Taking the risk of extreme weather into account when accepting collateral and incorporating the collateral risk into the conditions of granting loans
Physical Risk	Long-term risk of sea level rise due to warming	<ul style="list-style-type: none"> ◆ Establishment of business locations and management of operations ◆ Inadequate capacity to manage climate change among investors and borrowers 	<ul style="list-style-type: none"> ◆ If a business or collateral is located in a heavily flooded area, it will deal a blow to the productivity of the business and the value of its real estate, resulting in a loss of investment and loans with a long credit term 	Own operations Downstream activities / customers	Long-term	<ul style="list-style-type: none"> ◆ For all existing premises and all new business locations, we have stepped up flood controls at old business sites classified as high-risk, and factor them in when determining future business locations. As a critical factor for investment and financing, we adapt business practices whenever necessary ◆ Boosting the digitization of our services and optimizing customer experience, scaling up the promotion of digital channels and the proportion of online transactions
Physical Risk	Supplier risk	<ul style="list-style-type: none"> ◆ Extreme weather impacts on the supply chain that may prevent operations or services from being delivered properly 	<ul style="list-style-type: none"> ◆ May cause disruptions in upstream transportation, leaving the supply chain interrupted and unable to secure the supplies needed to render services 	Upstream activities	Short-term	<ul style="list-style-type: none"> ◆ To mitigate the impact of physical risks, we have established an off-site backup center or back-up plan to ensure that critical systems can be up and running if the primary center is unable to provide services
Transition Risk	Recent / emerging policies	<ul style="list-style-type: none"> ◆ Total GHG emissions controls, e.g. implementation of the Greenhouse Gas Reduction and Management Act or carbon pricing ◆ New regulations and policies, such as Carbon Border Adjustment Mechanism (CBAM), US SEC climate related regulations, Taiwan's Climate Change Response Act, and other carbon-reduction related policies and regulations 	<ul style="list-style-type: none"> ◆ Increase in the cost of sourcing green electricity, which drives up the Group's operating costs ◆ Impact of higher financial pressure on large carbon emitters, which affects the Group's willingness to conduct transactions with or incurs higher costs 	Own operations Downstream activities / customers	Short-term, mid-term to long-term	<ul style="list-style-type: none"> ◆ Continually performing the ISO 14064-1 GHG inventory annually, supervising GHG emissions and taking GHG reduction measures based on the results of the GHG inventory ◆ Building green power facilities in our business locations ◆ Checking corporate carbon emissions and willingness to transform and modifying our transaction strategy as appropriate
Transition Risk	Technology	<ul style="list-style-type: none"> ◆ Large funds injected into the development of new renewable sources technologies or carbon capture technologies, with limited or no success 	<ul style="list-style-type: none"> ◆ The effect is that enterprises with conventional power generation or high carbon emissions will find it difficult to raise capital or find the cost of borrowing shooting up 	Downstream activities / customers	Medium- to long-term	<ul style="list-style-type: none"> ◆ Diversifying the exposure of transforming companies to lessen the risk of failure ◆ Strengthening credit investigation and investment in renewable energy technologies
Transition Risk	Market	<ul style="list-style-type: none"> ◆ Traditional energy suppliers may fail to transform as consumer behavior changes with a preference for green goods, such as electric vehicles growing rapidly to grab market share 	<ul style="list-style-type: none"> ◆ The effect is lower demand for petroleum ◆ Polluted power-generation assets are no longer valuable, less liquid in the market and even become stranded assets 	Downstream activities / customers	Medium- to long-term	<ul style="list-style-type: none"> ◆ Reducing investment and credit transactions related with oil-fired products ◆ Developing green financial products for sale to supplement the lost business deals from decarbonization
Transition Risk	Reputation and litigation	<ul style="list-style-type: none"> ◆ Investors and consumers are concerned about what the Group is actually doing in relation to climate change ◆ Failure to take active steps to prevent climate risks could lead to litigation by shareholders or public interest groups 	<ul style="list-style-type: none"> ◆ The effect is that traditional products launched are not well received ◆ The investment and financing activities with high carbon emissions will result in substantial carbon emission recognition, which is not conducive to the Group's low carbon transition ◆ Possible legal liabilities and litigation damages 	Own operations Downstream activities / customers	Short- to medium-term	<ul style="list-style-type: none"> ◆ Committing to net zero carbon emissions and coming up with specific response measures ◆ Engaging with clients or re-engineer assets or providing green products to help transform businesses ◆ Signing up to international initiatives and heading towards an internationally recognized approach

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2.3.3.3 Quantitative Impact Assessment of Climate Risk (with Scenario Analysis)

Climate Risk Scenario Description

The Group opted for the IPCC Sixth Assessment Report SSP1-1.9 and SSP5-8.5 scenarios for assessing physical risk, and the NGFS Net Zero 2050, NGFS Delayed Transition, NGFS Current Policies and NGFS NDCs scenarios for assessing transition risk. The SSP1-1.9 scenario predicts very low carbon emissions to limit global warming to 1.5 ° C; the SSP5-8.5 scenario assumes a 4 ° C warming for very high emissions with hardly any climate policy in place; the NGFS Net Zero 2050 scenario sets a higher standard for companies to take immediate carbon reduction actions, with a 50% chance of keeping warming below 1.5 ° C by the end of the century; the NGFS Delayed Transition scenario involves the development of a carbon reduction and transition strategy by 2030, with the implementation starting in 2030 and a net zero carbon emission goal reached by 2050, in order to limit warming to 2 ° C; the NGFS NDCs scenario has countries undertaking only nationally determined contributions (NDCs) to reduce carbon emissions, resulting in a drop in emissions but still leading to a warming of around 2.5 ° C; and the NGFS Current Policies scenario is one in which countries maintain their current inactive carbon reduction policies, giving rise to greater than 3 ° C of warming and significant physical risks.

The quantitative impact assessment of climate risk in 2022 covered the entire value chain, including upstream suppliers' business locations, our own premises and downstream investment and financing-related activities. By analyzing the physical risk scenarios, the scenarios in the "Guidelines on Climate Change Scenario Analysis by Domestic Banks," the carbon price impact scenarios in our own operations and investments, and the carbon price impact scenarios in high climate risk industries, we further gauge the potential financial impact on the Group when exposed to climate change.

Scenario Analysis Overview		Physical Risk - Immediate	Physical Risk - Immediate & Transition Risk - Emerging Regulations	Transition Risk - Emerging Regulations	Transition Risk - Emerging Regulations
		Physical Risk: Flood Risk Level Scenario Analysis	Guidelines on Climate Change Scenario Analysis by Domestic Banks	Analysis of Carbon Price Impact Scenarios in Own Operations and Investments	Analysis of Carbon Price Impact Scenarios in High Climate Risk Industries
Climate Scenario	2 ° C or below 2 ° C	AR6 SSP1-1.9	NGFS Net Zero 2050 NGFS Delayed Transition	NGFS Net Zero 2050 NGFS Delayed Transition	NGFS Net Zero 2050 NGFS Delayed Transition
	Above 2 ° C	AR6 SSP5-8.5	NGFS Current Policies	NGFS NDCs	--
Subject of Analysis	Upstream Activities	Supplier Locations	--	--	--
	Own Operations	Business Premises	--	Business Premises	--
	Downstream Activities	Investment property, mortgage in consumer banking, loans on real estate in corporate banking	Domestic credit (consumer banking, corporate banking), foreign credit, banking book investments	Investment in equity and corporate bonds	Investment in equity and corporate bonds
Assessment Period		Long-term 2036-2065	Mid-term, Long-term 2030, 2050	Mid-term, Long-term 2030, 2040, 2050	Mid-term, Long-term 2030, 2050
Subsidiaries Covered		CDF, KGI Bank, China Life, KGI Securities, KGI Futures, CDIB Capital	KGI Bank	China Life	KGI Securities, KGI Futures
Response Measures		The Group properly activates and completes the backup establishment in existing operating locations, new operating locations, and the operating locations of suppliers, in order to reduce the risk of service interruption with reinforced water-prevention measures in the old operating locations listed as high-risk warning zone. The Group also uses physical risk as the key determinants for investment and credit to properly adjust its business regulations. Moreover, KGI Bank has set up the relevant management indicators and resilience level and adopting rigorous monitoring on the volatility of indicators in order to monitor the impact of physical risks. The physical risks do not have material impact on the operation and assets of the Group, however, in consideration of the uncertainty of climate risks, the Group continues to analyze and plan the related response measures.	The Bank has developed risk metrics for each asset to assess the climate resilience of the current asset portfolio. Based on the results of the resilience test, while the current asset portfolio is not significantly affected by climate risk, the Group will continue to fine-tune its risk management measures in view of the uncertainty of climate risk.	For its own operations, China Life has set energy saving programs and carbon reduction targets, and has switched to green power. In terms of carbon reduction strategy for the investment segment, the life insurer has set targets for the investment portfolio and capped the proportion of investments in high carbon emission industries.	To minimize the impact of investment and financing targets in high-emissions industries on CDF, KGI Securities will further adopt a negative screening strategy and prioritize communication with targets to gradually reduce the carbon emission intensity of investment and financing, and will regularly identify, measure and monitor climate risks and take differentiated risk management measures based on materiality ranking. KGI Futures protects the Company's shareholders' interests by measuring financial impacts on a rolling basis and putting in place a responsible investment policy that tracks the ESG metrics and climate actions of its investment targets to keep climate risks within the limits of its commitments.

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Results of Climate Risk Scenario Analysis

Physical Risk: Flood Risk Level Scenario Analysis

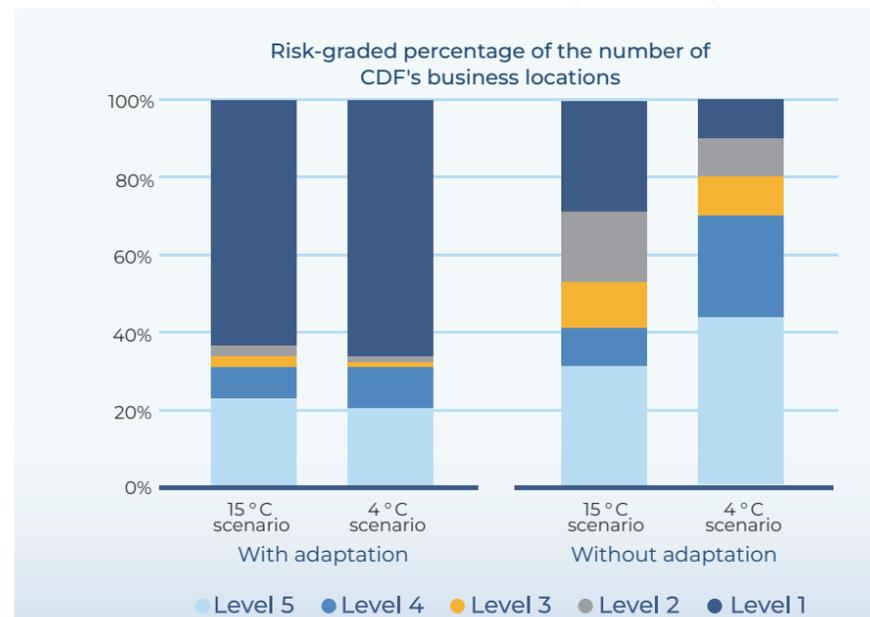
◆ Description of the analysis:

To mitigate the impact of climate disasters on its operations and business, the Group conducts extreme weather event scenario analysis and quantifies the results for suppliers, its own premises, investment properties, mortgage in consumer banking and real estate mortgage loans in corporate banking to get a grip on the financial impact of climate change on its business and asset values. This analysis is based on the National Science and Technology Center for Disaster Reduction's (NCDR) hazard-vulnerability map, where the hazard level refers to the extreme rainfall probability and the vulnerability level to flooding, with Level 1 to Level 5 indicating the scale of flooding risk from low to high. This analysis examines all aspects of the Group to assess the impact of flooding at the sites under analysis using two scenarios: a 1.5 °C warming (SSP1-1.9) and a 4 °C warming (SSP5-8.5), and to review flooding adaptation measures to further enhance the Group's ability to sustain its operations.

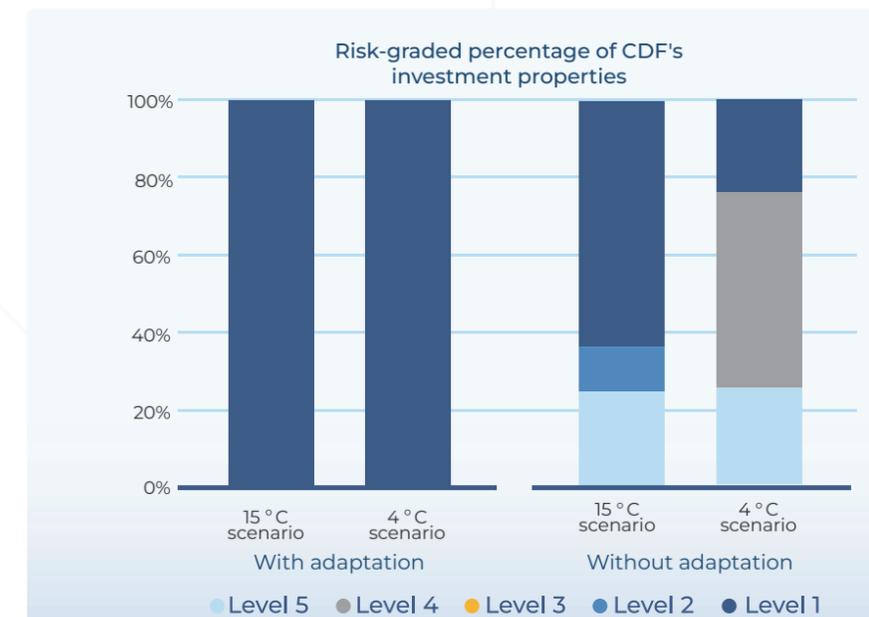
◆ Financial impact:

- (1) Suppliers: Based on the analysis results of the 1.5 °C and 4 °C warming scenarios, 85% of suppliers have considered taking adaptive measures, which are all at low risk (Level 1).
- (2) Business locations: More than 70% of the Group's premises are considered for adaptation under the 1.5 °C and 4 °C scenarios, and over half of the premises are located in low risk (Level 1) areas, which were judged not to deal a severe blow to the Bank's operations.
- (3) Investment properties: Upon analysis, the Group's investment properties [Note] with over 85% of the locations under 1.5 °C and 4 °C scenarios have a low flooding risk level (Level 1) and are expected to have a relatively small effect on the Bank's investment losses.
- (4) Mortgage in consumer banking: The Group assesses the impact of the loss of each real estate collateral value on the Bank's expected credit loss based mainly on the address and floor level at which the collateral is held and the remaining life of the loan. Over 85% of the Bank's collateral is at low flood risk (Level 1-2) under the 1.5 °C and 4 °C scenarios, and only about 10% of the collateral is exposed to risk level 4-5, which does not have a noticeable influence on the Bank's expected income.
- (5) Real estate mortgage loans in corporate banking: The Group's collateral in the department of corporate banking is at low risk of flooding in both the 1.5 °C and 4 °C scenarios. Although the Group's corporate banking department's loans on real estate do not have any exposure to high flood risk areas, the Bank will continue to pay attention to the climate risk in the locations where the collateral for the loans is situated, so as to ensure that any impairment in the value of the real estate collateral does not affect the Bank's business.

◆ Business Location Analysis Chart



◆ Investment Property Analysis Chart



Note: Pursuant to Article 75 of the Banking Act, commercial banks are not allowed to invest in real estate that is not for their own use. The investment properties of the Group's banking subsidiary are mainly composed of collateral for secured loans and own office rentals.

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Climate Change Scenario Analysis by Local Banks

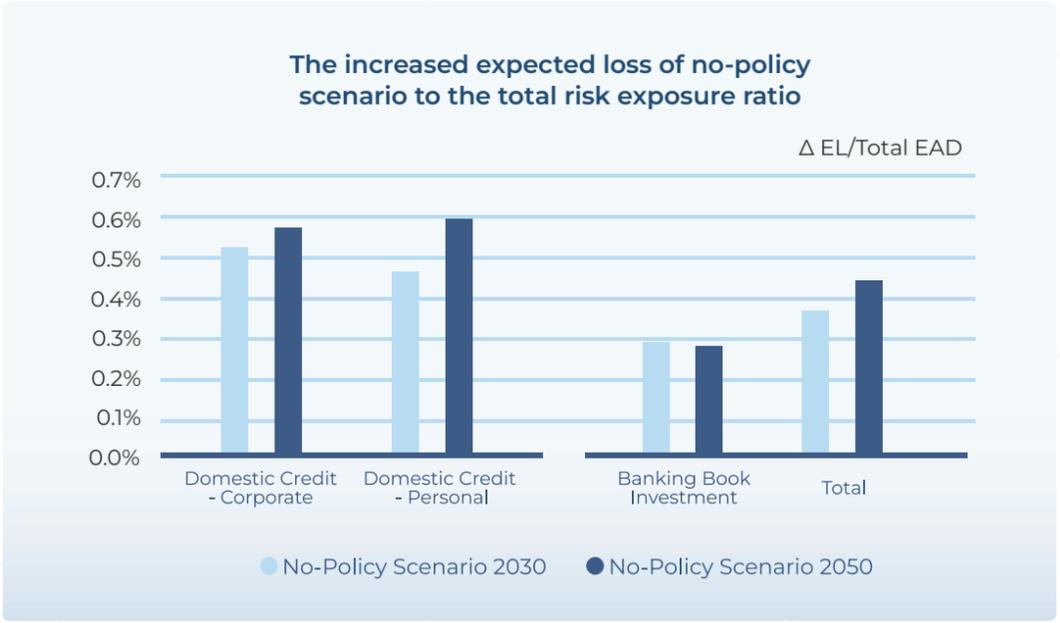
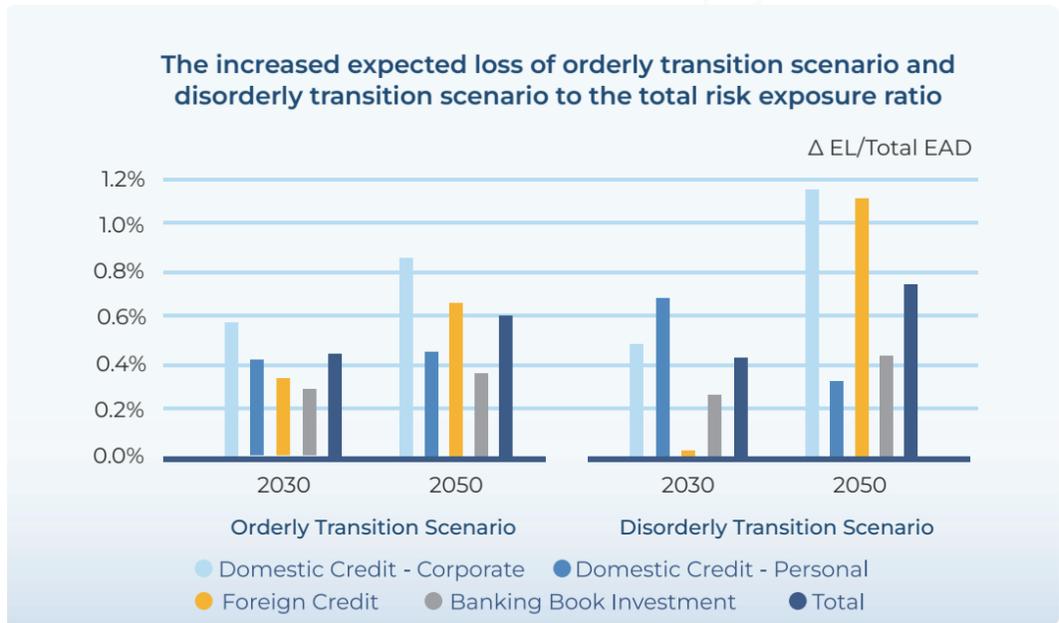
◆ Description of the analysis:

To keep track of the potential impact of climate change on the Bank's assets, the Group performed climate scenario analysis as required by the competent authority's "Guidelines on Climate Change Scenario Analysis by Domestic Banks." The analysis was conducted to examine changes in the expected losses on the Bank's investment and financing assets, including domestic credit - corporate, domestic credit - personal, foreign credit and banking book investments as a result of climate change through an orderly transition scenario "Net Zero 2050," a disorderly transition scenario "Delayed Transition," and no-policy scenario "Current Policies."

◆ Financial impact:

To compare the differences in the impact of similar climate scenarios on the asset portfolio and formulate the optimal response strategy for a specific climate scenario, the Group has therefore separately discussed the transition scenarios (orderly and disorderly transition scenarios) and the non-transition scenarios (no-policy scenarios), with the relevant analysis results described as follows:

- (1) Orderly and Disorderly Transition: Under both scenarios, the increased expected loss (Δ EL) of the 2030 domestic credit (including corporate and personal) accounts for greater ratio in total risk exposure (EAD) to the Group and is also the key position of future focus. Moreover, the percentage of changes in expected loss of 2050 domestic credit – enterprise and foreign credit for disorderly transition by 2050 will substantially increase compared with 2030, indicating that if the transition scenario in the future meets disorderly transition, the asset portfolio subject to climate impact should be more actively managed.
- (2) No Policy: Under this analysis, domestic credit (including corporate and personal) is the main position under impact. Overall, the higher proportion of changes in expected losses in 2050 compared to 2030 suggests that the impact of physical risk on the Group's asset portfolio will intensify over time if it is not addressed and managed early enough.



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Analysis of the Carbon Price Impact Scenarios in Own Operations and Investments

◆ Description of the analysis:

Carbon emissions from all listed/unlisted equity and corporate bonds and business locations were evaluated in the NGFS orderly transition scenario "Net Zero 2050," the disorderly transition scenario "Delayed Transition" and the no-policy scenario "NDCs" in respect of the impact of carbon pricing on losses.

◆ Financial impact:

- (1) Business locations: An analysis of the variation in the impact of carbon prices on business premises under the three scenarios shows that the price continues to rise until 2050 in the orderly transition, up to US\$2.4 million; the price will start to weigh on the Group from 2040 onwards under the disorderly transition scenario, but the price overall is lower than in the orderly transition scenario; and there is no change in the amount from 2030 to 2050 during the no-policy scenario.
- (2) Securities investment: The variation in carbon expenditure by industry between 2030 and 2040 is small in the orderly and disorderly transition scenarios, but the carbon price rises markedly between 2040 and 2050, reaching a maximum of US\$280,000. In the no-policy scenario, the magnitude of change in carbon spending across all sectors over time is relatively modest. The top two industries hit in the portfolio in all three scenarios are CPC oil and gas industries and utilities. In both the orderly and disorderly transition scenarios, the third most affected industry is the integrated oil industry, and the transportation and logistics industry in the no-policy scenario.

Analysis of the Carbon Price Impact Scenarios in High Climate Risk Industries

◆ Description of the analysis:

Considering that the investee may incur additional carbon compliance costs in the future, which may affect the net worth of the Company and indirectly result in a loss of the Company's equity investment or a decline in the Company's solvency, thereby increasing the risk of default on the corporate bonds, KGI Securities selected the spot financial instruments in domestic and foreign equities and corporate bonds in the high-climate risk sectors of electricity and gas supply, chemicals, transportation and warehousing, while KGI Futures chose the spot financial instruments in equities in semi-conductors, electronics manufacturing, transportation and warehousing sectors. The NGFS orderly transition scenario "Net Zero 2050" and the disorderly transition scenario "Delayed Transition" were adopted to assess the potential loss incurred by carbon tax and climate risk on investments from 2025 to 2050 and to enhance the Company's climate risk management.

◆ Financial impact:

- (1) KGI Securities: In terms of equity investment, the electricity and gas supply sectors have a relatively higher exposure to impacts under the Net Zero 2050 and Delayed Transition scenarios. In the Delayed Transition scenario, no additional carbon costs are incurred on the investment targets before 2030, but after 2030 the policy is more stringent than in the Net Zero 2050 scenario, so the exposure to impacts may vary substantially and the investee company will be exposed to heavy carbon reduction costs in a short period of time. For corporate bond investments, the maturity dates of the bonds under evaluation are all earlier than 2030, therefore, in the Net Zero scenario, a certain percentage of expected credit loss and market price decline loss will be incurred for bonds not yet mature in 2025. In the Delayed Transition scenario, the additional carbon related compliance costs will only start to be incurred in 2030 and hence will have no bearing on the bonds that are under evaluation by the Company and the overall exposure to the impact is relatively minor when compared to equity investments.
- (2) KGI Futures: The impact on the selected industries in the various climate scenarios will escalate year by year, particularly in the Net Zero 2050 scenario. The additional carbon-related climate impacts modeled in the Delayed Transition scenario are expected to mount significantly from 2030 onwards, according to the scenario-based policy planning. Further analysis of the impact by sector reveals that the transportation and warehousing industry has taken the most severe hit among the equity investments, as the transportation sector is still heavily dependent on oil for energy, and its high carbon emissions could lead to high carbon tax costs in the future, which in turn could incur higher expected losses in climate risk.

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2.3.4 Climate Metrics and Targets

In line with the government's GHG reduction goals and zero carbon emissions targets, CDF has taken a proactive role in promoting the introduction of the ISO 14001 Environmental Management System and the ISO 50001 Energy Management System in its head office and branches nationwide, and has conducted a comprehensive inventory to get a good grasp of carbon emissions for the purpose of mapping out GHG reduction action plans. In compliance with the Paris Agreement, CDF has set the year 2045 as the net zero transformation target year. In addition to the long-term goals by 2045, we also set a target of a 25% reduction in carbon emissions from our investment and financing portfolio by 2025 as one of the Group's short-term goals, with the net zero transition goals to be included in the internal KPI assessment. As noted above, CDF has set targets that are in alignment with the Paris Agreement and its methodology is congruent with the target-setting principles set out in the UNEP FI Guidelines for Climate Target Setting for Banks and the Paris Aligned Investment Initiative Net-Zero Investment Framework, and is also in line with the Net-Zero Asset Owner Alliance Target Setting Protocol, which recommends a "emissions reduction of at least 22% to 32% between 2020 and 2025" for portfolio targets. CDF currently sets a goal of reducing carbon emissions from investment and financing by 25% by 2025 against a baseline year of 2020, which translates into an average emissions reduction of at least 5% per year. In the SBT absolute contraction approach, a linear decrease of at least 4.2% per year should be achieved for the 1.5 ° C scenario, so the target set by CDF already meets this level of carbon reduction. Going forward, CDF will further apply the SBT's target-setting methodology for carbon emissions from investment and financing, including the Sectoral Decarbonization Approach, the SBT Portfolio Coverage Approach and the Portfolio Temperature Rating Targets, thereby further developing SBT-compliant carbon emissions goals for investment and financing by asset and sector.

2.3.4.1 GHG Emissions Inventory of Financial Assets

CDF understands its mission as a financial institution and will step up its efforts to promote green finance through green credit, green underwriting, etc., as well as by greening its own investment portfolio, in order to facilitate the development of Taiwan's green energy industry and actively engage with high carbon emission enterprises to help them transform.

Goals:

- ◆ To reduce carbon emissions by 25% by 2025, 50% by 2030 and net-zero across the portfolio by 2045 against the baseline year of 2020 by lowering the investment and financing portfolio with high carbon emissions.
- ◆ To continually boost green investment and financing with a target of 5% annual growth.

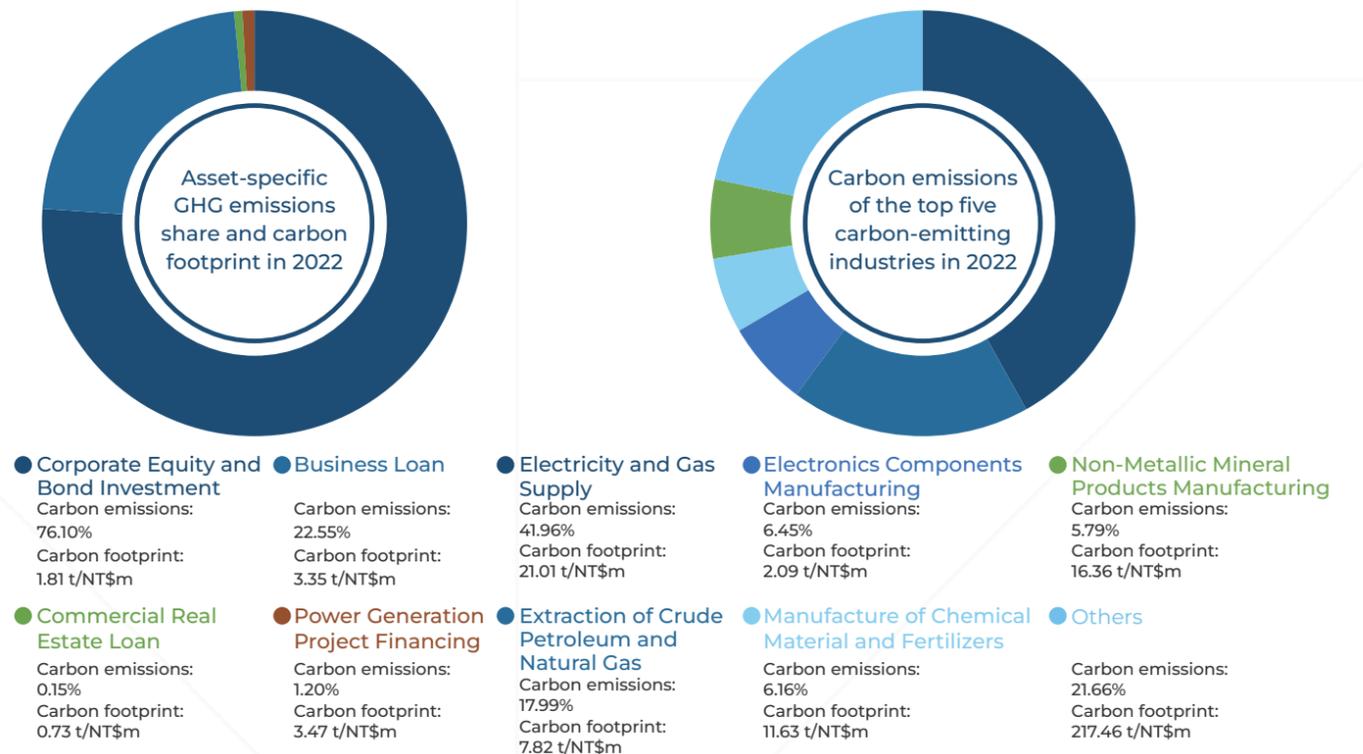
Scope 3 Investment and Financing GHG	2019 (Note)	2020	2021	2022
Absolute Total Emissions (t of CO2 equivalent)	6,384,266	5,759,217	4,670,481	3,980,215
Emission Intensity (Carbon Footprint)	3.56	3.56	2.52	2.03
Asset Portfolio Coverage	78%	81%	100%	100%
Asset Portfolio Target	Assets / Products on Balance Sheet			

Note: Scope 3 GHG data on investments and financing for 2019 were estimated based on CDF's assets in the Q4 2019 financial statements and the emission intensity of the most recent year. The asset portfolio coverage ratio was calculated using the inventory assets as the numerator and the sum of investment in equity and bond investment, corporate loan, commercial real estate loan, and power generation project financing in the balance sheet as the denominator.

Carbon Emissions Inventory for Investment and Financing Exposure

The Group continues to adopt The Global GHG Accounting and Reporting Standard for the Financial Industry from PCAF and TCFD's disclosure recommendations. The Group conducts an inventory of GHG emissions from investment and financing assets, with a carbon inventory rate of 100% for equity and bond investment, corporate loan, commercial real estate loan, and power generation project financing, and total carbon emissions of 3,980,215 metric tonnes and a carbon footprint of 2.03 metric tonnes/NT\$ million from investment and financing activities.

The inventory of GHG emissions from investment and financing assets is broken down by asset type, with corporate equity and bond investments making up the bulk of 76% in the investment and financing portfolio, followed by corporate loans at 23%, power generation project financing at 1.20% and commercial real estate loans at 0.15%, with power generation project financing activities yielding the highest carbon footprint at 3.47 metric tons per NT\$ million. By industry type, the top five carbon emitting industries account for approximately 78% of carbon emissions in the investment and financing portfolio, including electricity and gas supply, extraction of crude petroleum and natural gas, electronics components manufacturing, manufacture of chemical material and fertilizers and non-metallic mineral products manufacturing, which constitute the priority areas for engagement and adjustment. In addition to prioritizing the management of the top five carbon emitting industries, we are also looking into sectors and assets with a higher carbon footprint to move towards a low carbon emission and low carbon footprint.



2.3.4.2 Low Carbon Sustainable Environment Goals

To achieve the goal of carbon neutrality in its own operations by 2030, CDF is actively pursuing decarbonization initiatives and has set various sustainability-related targets for subsequent follow-up, as set out in Chapter 5, Low Carbon Sustainable Environment.

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2.4 Information Security

CDF has formulated and published the “[Information Security Management Policy](#)” on the company website to maintain the overall corporate information security, strengthen the security management of information assets, and assure the confidentiality, integrity and availability of all information assets, so as to maintain the sustainable management of the CDF. These policies, applicable to all information operations, information assets, and information users, including permanent employees, temporary employees, visitors, and vendors having business dealings with the Company (including their employees and temporary employees), stipulate that all of the aforesaid users should maintain, retain, use, and manage the Company’s information assets in line with policies in relation to information security.

2.4.1 Information Security Governance Framework

The Board of Directors (BOD) is the highest governance body of information governance. In order to disclose and review the information security risk management status and the implementation status of the “Information Security Management Policy,” the Information Security Dept. conducts the “Annual Information Security Risk Report” under the Risk Management Committee of the BOD every year, and submits the “Information Security Planning and Implementation Report” to the BOD. The main information security governance members, including Chairman, independent directors and the Chief Information Security Officer, all have a background in information security governance.

Members with Background in Information Security Governance

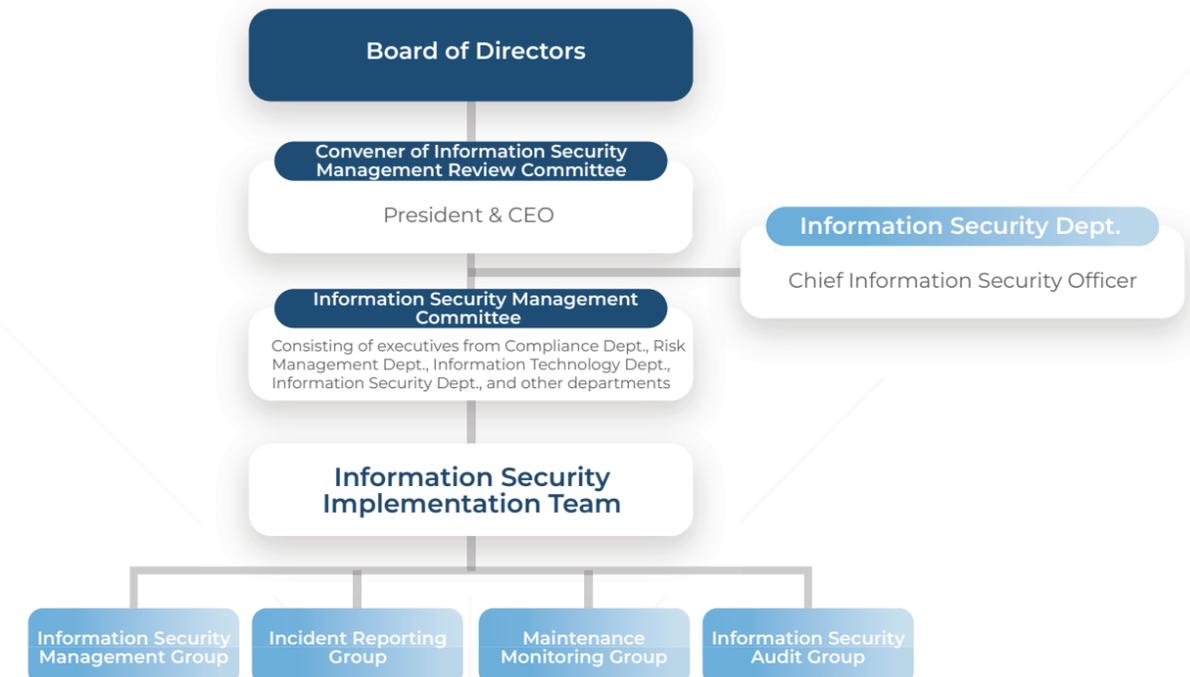
Title	Name	Qualification of Information Security Governance
CDF Independent Director	Tyzz-Jiun Duh	Previously served as the Executive Yuan Vice Premier and convener of Economic Affairs of Taiwan and Administration for Cybersecurity Report, the director of the government agency strengthening the promotion of cybersecurity protection work and the member of the CDF risk management committee.
CDF Board Director	Hung Yi Hsiao	Previously served as the board director of Chunghwa Telecom and currently serving as the chairman of CyberSecurity Foundry Company with long-term focus on cybersecurity, fixed-line telephony, mobile telecom, internet, big data, IoT, AI, cloud, and Internet data center as well as other new technology services.
CDF Chief Risk Officer	David Thomas	Previously served as the chief risk officer of Commerce International Merchant Bank in Malaysia and The Royal Bank of Scotland, with control and supervision over the information security department.
CDF Chief Information Security Officer	Richard Sun	Mr. Sun has a master’s degree in industrial engineering from Stanford University. Previously he was the head of the information technology department at China Life. He has more than 25 years of work experience in IT planning, installation and implementation / information security / cybersecurity management.

CDF follows the Plan-Do-Check-Act (PDCA) cycle according to ISO 27001 standards to establish the information security management systems. We have set up the “Information Security Management Committee”, responsible for the resolution and management review of matters related to the information security management system, supervise the establishment of an information security management mechanism by the Company, and review the strategic planning, control measures and implementation of related issues. The members consist of the CEO, Chief Risk Officer (Senior Vice

President of Risk Management Dept.), Chief Information Security Officer (Vice President of Information Security Dept.), and executives from the Compliance Dept., Information Technology Dept., and other departments. The Information Security Management Committee meets every year to discuss information security issues and suggest corrective measures to ensure its effective operation and for continuous improvements. The organizational chart of the Company’s information security management is shown in the following figure.

KGIB, KGIS, and China Life have also declared the management’s determination to support information security by signing the “Information Security Statement.” The head of Information Security Dept. submits the implementation status report of the Company’s information security to the Chief Auditor, CEO and Chairman annually for review and approval. The Company encourages subsidiaries to regularly report the annual information security risk status to the Risk Management Committee, and report the overall implementation of information security to the BOD. This may enhance the BOD’s supervision to corporate governance, protect the rights and interests of customers, and declare the management’s determination to support information security. Additionally, KGIB, KGIS, and China Life have all established independent information security units to be responsible for information security governance, as well as planning and implementing information security policies.

◆ Information Security Management Organizational Chart



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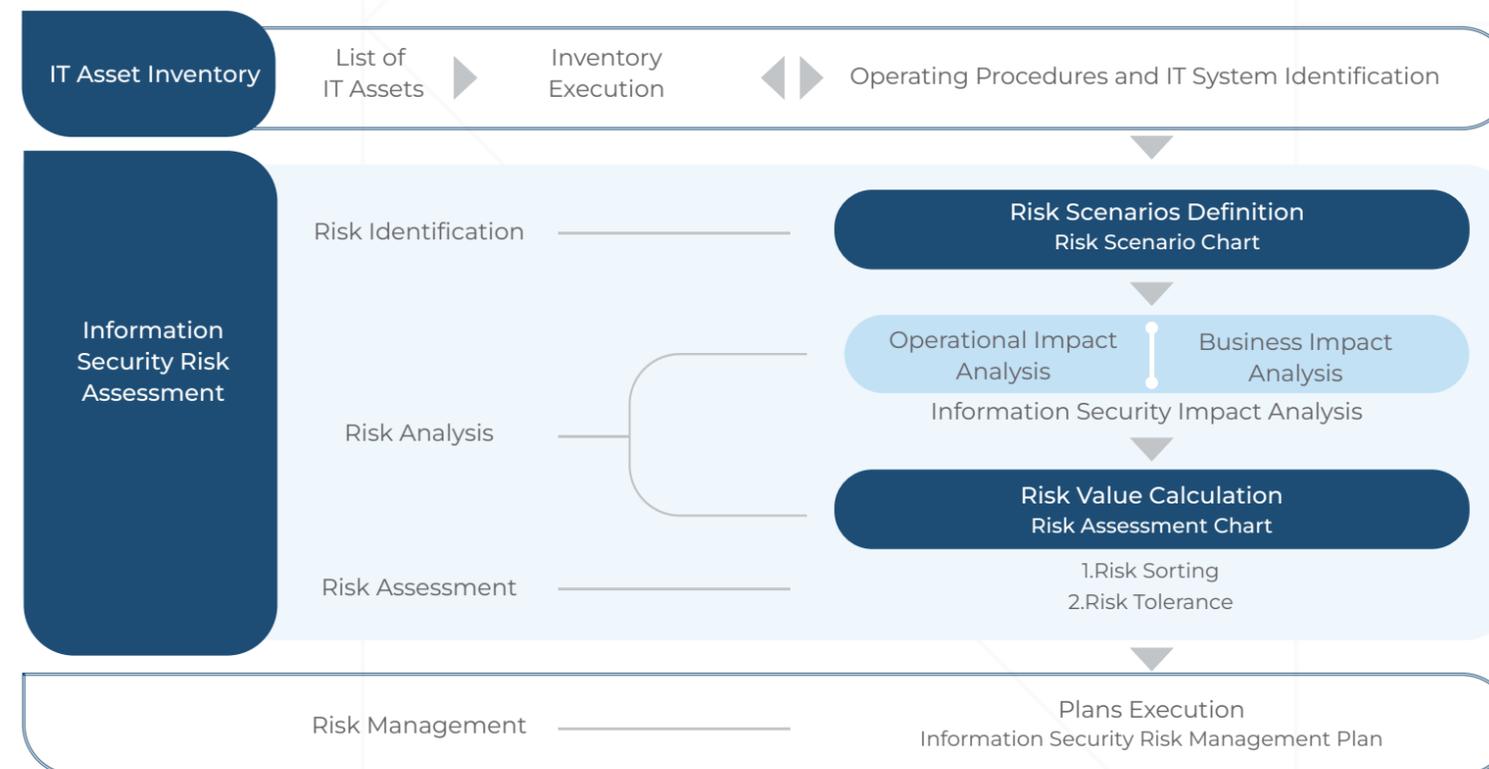
2.4.2 Robust Information Security Management

According to the “Key Points for Operational Continuity Management and Major Disaster Response Operation,” the Company has formulated the information operation continuity management regulations, including the Business Continuity Plan (BCP) and the testing and rehearsal frequencies. In 2022, KGIB, KGIS, and China Life all completed the off-site backup and information security response drills at least twice following the Company's annual plan.

The Company plans to commission external professional information security manufacturers to annually simulate hackers and conduct penetration tests on the weaknesses of external service systems, in order to discover logic problems on the application and system vulnerabilities at an early stage and repair them in a timely manner. Through the personnel training of hacker attack and defense drills, and the red and blue army attack defense drills that actually simulate hacker attacks, the information security emergency response capabilities are strengthened and the losses caused by hacker attacks are reduced.

Moreover, to reduce the financial loss and impact on goodwill from information security and cybersecurity incidents, China Life has purchased Cyber Insurance every year since 2018, while CDF, KGIB, and KGIS have completed the overall evaluation on the information security, including insurance items, scope of insurance, compensation liabilities, and self-pay expenses. The relevant evaluation results have been reported to the management. With regards to lowering the risk of information security management, the Company has obtained the ISO 27001 Information Security Management System certification, while KGIS and China Life have also obtained BS 10012 Personal Information Management certification. The information risk inventory, assessment method and relevant operations of the Company are implemented by the following practice.

◆ Information Risk Inventory and Evaluation Methodology



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2.4.3 Comprehensive Assessment and Verification

1. Our Company follows the laws and regularly conducts computer information system security inspections every year. The inspection results are disclosed in the overall information security implementation report, and are submitted to the Board of Directors for verification.
2. Self-promotion of information security assessments: The Company has used a third-party testing platform to conduct security testing of the Company's external information services and has improved its standards year after year. All the monthly statistical scores in 2022 was higher than 95 points, which is among the best in the industry. The "Information Security System and Protection Maturity Assessment" has been conducted every three years since 2019. The FFIEC CAT was introduced in 2022- an external maturity analysis model will be introduced to conduct information security assessment while external professional consultant is commissioned to execute the testing of information security basic framework and the defense system, so as to ensure the early discovery of information security risks and vulnerability. Moreover, the improvement measures will be incorporated into planning and management to assure the continuous optimization in all aspects, which is also an act that is ahead of the industry.
3. Self-inspection: In addition to performing regular self-inspection on internal control, regulatory compliance self-assessment, and inspection of information security operations, the ISO 27001 information security self-inspection is also implemented according to schedule. The deficiencies are listed and tracked,

2.4.4 Information Security Culture

The Company has introduced and managed the regulations and control measures of personnel's human risk in the internal regulations. Apart from applying various information security defense mechanisms in preventing the personnel from suffering from information security risks at operations, the Company also advocates and tests awareness for information security risks. The Company publishes information security publicity announcements and information security wallpaper every month, which are delivered to all employees by email, computer desktop and corporate portals. Cases of special information security events will also be delivered via the aforementioned channels. Besides, e-mail social engineering drills are carried out from time to time to test employees' information security awareness, and it is also included as part of the department's annual assessment. The 2022 implementation outcomes are described below:

1. Organized at least 2 email and social networking engineering drills with total passing rate over 98%.
2. All employees must complete least 3 hours of information security education training and pass the evaluation.
3. Promoted diverse information security publicities and issued 18 information security e-newsletters and 12 computer desktops.
4. Promoted departmental information security performance indicator and assessment mechanism.

The Company values the performance of information security culture through various assessment competitions. In 2022, both CDF and China Life have been awarded with the "TCSA Taiwan Corporate Sustainability Awards-Information Security Leader Award" while KGIB awarded with "Cyber Center Splunk Boss of the SOC - First Place, and the KGI Futures under KGI Securities awarded with the "Digital Information Security Gold Quality Award" in category of the 2nd Fintech Award-Futures from Commercial Times in 2022.

2.4.5 Early Warning, Response and Handling of Information Security Event

The reporting and response before and after information security event not only requires the professional judgment of competent employees but the employees' awareness of information security of reporting on information security event. In addition to the Company's "Information Security Event Management Guide," which lays out the reporting and response procedures, the "Notices for Information Security Event Reporting and Response Process" also clearly states the operation procedures. By classifying and evaluating events beforehand, the Company has established an information security incident classification and notification process. Depending on the type and level of the security incident, the Company carries out relevant notifications and response operations, and conduct analysis and review afterwards. The security incidents discovered every month are shared through regular meetings to prevent further incidents from occurring.

The routine operations encourage employees to conduct information security self-reporting as one of the channels for collecting intelligence on information security risks while establishing the collaboration and communication between the information security units and all departments. In the operation plan for response during the event and post-recovery, the Company sets up the information operation continual response groups according to the operation continuity plan to prevent and strengthen information security instantly. In the event of a threat, the information security event emergency response will be activated instantly. The Company has established the risk management related mechanism and information security event reporting as well as response process. The information security event reporting procedures, handling authorization and control shall regulate the early-warning handling and response actions of the events. Meanwhile, the relevant risk assessment process will be conducted according to the level of event with adoption of corresponding actions, in order to minimize the impact on the company's finance and operations. The relevant implementation methods include:

- ◆ Joining F-ISAC to become a member of financial information security defense and collaborate with external information security intelligence suppliers for early warning and instant protection, as well as sharing intelligence of internal information security within the group, thereby establishing an information security intelligence sharing and collaboration mechanism.
- ◆ Establish and implement information security event reporting and response processing regulations, procedures, and organization system. The V-IRT will be formed to routinely conduct educational training and drills, in order to establish the financial information security event response system.
- ◆ Establish the financial information security event monitoring system. Launch and maintain the information security monitoring system and incorporate with self or commissioned information security event monitoring, analysis and processing, in order to strengthen the information security monitoring and continual development of internal/external information security defense mechanism.
- ◆ Formulate the information security event reporting and response handling procedures according to the role of the organization and its responsibilities, thereby to assure the prompt reporting and response disposition in times of information security event.
- ◆ Strengthen capacity of investigating and analyzing information security event, establishing the procedures for reporting information security event with response plans to enhance the internal personnel's response, coordination and communication capacity when facing sudden situations, thereby to lower the damage brought by information security events.
- ◆ Establish information security threat scenarios analysis and early warning mechanism. Provide the instant and historic information security event data, reports and related intelligence needed through the instant sharing of information security intelligence, to assist with the execution of information security management activities.

The statistics of relevant cybersecurity incident in 2022 are as follows:

- (1) 0 case of cybersecurity incident.
- (2) 0 case of cybersecurity incident involving loss of customer's data.
- (3) 0 customer was affected by cybersecurity incident.
- (4) NT\$0 in financial loss related to cybersecurity incident.
- (5) Received a self-reported cybersecurity incident from colleagues, and after verification, it was found that it was not a cybersecurity-related incident.
- (6) Received 0 external cybersecurity reports or complaints, or after verification, it was found that they were not cybersecurity-related incidents.
- (7) No incident where there was a computer virus or hacker intrusion that cost significant damage to customer interests or affected normal business operations.

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2.5 Ethical Corporate Management

Ethical Corporate management is one of the most important aspects of deepening sustainable management. Only by carrying out corporate governance with “Integrity” can an enterprise continue to operate. Through the establishment of management standards related to business integrity, the core values of counter-terrorism financing, anti-corruption and bribery, and anti-competitive are introduced into the soul of the enterprise. Supplemented by whistler system and regulatory compliance system, the corporate documents establishing ethical corporate management will collaborate a good business operation model and risk control mechanism to create a sustainable business environment.

2.5.1 Framework and Principles of Ethical Corporate Management

Ethical Corporate Management Committee

The “Ethical Corporate Management Committee” under the BOD is in charge of formulating and supervising the execution of ethical corporate management policies, to thoroughly implement ethical corporate management from top-down so that ethical corporate management will become the root foundation of the Company. The Company held the meetings of Ethical Corporate Management Committee (hereinafter referred to as the Committee) on February 14 and August 23, 2022. The Committee comprehended the results of unethical conduct risk assessment from the Audit Office on February 14, 2022 and passed the Company and subsidiary statement on anti-money laundering, anti-corruption, anti-bribery, and anti-competitive practices. The Committee elected the second committee chairperson on August 23, 2022 and discussed the 2022 report on the execution of ethical corporate management.

Ethical Corporate Management Standards

To establish a corporate culture of ethical management and improve corporate development, the Company formulated the "[Code of Conduct for Employees](#)" at the CEO level and the "[Ethical Corporate Management Best Practice Principles](#)," "[Code of Ethical Conduct](#)," "[Regulations Governing the Handling of Whistleblowing Cases on Illegal, Unethical, or Dishonest Conduct](#)" at the Board level, and "[Anti-Money Laundering, Anti-Corruption and Anti-Bribery, and Antitrust and Anti-Competitive Practice Statements](#)." All of which are published on the Company's website. There is also a “Code of Conduct for Subsidiaries' Insiders” for the subsidiaries. In addition to declaring the Company's position of ethical corporate management, we also expressly prohibit dishonest behavior, and requires that the employees shall not directly or indirectly provide, accept, promise or demand any illegitimate benefits, or engage in other acts that violate good faith, illegality or fiduciary obligations in the process of engaging in business activities. They should conduct business activities in a fair and transparent manner and promote the implementation of corporate social responsibility.

2.5.2 Implementation of Ethical Corporate Management

Ethical Corporate Management Risk Assessment

In 2023 Q1, the Company conducted the 2022 risk assessment of unethical conduct. The assessment items include: Giving or receiving bribes, making illegal political contributions, improper charitable donations or sponsorships, offering or accepting unreasonable gifts/hospitality or other improper benefits, infringement of trade secrets/trademarks/patents/copyrights and other intellectual property rights, disclosure or inquiry of the Company's information to engage in insider transactions, damage of the rights and interests of stakeholders, and engage in unfair competition. The risk of unethical conduct of the Company is low after evaluation.

In addition, the first-tier subsidiaries such as KGIS, KGIB, CL, CDIB, AMC, and the first-level subsidiaries of CDF have also completed the 2022 Risk Assessment on Unethical Conducts before March, 2023.

Ethical Corporate Management Policy Statement

In order to implement ethical corporate management from top to bottom and to declare CDF's determination in establishing ethical corporate management and sustainable development, CDF's directors and senior managers have signed the “Ethical Corporate Management Policy Statement.” In addition, all employees also signed 100% commitment in 2022 to abide by the relevant provisions of the Company's ethical corporate management policies.

Regularly Report the Implementation of Ethical Corporate Management

To fully implement ethical corporate management, the executives report to the Sustainability Committee and BOD every year regarding the implementation status since 2020, including the relevant implementation results and publicity of education. Moreover, the auditors regularly check the status of compliance and report to the BOD on the main deficiencies and suggestions for improvement.

Incorporate ESG as Part of Annual Performance Review

To emphasize how CDF values ethical corporate management, CDF lists the implementation status of “Risk Management, Compliance, Information Security and ESG” as one of the annual performance review items for the CEO and senior executives, and stipulated that the proportion should be at least 25%. It is also required to be included in the annual performance review items for general employees. From top to bottom, everyone implements ethical corporate management and sustainable management.

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Conflict of Interest Avoidance

The Company attaches great importance to the conflict-of-interest avoidance and adds the control of benefits in internal control; for example, in the proposal of the BOD, there is a check field for interest avoidance, which requires directors or executives to disclose whether there is a conflict of interest in the case. In addition, the Company also considers great importance to the management of the stakeholders' information. If there is any change, the Compliance Department will update it in the stakeholder system immediately, and conduct a census of stakeholder information every six months. The census in the first half of 2023 will be completed in March 2023.

In addition, according to the relevant regulations such as the “[Ethical Corporate Management Best Practice Principles](#),” the Company's external donations or sponsorships shall comply with relevant laws and internal operating procedures, and shall not seek commercial interests or trading advantages. For social investments such as charitable donations and educational assistance, please refer to “Chapter 6 Co-creation of Sustainable Society.” In 2022, the Company has no financial contribution to make donations to political parties, think tanks, political advocacy organizations or advocacy activities.

External Promotional Mechanisms

CDF requires all suppliers to sign the “[Letter of Undertaking regarding Sustainability for Suppliers](#),” follow the principle of ethical corporate management, conduct transactions in an open and transparent manner, avoid involving in dishonest transactions, and implement the ethical corporate management policies.

Contracts signed with business partners, including: suppliers, real estate projects, sales, lease contracts, etc., are also included in the terms of ethical, in order to implement ethical corporate management from all directions.

In addition, CDF organizes annual supplier education and training activities, to communicate on the anti-corruption policies and procedures, and at the same time promoting the importance of anti-corruption. The 2022 supplier education training and promotion were completed in March 2022.

Ethical Corporate Management Training

The Company continues to promote ethical corporate management education and training. All new recruits should complete ethical corporate management training within 3 months after starting on the job. Through internal system tracking, it is ensured that all employees complete the recurrent training every year. In 2022, 100% of all Company directors and permanent employees in Taiwan (except for the field employee of China Life Insurance) have completed the educational training on corporate ethical management.

2022 Educational Training for Ethical Corporate Management

Course	Class (Hours)
CDF: New Trends in Enterprise Ethics: Enterprise Ethics	1-5
Subsidiaries: “Corporate Governance and Ethical Corporate Digital Education Promotion” and testing (course hours: 30 minutes/no. of participants: 3002 people), 2022 compliance education – including corporate ethics, personal information and human right (course hours: 2 hours/no. of participants: 2533 people)	1-6

2.5.3 Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT)

To strengthen AML and CFT, CDF established the “[Anti-Money Laundering and Countering Terrorism Financing Policy](#)” and establish a group-wide plan for prevention of money-laundering and defeat of financing of terrorism. The policy applies to CDF and all its financial institution subsidiaries as defined by Article 5 of the “Money Laundering Control Act.” It is stipulated in the policy that all subsidiaries should follow relevant laws and regulations, announcements from affiliated trade associations, and the content of this policy to establish AML and CFT regulations based on the nature of individual businesses, transaction types, transaction complexity, and the level of risk involved in money laundering. The policies should also specify the regulations governing AML and CFT, in addition to actively cooperate with the policies of competent authorities to stop the flow of illegal funds.

To monitor the risks related to money laundering and terrorism financing, all subsidiaries are controlled according to the status of suspected money laundering or terrorism financing transactions announced by the respective associations. The object's property or interests in property and its location shall be reported to the Investigation Bureau of the Ministry of Justice in accordance with regulations, and all subsidiaries shall report the status of the AML and anti-terrorism financing business on a monthly basis.

Information Sharing Platform

To prevent money laundering and combat financing of terrorism, the Company launched a group information sharing platform since June 2018, including: List of high-risk customers, information about international organizations, competent authorities, suspicious transactions, etc. From May 2021, the frequency of compilation of public opinion watch lists will be increased to once every half month.

Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Training

The Company holds relevant training courses so that employees can continue to improve their vigilance, and adapt to the changing environment.

2022 Money Laundering Prevention Related Courses

Course	Class (Hours)
Application Practices of FinTech in Money-Laundering Prevention	2
Cases of Anti-Money Laundering and Countering the Financing of Terrorism	2
2022 Routine Annual Training for Anti-Money Laundering and Countering the Financing of Terrorism	7
Defeat the Challenge of Law Enforcement in Cross-Border Money Laundering Crime – Discussion of Insurance Industry Becoming the Channel for Money Laundering in Relevant Crime Scenarios	2
On-the-Job Class for AML and CFT Personnel	6
Latest Anti-Money Laundering Law and Supervision	2

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2.5.4 Compliance

Framework of Compliance

A good culture of compliance is the only way to strengthen corporate governance. Therefore, we established the Compliance Department in accordance with the [“Legal Compliance Policy”](#) to be responsible for the Company's compliance functions of various units, supervising and boosting the compliance function by all departments. Subsidiaries KGIB, CL, and KGIS have also established compliance departments and assigned supervisors to implement general compliance affairs. The other subsidiaries have assigned supervisors and established compliance departments based on different factors.

Comprehensive Communication and Inspection

Ethical corporate management involves a variety of aspects, including insider transactions, transactions with stakeholders, business secrets, improper interests, money laundering prevention and unfair competition, etc. For specific integrity management operations and plans for preventing dishonest behavior, the compliance department assists each department in formulating relevant internal regulations, including but not limited to [“Stakeholder Transaction Operation Guidelines,”](#) [“Anti-Money Laundering and Countering Terrorism Financing Policy,”](#) [“Code of Conduct for Employees,”](#) [“Code of Conduct for Subsidiaries' Insiders,”](#) [“Regulations Governing the Handling of Whistleblowing Cases on Illegal, Unethical or Dishonest Conduct,”](#) etc. At the same time, a number of related educational trainings were also held.

2022 Compliance Education Training

Course	Class (Hours)
Regulations and case studies on anti-corruption and ethical corporate management	Compliance Education Training Materials
Financial Inspection Practice and Case Study	2
“Guide for Data Sharing in Financial Institutions” (Online Course)	0.5
“Guide for Data Sharing in Financial Institutions – Advanced” (Online Course)	0.5
Compliance of Article 45, Financial Holding Company Act (stakeholder trading related laws and practices)	2
Labor Inspection (Labor Standard Act)	2
Prevention of Insider Trading and Latest Practical Development	2
Virtual World Explosion: Future Development of Metaverse and Cryptocurrency Blockchain	2
New Trends of Ethical Corporate Management: Corporate Ethical Management	2
Data Sharing Act Introduction and Practical Case Sharing	2
Corporate Governance 3.0 and Internal Control Three Defenses/Financial Holding Company Act Article 45 Stakeholder Trading Analysis	2

To check whether the ethical corporate management is implemented, the Compliance Department includes the above-mentioned internal regulations involving ethical corporate management into the items of the compliance self-assessment when it implements the compliance self-assessment twice a year. All departments are required to earnestly implement self-assessment, and review the implementation status of ethical corporate management by the means of self-examination.

The Compliance Department keeps abreast of changes in laws and regulations, and informs relevant units as soon as possible and assists them in revising their internal control systems to comply with compliance requirements. The head of Compliance of the Company and each subsidiary regularly participate in monthly compliance meetings every month to discuss issues related to ethical corporate management or other important issues for the purpose of communicating and supervising subsidiaries. In addition, the Company collects important compliance issues and, communicate with senior executives and relevant departments monthly.

If a peer in the industry is punished by the FSC, the Compliance Department will immediately notify the relevant supervisors and subsidiaries of various industries in both Chinese and English, and ask the relevant units or subsidiaries to check for any violations, and make adjustments and corrections immediately.

Whistleblower Program

According to CDF's [“Ethical Corporate Management Best Practice Principles,”](#) the staff shall report unethical conduct to the Audit Committee, managers, internal audit managers, or other appropriate internal officers. CDF also established the [“Regulations Governing the Handling of Whistleblowing Cases on Illegal and Unethical or Dishonest Conduct,”](#) and authorizes the Compliance Department to handle all compliant cases through written (Report Mailbox: P.O.BOX 100 Taipei Stadium 10599), email (whistle@cdibh.com), telephone (02-6600-3282) and via fax (02-6600-3281), and other access. All reporters' identity and content of the report shall keep confidential while progressively investigating the case. The aforementioned report channel is disclosed on the Company's website (<https://www.cdfholding.com/en/esg/governance>).

The Company has received an anonymous report in 2022. It was investigated and confirmed that the case did not involve any illegal violation and was reported to the Audit Committee held on April 25, 2022 for review and passing in records.

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Subsidiaries Whistleblower System			
	KGI Securities (KGIS)	China Life (CL)	KGI Bank (KGIB)
Name of Internal Regulations Reported	"Regulations Governing the Handling of Whistleblowing Cases on Illegal, Unethical, or Dishonest Conduct" (hereinafter referred to as the: "KGIS Whistleblowing Standards")	"Regulations Governing the Handling of Whistleblowing Cases on Illegal, Unethical, or Dishonest Conduct" (hereinafter referred to as the "CL Whistleblowing Standards")	"Regulations Governing the Handling of Whistleblowing Cases on Illegal, Unethical, or Dishonest Conduct" (hereinafter referred to as the "KGIB Whistleblowing Standards")
Processing Unit of Reported Case	KGIS Compliance Dept.	CL Compliance Dept.	KGIB Compliance and Legal Dept.
Investigation Unit	According to Article 6 of the "KGIS Whistleblowing Standards" : 1. If the counterpart is an employee below the Vice President (excluding) of the company, the head of the Compliance Dept. should immediately report to the CEO, and the CEO will direct and organize an investigation team. 2. If the counterpart is a director of KGIS or an executive whose responsibilities are equivalent to the Vice President or above, the head of the Compliance Dept. should report to the convener of the Audit Committee, who will direct the formation of an investigation team. 3. If the counterpart is an independent director, the head of the Compliance Dept. should immediately report to the Chairman, and the Chairman will direct and organize an investigation team.	If there are other applicable procedural regulations, it may be transferred to the competent authority to continue the investigation and other procedures according to the regulations, and the remaining cases will be investigated by the Compliance Dept.	According to Article 6 of the "KGIB Whistleblowing Standards" : 1. If the counterpart is an employee below the Vice President (excluding) of the company, the head of the Compliance Dept. should immediately report to the President, and an investigation team (hereinafter referred to as the investigation unit) shall be formed by the President or a unit designated by the President. 2. If the counterpart is a director of KGIB or an executive whose responsibilities are equivalent to the Vice President or above, the head of the Compliance Dept. should report to the convener of the Audit Committee, who will convene an investigation unit. 3. If the counterpart is an independent director, the head of the Compliance Department from KGIB should immediately report to the President, and the chairman will designate an investigation unit.
Whistleblower Channel	1. PO Box: 10499 PO Box No. 223, Bei An Post Office, Taipei City 2. Report Hotline: 02-7702-0906 3. Report Fax: 02-7702-0907 4. Email: whistleblower.kgisec@kgi.com 5. The above-mentioned channels are all announced on KGIS' website: https://www.kgi.com.tw/zh-tw/code-of-conduct 6. In addition, the relevant instructions and channels of the whistleblowing system are provided in the Compliance Dept. of the Company's intranet.	CL has four whistleblowing channels to report, including in person, written reports, email, (whistleblower@chinalife.com.tw) and telephone (+886-8712-5192).	KGIB reporting channels and methods are fully disclosed on KGIB's website. 1. Written Letter: Mail it to the head of the Compliance Department of the Bank's head office, and mark the envelope as "Confidential" 2. Email: whistleblower@kgi.com
Whistleblower Channel Promotion	1. Promoted and explained to all the employees during the annual "Compliance Education and Training Course for Practitioners." 2. All newly recruited sales personnel are explained during the Evergreen Project Training.	Reporting channels and methods are fully disclosed on the company website (https://www.chinalife.com.tw/wps/portal/chinalife/ESG/Resources/CorporatePoliciesAndRegulations/ResponsibleInvestmentPolicies#EthicalCorporateManagement), and regularly promote within the employees during the annual ethical corporate management training.	KGIB whistleblowing channel are announced on the official website, please see https://www.kgibank.com.tw/zh-tw/about-us/corporate-governance
Incentives for Whistleblower Reporting	According to Article 8 of the "KGIS Whistleblower Standards," if the reported case is verified to be true and the circumstances are serious, in addition to handling the case according to laws or relevant regulations, we may also provide appropriate rewards to the whistleblower.	According to Article 11, Paragraph 1 of the "CL Whistleblowing Standards," if the reported case has been verified to be true and the circumstances are serious, we may provide the whistleblower with appropriate rewards.	In accordance with Article 11, Paragraph 2 of the "KGIB Whistleblower Standards," if a case is verified, appropriate measures shall be taken against the accused person, relevant units or personnel who may be held accountable. Relevant units will review the KGIB's internal regulations and operating procedures and other improvement plans. If the circumstances are serious, appropriate rewards may be provided to the whistleblower.
Established Reported Cases in 2022	None.	None.	None.

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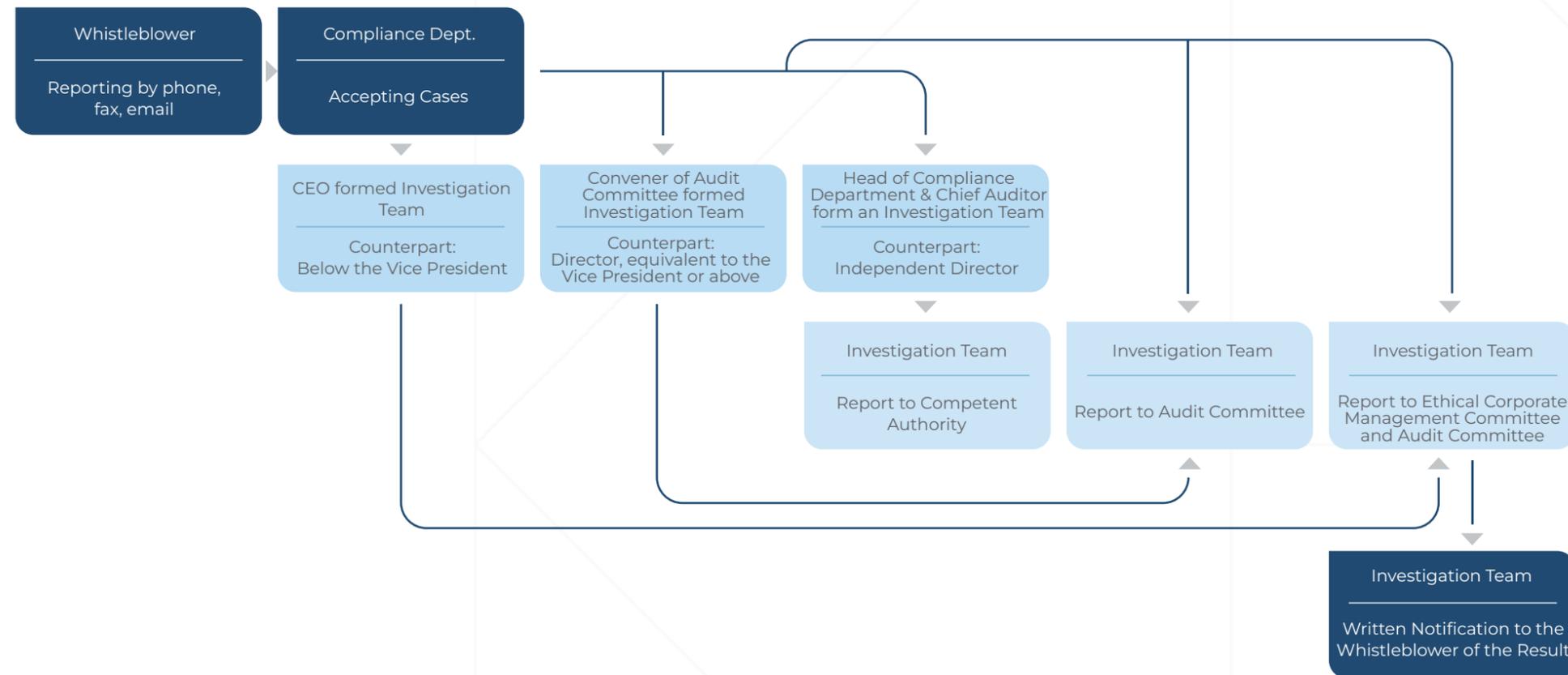
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◆ Flowchart of Handling Reported Cases

In 2022, there were no cases reported to the Company under the “Reporting Channels for Illegal, Unethical or Dishonest Conduct Cases.”



2.5.5 Disclosure of Illegal Incidents

For employees of the Company who violate the “Ethical Corporate Management Best Practice Principles,” “Code of Ethical Conduct,” or “Code of Conduct for Employees,” disciplinary actions will be taken in accordance with relevant rewards and punishments regulations of the Company. Those violating relevant government laws and regulations will be handled in accordance with relevant laws and regulations, and properly disclosed. In 2022, the Company has no major violations of laws and regulations such as (1) environmental protection regulations (2) regulations related to information and labelling of products and services (3) major violation incidents related to marketing communication regulations.

Additionally, the 2022 investigation shows that the Company did not have any violation cases of insider trading, antitrust, anti-competitive practices, or monopoly, nor any cases of violating the conduct codes (such as privacy, corruption, and discrimination). However, in response to the case of former Beimen Branch operation manager OO Chang embezzling the funds of customers and the case of former Jiguang Branch financial specialist OO Wu's fund transaction with customers, it is verified that such cases breached the provisions set forth in Paragraph 1 of Article 45-1, the Banking Act of the Republic of China, and hence the FSC fined the bank for NT\$6 million in penalty on May 5, 2022. In August 2022, CDF, KGIS and CL were investigated with violation of provisions prescribed in Financial Holding Company Act, Regulations Governing Securities Firms, and Insurance Act due to poor corporate governance, failure to the effective operation of internal control, and improper handling of stakeholder transaction and the internal control procedures of other operations. These companies were penalized by the FSC and on which, CDF was fined NTD20 million with correction while the president's monthly salary cut by 30% for a period of 3 months by order, and the chairman was suspended for the duties of executive director for 6 months. KGIS was fined with NTD2.4 million with correction and the Audit Committee of the Company was ordered to check the flaw and take necessary actions. The implementation status was to be reported to the Board of Directors and the chairman's monthly salary was cut by 20% for a period of 3 months, and the president was penalized with suspension of duties for 6 months. CL was fined NTD6 million with correction. The chairman's monthly salary was cut by 10% for a period of 3 months while the monthly salary of the president was cut by 30% for a period of 3 months.

There was no material violation incident in 2021 (the so-called material violation incident is defined by the “Regulations Governing Public Disclosure by the Financial Supervisory Commission of Material Enforcement Actions for Violations of Financial Legislation”) and it was verified that the 2022 material violation incident was consists with the 2022 Annual Report.

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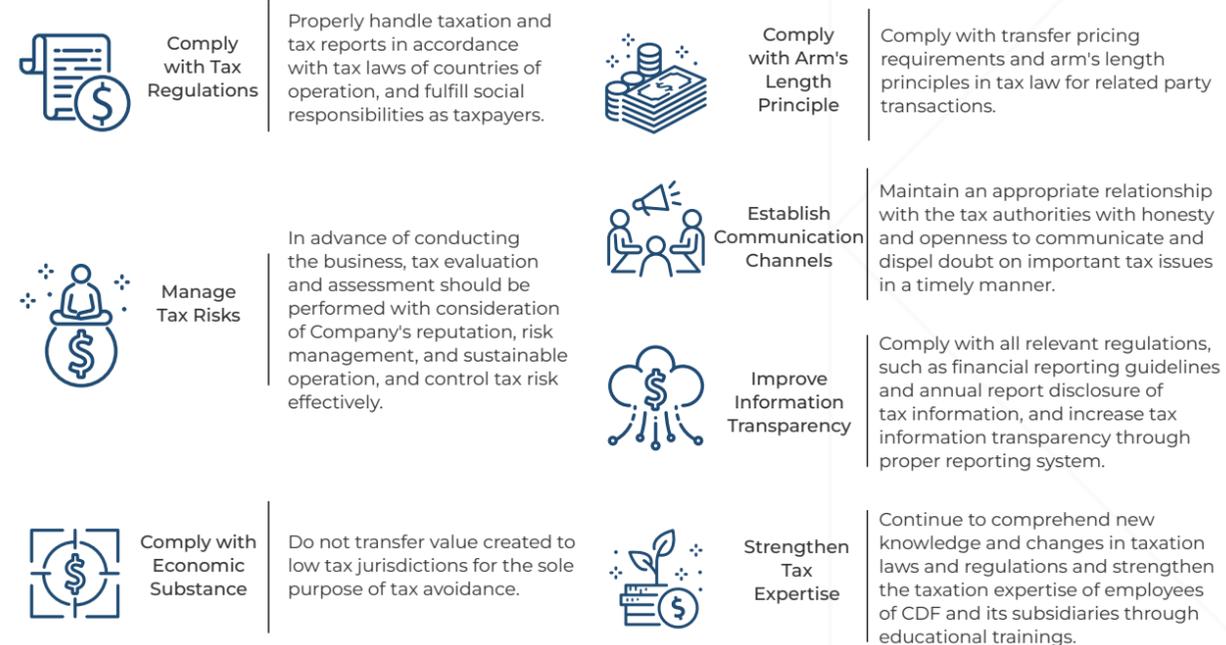
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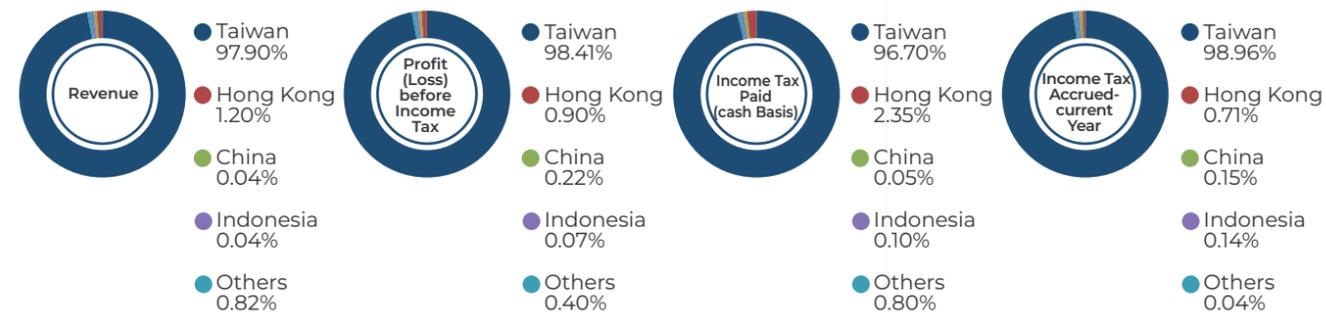
2.6 Tax Governance

Tax Governance and Risk Management Mechanism

To keep abreast with international tax governance trends and strengthen compliance with tax regulations, CDF and its subsidiaries maintain the goal of fulfilling their corporate responsibilities, achieving sustainable development. CDF formulated the "Tax Governance Policy" with the BOD acting as the highest decision-making unit of the tax governance mechanism to approve the overall tax governance policy to ensure the effectiveness of the group's tax governance operation. CDF's tax governance practice in 2021 was reported to the BOD for review and approval in 2022. CDF and its subsidiaries should comply with the tax governance policies as below:



Revenue and Tax Information in 2022



Income Tax Information in 2021 and 2022

Unit: NT\$ Million

Item	2021	2022
Net Profit Before Income Tax	52,200	21,941
Income Tax Expense	5,100	5,552
Income Tax Paid	5,240	5,765

Effective Tax Rate

Item	2021	2022	Average	Average After Adjustment	Peer Average
Effective Tax Rate (%)	9.77	25.30	14.37	24.56	19.50
Cash Tax Rate (%)	10.04	26.28	14.84	25.14	24.66

Note:

1. Effective tax rate = Income tax expense/Net profit before income tax.
2. Cash tax rate = Income tax paid/Net profit before income tax.
3. The average effective tax rate and cash tax rate in the industry are cited from the 24 industry groups of the Global Industry Classification Standard (GICS) published in the 2022 Sustainability Assessment Companion, a publication of RobecoSAM.

Analysis of Tax Rate Differences in 2021 and 2022

The reason for discretion between the effective tax rate and cash tax rate for CDF and the average tax rate of insurance industries of GICS is described below:

1. A difference in effective tax rates is because that the primary region of CDF's operations is in Taiwan, where the corporate income tax rate is lower than the majority of countries, and that the considerable portion of CDF's profits is derived from nontaxable income or tax-exempt income (e.g., OBU income, OSU income, and domestic securities investment gain/loss).
2. A difference in cash tax rates is because that, in addition to timing differences (e.g., valuation gain/loss and unrealized exchange gain/loss) and the deduction of loss amount, the primary region of CDF's operations is Taiwan, where income tax payable for the current year calculated based on taxable income of the year of declaration is declared and paid at the end of May of the following year according to the Income Tax Act in Taiwan.

Strengthening Compliance with Global Transfer Pricing and Information Transparency

In response to the international requirements, adoption of a three-tiered transfer pricing documentation framework, which consists of "Master File", "Local File", and "Country-by-Country (CbC) Reporting" are needed. In 2022, CDF followed the regulations of the countries where the subsidiaries are located and Taiwan to prepare the 2021 Master File and Local File, and complete the CbC Reporting for Taiwan, South Korea and Indonesia to enhance the transparency of the taxation information of the Group, and use it as a reference for the self-examination of the related party transaction transfer pricing to implement and strengthen the compliance of global transfer pricing.

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The most direct and engaging way for CDF to advance corporate social responsibility is through its core business, namely responsible investment. We not only focus on the financial performance aspect of our investment portfolio, but rather, while in the pursuit of solid long-term returns, we also hope to create a meaningful impact on the society and investee companies from a broader perspective, by evaluating the ESG performance of the investment targets. In addition, in order to promote financial inclusion, we continue to pay close attention on climate change issues, promote actively for green finance, and care for social enterprises and underprivileged communities. Under the latest technology trends and user requirements prompted by the swift pace of global digitization, digital finance is used to rapidly satisfy customer needs. Through the power of technology and outstanding services, CDF could enhance customer experience and create value for our customers. At the same time, we encourage innovation and support new startups to inspire young entrepreneurs. This will hopefully solve the "unemployment or underemployment" problem faced by the younger generation.

Key Strategy, Targets and Progress

Strategy	Action Plan	2022 Progress	Short-term Goals 2023	Mid-term Goals 2024~2025	Long-term Goals 2025~2027
Develop sustainable theme investment	<ul style="list-style-type: none"> ◆ Promoting green industry investments 	<ul style="list-style-type: none"> ◆ Nearly 60% of the investment in principal investments is invested in the green energy and renewable energy fields of the six core strategic industries. ◆ Life invested in green bonds issued by TSMC and Ørsted to support the development of clean energy in Taiwan, with an investment amount of NT\$2.3 billion. ◆ China Life invested NT\$18.5 billion in foreign green bonds and NT\$9.1 billion in sustainable bonds. 	<ul style="list-style-type: none"> ◆ Investment in high carbon emission industries lower than 26% 	<ul style="list-style-type: none"> ◆ Maintain the investment in high carbon emission industry lower than 26% ◆ Increase green industry investment portfolios by 35% by the end of 2027, compared with the end of 2020. 	<ul style="list-style-type: none"> ◆ Maintain the investment in high carbon emission industry lower than 26% ◆ Increase green industry investment portfolios by 35% by the end of 2027, compared with the end of 2020.
	<ul style="list-style-type: none"> ◆ Support smart technologies or environmental innovation industries ◆ Responding to the problem of an aging population ◆ Support culture and innovation industry developments ◆ Support innovative industries 	<ul style="list-style-type: none"> ◆ Asset management operations <ul style="list-style-type: none"> - The Advantage Fund raised NT\$4.54 billion - Raised two biomedical funds in Taiwan with a total amount of NT\$4.86 billion, and raised biomedical funds totaling RMB420 million in China - The scale of the cultural and innovation fund is NT\$1.5 billion ◆ CDIB Capital Innovation Fund raised NT\$1.29 billion 	<ul style="list-style-type: none"> ◆ Continue to develop smart technologies, environmental protection innovations, potential healthcare, cultural innovations, and investments in startups. 	<ul style="list-style-type: none"> ◆ Continue to develop smart technologies, environmental protection innovations, potential healthcare, cultural innovations, and investments in startups. 	<ul style="list-style-type: none"> ◆ Continue to develop smart technologies, environmental protection innovations, potential healthcare, cultural innovations, and investments in startups.
Startup investments	<ul style="list-style-type: none"> ◆ Support the growth of new startups in Taiwan 	<ul style="list-style-type: none"> ◆ CDIB Capital Innovation Accelerator (CCIA) held a total of 101 online and offline seminars on innovation and entrepreneurship, with a total of 2,076 participants. 	<ul style="list-style-type: none"> ◆ Support startups in business expansions through the innovation fund and invest in new startups with potential. ◆ Over 70 events are expected to be held. ◆ Provide partnerships opportunities for startups and large corporations. ◆ The events aimed to help investors go beyond Taiwan and enter international markets (such as Japan, Southeast Asia, etc.), establishing Japan accelerators and assisting startups with resources for overseas development. 	<ul style="list-style-type: none"> ◆ Support startups in business expansions through the innovation fund and invest in new startups with potential. ◆ Over 70 events are expected to be held. ◆ Provide partnerships opportunities for startups and large corporations. ◆ The events aim to help investors go beyond Taiwan and enter international markets (such as Japan, Southeast Asia, etc.), in order to establish a new ecological network. ◆ Expand the deployment of overseas funds and businesses. 	<ul style="list-style-type: none"> ◆ Continue to support startups in business expansions through the innovation fund and invest in new startups with potential ◆ Over 70 events are expected to be held. ◆ The events aim to help investors go beyond Taiwan and enter international markets (such as Japan, Southeast Asia, etc.), in order to establish a new ecological network. ◆ Expand the deployment of overseas funds and businesses.

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Strategy	Action Plan	2022 Progress	Short-term Goals 2023	Mid-term Goals 2024-2025	Long-term Goals 2025-2027
Incorporate ESG factors into investment decision-making and the evaluation process	<ul style="list-style-type: none"> ◆ Implement responsible investment and green finance, and incorporate ESG into investment decisions 	<ul style="list-style-type: none"> ◆ China Life's 100% of relevant investment decision research reports have included ESG assessments. ◆ China Life's 100% of foreign funds companies have signed PRI. ◆ China Life participated in the shareholders' meetings of listed investee companies, with a participation rate of more than 100%. ◆ KGI Securities participated in 12 ESG-related bonds, underwriting the total amount of NT\$8.28 billion, up 124% compared with the NT\$3.7 billion in 2021. ◆ Among the equity capital raising cases organized by KGI Securities in the capital market, 18 cases were environmental protection and green energy related, accounting for about 53% of the number of cases organized in 2022. The environmental protection and green energy funds raised more than NT\$29.0 billion, accounting for about 77% of the funds raised in 2022. ◆ Factor pool entry assessment procedure incorporates ESG scores. According to the target of factor model entry, factor models are reviewed quarterly, and due diligence scores provided by professional institutions are included to evaluate the business operations of investee companies that violate ESG or those with unfavorable sustainable operation risks. ◆ We use the ESG database to regularly review the disputed event scores and ESG issues of Taiwanese stocks. When the disputed event scores of Taiwanese stocks decrease or are lower than a certain standard, the related matters shall be tracked and monitored. 	<ul style="list-style-type: none"> ◆ Deepen sustainable investment management, regularly carry out carbon inventory of investment portfolios and formulate carbon reduction targets, and deepen discussions with investment targets. ◆ Establish an ESG watch list for investee companies that involve environmental pollution, social disputes and corporate governance concerns, etc., and evaluate the relevant risks before investing in the targets on the watch list. 	<ul style="list-style-type: none"> ◆ Optimize sustainable investment management, improve investment efficiency, and gradually implement the goal of zero carbon emissions in the investment portfolio by 2045. ◆ Compare China Life with the end of 2020, reduce the carbon emission of investment portfolio to 35% by 2027. 	<ul style="list-style-type: none"> ◆ Optimize sustainable investment management, improve investment efficiency, and gradually implement the goal of zero carbon emissions in the investment portfolio by 2045. ◆ Compare China Life with the end of 2020, reduce the carbon emission of investment portfolio to 35% by 2027.
	<ul style="list-style-type: none"> ◆ Issue ESG Products - KGI Sustainability Series Funds 	<ul style="list-style-type: none"> ◆ KGI SITE offers one ESG bond ETF and three active sustainability bond funds that have been approved by the competent authority for ESG review. KGI SITE is the investment security trust company acquiring most ESG fund certifications in 2022. ◆ KGI SITE issued the first Taiwan ETF adopting Bloomberg MSCI ESG bond index - KGI 15 YR+ USD Grade BBB ESG Sustainable Corporate Bond ETF Funds in May 2021. As of the end of 2022, the fund scale reached 427 million. ◆ With regards to the three active sustainable bond funds, as of the end of 2022, the fund scale reached 3,991 million. 	<ul style="list-style-type: none"> ◆ Continuous issuance of sustainability series funds ◆ Strengthen the promotion of ESG and sustainable development related products to investors 	<ul style="list-style-type: none"> ◆ Continuous issuance of sustainability series funds ◆ Strengthen the promotion of ESG and sustainable development related products to investors 	<ul style="list-style-type: none"> ◆ Continuous issuance of sustainability series funds ◆ Strengthen the promotion of ESG and sustainable development related products to investors
	<ul style="list-style-type: none"> ◆ Issue ESG related products - KGI Bank green deposit ◆ Exercising influence over investee companies by participating in shareholders' meetings and negotiating with investee companies 	<ul style="list-style-type: none"> ◆ Leading in the domestic banking industry, KGI Bank launched the "green deposit" in May 2022 to use project funds on renewable energy and energy technology, pollution prevention and control, water resource energy conservation and cleaning, or recycling and reuse, as well as other fields of green financing demand. ◆ KGI Securities communicated with the management of the investee companies through conference calls and face-to-face meetings (5,088 times), participation in legal seminars (594 times), or sending staff to participate in regular shareholders' meetings or major extraordinary shareholders' meetings (805 times), in order to further understand and communicate the risks and strategies faced by management to the industry. ◆ KGI SITE's participation in the shareholders' meetings of listed investee companies reached 100%. ◆ KGI SITE proactively visited investee companies a total of 429 times. ◆ KGI Securities: investee company shareholders meeting participation rate reached 100%. In 2022, a total of 10 cases of counseling have been incorporated into sustainability transaction assessment, and 6 of them listed while 4 IPOS under review. As of the end of March, 2023, two cases have been listed. 	<ul style="list-style-type: none"> ◆ Continue to promote ESG and sustainable development related products. ◆ Actively participate in Shareholders' Meetings and issue in-principle disapproval of proposals that impact the portfolio companies' sustainable development or corporate governance or violate ESG standards. ◆ Managers who hold investment positions on the ESG watch list should negotiate with the company on relevant disputes and track the follow-up irregularly. 	<ul style="list-style-type: none"> ◆ Continue to promote ESG and sustainable development related products. ◆ Participate in ESG related initiatives and organizations when appropriate 	<ul style="list-style-type: none"> ◆ Evaluate and adopt ESG databases in a timely manner, and continuously optimize relevant mechanisms. ◆ Continue to promote ESG and sustainable development related products. ◆ Participate in ESG related initiatives and organizations when appropriate

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Sustainable Insurance		<ul style="list-style-type: none"> Implement the principle of sustainable insurance and deeply root the concepts of corporate sustainability 	<ul style="list-style-type: none"> Insurance service footprint inventory passed ISO 14067 international standard verification to validate the carbon emission baseline. Incorporated climate change with "physical risk" and "transition risk" in risk management policy and incorporate climate change risk related assessment in ORSA report, and strengthened the description of influence scope. Board of Director members actively paid attention to ESG, climate change, green financing, and IFRS 17, and information security. The annual cumulative courses reached 180 hours, leading the external institution to account for 80% of total hours. Chin Life ESG report was awarded by both TCSA and Global ESG Report. The overall sustainability performance was rewarded with TCSA Taiwan Sustainability Award and top 100 sustainability program enterprise awards. 	<ul style="list-style-type: none"> Execute insurance service footprint management and promote footprint reduction in response to green operation transformation. Continue to strengthen the sustainability governance framework and information disclosure, in order to deepen the sustainable educational training for board of directors and all employees. 	<ul style="list-style-type: none"> Continue to promote green operation transformation and reach insurance service carbon neutrality. Optimize climate risk management mechanism and respond to international sustainability norms and competent authority policy. Continue to draw attention to sustainable development related issues and the direction of competent authority policy amendment to adjust advanced study and course plan. Continue to design member development, successor planning, advanced courses for BOD in pursuit of stable corporate development and constantly improving operation security and sustainability performance. Evaluate the response to international new sustainability disclosure framework/standards. 	<ul style="list-style-type: none"> Continue to promote green operation transformation and reach insurance service carbon neutrality. Optimize climate risk management mechanism and respond to international sustainability norms and competent authority policy. Continue to draw attention to sustainable development related issues and the direction of competent authority policy amendment to adjust advanced study and course plan. Continue to design member development, successor planning, advanced courses for BOD in pursuit of stable corporate development and constantly improving operation security and sustainability performance. Evaluate the response to international new sustainability disclosure framework/standards.
Responsible Banking		<ul style="list-style-type: none"> Through the encouragement of green energy upgrades and fund-raising assistance to the green energy industry, the compound annual growth rate of the overall green credit amount is expected to reach 5% in the next two years 	<ul style="list-style-type: none"> KGI Bank adopted the green credit standard marked by Taiwan Joint Credit Information Center and statistics show that the balance of 11 green credit notes reached NT\$16.06 billion, substantially up 39.5% compared with previous year. 	<ul style="list-style-type: none"> Inventory of ESG risks in credit facilities, deepen the introduction of the spirit of the Equator Principles, evaluate the establishment of exclusion industries, and strengthen negotiation with customers. 	<ul style="list-style-type: none"> Complete the ESG exposure risk assessment for credit facilities and establish exclusion industry categories. Establish an ESG review project for industries with high ESG risks, and evaluate and promote communication with customers on related issues through ESG commitments and other means 	<ul style="list-style-type: none"> In 2025, use the methodology and database of the Partnership for Carbon Accounting Financials (PCAF) to disclose the carbon emissions of investment and financing. Evaluate climate statements/targets and related industry guidelines for integrated investment and financing Continue to deepen ESG review of credit cases Focus on strengthening communication with high climate risk customers
Customer Service		<ul style="list-style-type: none"> Expand the influence of the bank's digital community 	<ul style="list-style-type: none"> KGI Bank has 113,000 Facebook followers, up 4% in number of fans and 70% in interaction from the previous year. KGI Bank official Instagram account got in touch with over 300,000 potential customers. The number of LINE KGI friends reached 1,260,000, up 8% in bundle from the previous year. 	<ul style="list-style-type: none"> Integrate various social media and operate according to the characteristics of different ethnic groups and needs. Integrate smart customer services and provide customers with diverse instant service channel. 	<ul style="list-style-type: none"> Lower the psychological threshold of financial services through professional and interesting content. Show more personalized styles and extend the management of age groups Plan personalized service. and customized promotions. 	<ul style="list-style-type: none"> Build a consistent brand image and increase opportunities for reach and interactions. Customer requirements will be prioritized to develop loyalty and become the first choice for customers.
		<ul style="list-style-type: none"> Strengthen investor education and risk awareness 	<ul style="list-style-type: none"> KGI Securities FB official account made 687 posts (since the creation of account), cumulating 36,000 fans. KGI Securities YouTube financing film released 551 films with cumulative order up 34%, and the cumulative views increased by 146%. 	<ul style="list-style-type: none"> Deepen social media management for LINE, FB, YT and others through easy-to-understand content to promote financing knowledge (LINE friends reached 1.28 million). Optimize user interface, open visitor experience financing APP, and assist investors to familiarize with investment instruments (60% of content can be viewed by everyone). The fun with investment is added to enhance scenario interaction through personalization, helping investors take the first step of investment. 	<ul style="list-style-type: none"> Consolidate data analysis and provide customer required financing information according to precise customer demand. Build "small amount investment ecology" with strategic partners so to infuse investment financing with life. Continue to broadcast personal financing film content/periodic risk awareness reminder to help customer make investment judgment and product choice. 	<ul style="list-style-type: none"> Operate social media ecology and maintain close relation with customers. Provide customers with professional financing information in depth and breath, assisting them in investment related decision-making.

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Customer Service	<ul style="list-style-type: none"> ◆ Provide customer with convenient services according to technology development. 	<p>Stay on the stance of customer and optimize multiple digital service experience, providing customer with more diversified financing platform and instruments for an online friendly environment.</p> <ul style="list-style-type: none"> ◆ Establish U.S. stock zone to provide rich and diverse U.S. stock and Hong Kong stock information. ◆ Provide periodic and fixed amount service for U.S. stock so small investors can also invest in U.S. stocks by lowering the investment threshold. ◆ Provide zero-contact real-person digital service through electronic signing. 	<ul style="list-style-type: none"> ◆ Build digital wealth management platform (DWMP) so that small investors can enjoy VIP-grade financing consultation service. ◆ Integrate financing platforms, reduce investment difficulty and threshold, and improve diverse investment convenient. ◆ Provide zero-contact real-person digital service through electronic signing. 	<ul style="list-style-type: none"> ◆ Integrate professional strategic investment portfolio and APP order function. Complete the investment combination with one key for order. ◆ Through cooperation with API and ecologies, provide new pattern and diversified financing services (strategic cooperation between KGI Securities and FarEasTone) 	<ul style="list-style-type: none"> ◆ Become the most recommended digital securities leading brand.
	<ul style="list-style-type: none"> ◆ Securities customer service satisfaction 	<ul style="list-style-type: none"> ◆ Problem solving by first phone call reaches 95% or higher. ◆ Average on hold time < 60 seconds. ◆ Introduce NPS (Net Promoter Score) feedback mechanism at each customer contact point as the reference on continuous optimization of customer experience. ◆ AI customer service comprehensively covered on digital contact point as simulation services. ◆ Taiwan Customer Service Center Assessment in Securities Industry - Golden Medal 	<ul style="list-style-type: none"> ◆ Implement NPS mechanism and manage, follow up, and improve based on feedback opinions from customers, fully understand customer demand and optimize customer experience. ◆ Continue to optimize customer complaint processing. Problem solving by first phone call to customer service reaches 97.5% or higher. ◆ Promote mechanism of mysterious visit on branch companies. 	<ul style="list-style-type: none"> ◆ Continue to execute customer complaint case prevention, customer service and customer complaint handling, occupational educational training and elderly care action. ◆ Mysterious visitors to audit customer service quality of branch companies. ◆ NPS among industry ranking up by 30% YOY. ◆ Problem solving by first phone call to customer service reaches 98% or higher. 	<ul style="list-style-type: none"> ◆ Continue to execute customer complaint case prevention, customer service and customer complaint handling, occupational educational training and elderly care action. ◆ Mysterious visitors auditing customer service quality of branch companies. ◆ Problem solving by first phone call to customer service reaches 98.5% or higher. ◆ First in NPS among industry ranking.
	<ul style="list-style-type: none"> ◆ Expand digital social media influence of KGI Securities. 	<ul style="list-style-type: none"> ◆ As of end of 2022, KGI Securities Line friends hit one million, reaching as high as 1.26 million. 	<ul style="list-style-type: none"> ◆ Continue promoting social media for more followers. Provide customer with proper financing information through diversity of products, markets, and financing concepts. ◆ Deepen social media management for LINE, FB, YT and others through easy-to-understand content to promote financing knowledge. ◆ Optimize user interface, open up visitor experience financing APP, and assist investors to familiarize with investment instruments. ◆ The fun with investment is added to enhance scenario interaction through personalization, helping investors take the first step of investment. 	<ul style="list-style-type: none"> ◆ Continue to increase social media followers. ◆ Consolidate data analysis and target at customer demand to provide the financing information needed by customers. ◆ Build "small amount investment ecology" with strategic partners so to infuse investment financing with life. ◆ Continue to broadcast personal financing film content/periodic risk awareness reminder to help customer make investment judgment and product choice. 	<ul style="list-style-type: none"> ◆ Continue to increase social media followers. ◆ Operate social media ecology and maintain close relation with customers. ◆ Provide customers with professional financing information service in breadth and depth to help customers make decisions in investment.
<ul style="list-style-type: none"> ◆ Improve life insurance policyholder satisfaction 	<ul style="list-style-type: none"> ◆ China Life expanded the scope of customer opinion survey by adding four critical contact points. ◆ Establish customer experience engineer team to follow up and respond to policy holders, and continue to launch improvement solutions according to their opinions. 	<ul style="list-style-type: none"> ◆ Continue to promote NPS: Continue to investigate on senior and underprivileged groups by listening to their voice for optimization. ◆ Respond to customer opinion through NPS customer experience engineer team to explore root-cause and develop solutions that will solve customer problems. 	<ul style="list-style-type: none"> ◆ Continue to promote NPS: Continue to investigate on senior and disadvantaged groups by listening to their voice for optimization. ◆ Promote NPS to deepen customer relation, add promoter, transform neutral person, and thereby reduce derogators. 	<ul style="list-style-type: none"> ◆ Continue to promote NPS: Continue to investigate on senior and disadvantaged groups by listening to their voice for optimization. ◆ Promote NPS to deepen customer relation, add promoter, transform neutral person, and thereby reduce derogators. 	

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Inclusive Finance	<ul style="list-style-type: none"> ◆ Promoting startups and digital platform players to cooperate to enhance customer financial experience solutions 	<ul style="list-style-type: none"> ◆ KGI Bank launched the brand-new company website in January, 2022, and the mobile banking in October, 2022, so that customers can complete online transaction with more convenience. ◆ The new smart customer service "24-hour wallet assistant" provides 24 hour services all year round, which is integrated with the latest voice interactive technology to provide customers with all-voice interactive questioning, building an accessible user environment, implementing friendly finance service, and providing the best digital service experience. ◆ The "Taxi Driver Loan" project of KGI Bank utilizes digital technology to help young generation and non-salary paid groups with the equality of using financial resources. The loan was recognized by international authoritative financial media, The Asset, and won the 2022 "Best Digital ESG Program" award. ◆ During the pandemic period, KGI Bank, continued to provide customers with healthy and secure physical services with friendly and attentively professional attitude. KGI Bank was also awarded with the "Domestic Banking Industry Bronze Medal" and "Service Elite Award" of "2022 Taiwan Service Industry Evaluation." ◆ The "Anti-Fraud System" of Visa was introduced, adopting the AI-based Visa Advanced Authorization, VAA" and Visa Risk Manager (VRM) operating 24 hours a day, to effectively prevent fraud transactions. The system was awarded with Visa's "2022 Best Risk Prevention Tools Application Award." ◆ KGI Bank launched two loan products, "Shopee Easy Loan" and "Uber East / Foodpanda partner reserve" simplify traditional loan procedures and solve the fund requirement for e-commerce sellers and pains with loan payment, as well as the unique delivery order records as calculation of invoices for delivery man's income. The digital application process was awarded with the "2022 Digital Finance Award" hosted by "Commercial Times" in banking category of "Digital Inclusion Award." ◆ Using digital technology and big data to help financially disadvantaged groups with gradual credit building through a diversity of innovative financial products. Taking specific actions to bring the concept of financial inclusion into full play. Awarded with the "11th Taiwan Banking and Finance Best Practice Award" in category of "Financial Inclusion Promotion Award" recognized by the Taiwan Academy of Banking and Finance - known as the Oscar Award of financial industries. ◆ KGI Inside Donation platform: KGI Bank cooperated with 42 charitable organizations to use the "KGI inside" API to handle nearly 160,000 donations, with an amount of more than NT\$200 million. The handling fee cost was reduced by 80%, effectively helping social welfare organizations to manage and control administrative expenses, and allocate more resources for care of beneficiary groups. ◆ Establish the Treat Customer Fairly Committee in January, 2022, promoting top-down friendly services, optimizing customer experience, and infusing fair customer hospitality principles into decision making and daily routines, implementing the group's "customer oriented" operation concept. 	<ul style="list-style-type: none"> ◆ Develop finance scene and study the product cooperation model with strategic API Platform. ◆ 2023 fast-payment goal applicants 35,330 people, and successful application (activation) 12,288 people. 	<ul style="list-style-type: none"> ◆ Replicate the successful experience of cross-industry cooperation and expand the application of inclusive finance scenarios. 	<ul style="list-style-type: none"> ◆ Continue to improve customer financial experience through cooperation with new industries or alliances with different industries
	Digital Finance	<ul style="list-style-type: none"> ◆ Continue to promote micro-insurance, small end-of-life insurance policy, online annuity insurance, and develop inclusive finance insurance products ◆ Using innovative identity verification and cross-industry information to improve customer online application threshold 	<ul style="list-style-type: none"> ◆ China Life's microinsurance premium up 10% YOY, the third highest in microinsurance premium income in the same industry. ◆ Strengthen the digital platform and communication experience with policyholders, form the experience engineer team in response to social needs. ◆ Strengthen fintech talent training, accumulating 2,861 hours and nearly 500 people in digital occupational training, which improves big data, AI, information security, and competitiveness in insurance technology and operation. ◆ Optimize the online account creation process, launch a three-in-one account opening and separate account, and use the account opening person to take a photo with his ID card for identification. ◆ Establish a two-factor authentication mechanism, implement information security, and provide a more secure login authentication mechanism, requiring customers to use high-quality passwords and control to ensure user transaction security. 	<ul style="list-style-type: none"> ◆ Provide elderly or underprivileged groups with suitable instruments or marketing promotion services (microinsurance premium YoY up 10% and customization of product portfolio) ◆ The subject matter of China Life's new investment commodity discretionary account including ESG investment strategy components reaches 25% ◆ Improve customer satisfaction and diverse development of ecosphere cooperation through digital innovation and cooperation with strategic partners. ◆ Build a new platform for wealth management (such as: U.S. and Hong Kong stocks, regular quota area), reduce investment difficulties and thresholds, deepen the management of new-generation customer groups, and expand the scale of customer groups for entrusted business. 	<ul style="list-style-type: none"> ◆ For elderly and underprivileged groups, China Life develops inclusive finance instruments in response to social needs. ◆ Provide elderly or disadvantaged groups with suitable instruments or marketing promotion services (microinsurance premium YoY up 10% and customization of product portfolio) ◆ Continue to promote digital innovation and implement finance scene through ecosphere, accomplishing the sustainable and co-prosperous ecosphere with strategic partners. ◆ Optimize customer transaction journey experience and service satisfaction, and provide online zero-contact wealth management experience.

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3.1 Responsible Investment

3.1.1 Principles for Responsible Investment and Policies

CDF aligns with the UN Principals for Responsible Investment (UN PRI). Our major subsidiaries, including China Life Insurance, CDIB Capital Group, KGI Bank, KGI Securities, and KGI SITE are signatories to the "Stewardship Principles" of the Taiwan Stock Exchange Corporation and comply with its six main principles. We pursue ESG protocols and Stewardship Principles to motivate and encourage enterprises to fulfill their fair obligations of CSR. Put simply, an investment portfolio built on the PRI is not only potentially beneficial, but also offers a triple-win opportunity for the good of the environment, society, and corporate governance. In the meantime, to deepen the internal ESG core values, a new "Responsible Finance" working group was established in August 2020, responsible for planning the Group's sustainable financial blueprint and overseeing the implementation of responsible investment strategies and policy directions.

In order to implement the "Sustainable Development Goals" (SDGs) of the United Nations, CDF's subsidiaries, China Life, CDIB Capital, KGI Bank and KGI Securities, have stipulated their "Responsible Investment Policy," promulgated and implemented after the adoption by the Board of Directors in 2020 and 2021 (The highest governance unit for responsible investment policy is the Board of Directors). The ESG is incorporated as an important consideration in investment evaluation and management.

[China Life Responsible Investment Policy](#)

[CDIB Capital Group Policy for Responsible Investment](#)

UN PRI	CDF's Implementation
Incorporate ESG issues into investment analysis and decision-making processes	All major subsidiaries of CDF have established responsible investment policies, and ESG review conditions and standards (including Exclusion and Sector-Specific Standards), and ESG issues are taken into consideration in investment decisions.
Be active owners and incorporate ESG issues into our ownership policies and practices	All the major subsidiaries of CDF have signed the "Stewardship Principles" issued by the Taiwan Stock Exchange Corporation, and have formulated relevant protocols and voting policies to actively engage in ESG-themed conversations with investee companies, guiding them to reduce negative environmental and social impacts and explore opportunities for sustainable development.
Seek appropriate disclosure on ESG issues by the entities in which we invest	We review and pay attention to the material ESG issues of investee companies in accordance with local authorities' requirements for the disclosure on ESG issues, including but not limited to ESG reports and ethical corporate management best practice principles.
Promote acceptance and implementation of the PRI within the investment industry	For private equity funds yet to be the signatories of the Principles for Responsible Investment (PRI), investment teams shall indicate in the side letter that they are advised to refer to the PRI when evaluating potential deals.
Work together to enhance our effectiveness in implementing the PRI	In order to assist the financial industry to strengthen the risks brought about by climate change, CDF has organized the "Climate Resilience Financial Industry-University Alliance," which is a cross-industry and finance alliance, in line with the "Green Finance Action Plan 2.0" proposed by the FSC, and is committed to exerting financial influence.
Each report on our activities and progress towards implementing the PRI	In addition to regular disclosures on compliance with stewardship in accordance with "Stewardship Principles," CDF and China Life Insurance share in ESG reports the implementation of responsible investment.
Assets managed by third parties	CDF and its subsidiaries requires outsourcing institutions to follow the guidelines framework of each subsidiary's responsible investment policy, and to provide a complete description on the principles and implementation status of important ESG items such as environmental, social and corporate governance, and to regularly disclose the fulfillment of stewardship governance. In the meantime, confirm whether the companies of the invested bond funds and ETFs in which the subsidiaries invest are PRI signatories, or confirm their execution in ESG.

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CDF's Responsible Investment Policies

We have integrated ESG issues with the Group's investment stewardship governance framework to form a responsible investment risk management framework at CDF. It establishes the six principals of responsible investment, "ESG Integration Principles," "Conflict of Interest Management," "Sector Specific RI Guidelines," "Exclusion Policy," "Engagement Policy" and "Voting Policy." Further, the principals are launched for responsible investment in four subsidiaries, namely CDIB Capital Group, China Life Insurance, KGI Bank and KGI Securities. In accordance with the asset attributes and investment process of the four subsidiaries, each of them has formulated its own responsible investment policy to directly guide risk management and asset allocation. For different types of assets such as equity, fixed income, and private equity within the Group, shaping the overall process risk control before, during and after investment that suits its business characteristics.

		Listed Equity	Fixed Income	Private Equity	Derivatives and Alternatives	Property
ESG Incorporation Principles	Subsidiaries all formulate responsible investment policies, incorporating the investment-making decision procedures in ESG (environmental, social and corporate governance) sustainable management evaluation factors, and fulfill stewardship actions. Moreover, CDF and its subsidiaries have adopted via the Board of Directors in June 2022 and formulated the "Sustainable Finance Commitment." The ESG issues have been incorporated as the key consideration factors of operations, evaluation and management. These consideration factors include:					
	ESG aspects	Approach				
	Environmental Factor	In principle, avoid investment engaging in high-pollution and high-carbon emission industries and draw attention to the energy and resource consumption of investment and GHG emission as well as other environmental issues.				
	Social Factor	Avoid investment with controversial industries or products and services with negative impact on social welfare, in addition to drawing attention on the social issues such as the supply chain management, labor human rights, and labor relations.				
	Corporate Governance Factor	Avoid incidents with specific evidence showing that the operations executed by the Board of the Directors in violation of the law, articles of incorporation, and resolutions made by the shareholders' meetings, and those with material impact on shareholders or investors. Draw attention on corporate governance issues such as governance performance, reputation and legal compliance.				
Conflict of Interest Management	Establish mechanisms for information control, firewall design, segregation of duties, supervision and management, and reasonable remuneration to prevent conflicts of interest.	●	●	●	●	●
Sector Specific RI Guidelines	Coal-mining or coal/thermal power plants that have been punished by competent authorities in the previous year for environmental pollution penalties should propose plans or improvement proofs.	●		●		
Exclusion Policy	1. There is specific evidences to prove that industries involving pornography, drugs, money laundering, financing of terrorist activities, slave labor, child labor, or human rights violations. 2. Specific evidence to prove that the Board of Directors has violated laws, articles of association, resolutions of the shareholders' meeting and those who have a significant influence on the rights and interests of shareholders or investors.	●	●	●		●
Engagement Policy	1. Target companies/projects with better performance in the ESG appraisal are included in the "Encouragement List" and can be given priority for investment under the same financial evaluation. 2. Actively engage in ESG dialogues with investee companies, and through communication with them, guide them to reduce their negative environmental and social impacts and identify opportunities for sustainable development. Investment teams shall ask the portfolio companies or deals for the cause, development and handling of incidents, if any, where they breach laws, undermine the Company's ESG policy, or damage the Company's long-term investment value.	●		●		
Voting Policy	In-principle disapproval for the proposals that impede the portfolio companies' sustainable development or corporate governance or violate ESG standards.	●		●		

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3.1.2 Investment Composition and Risk Analysis

China Life Insurance, CDIB Capital, KGI Bank, KGI Securities and KGI SITE, subsidiaries of CDF, exert the influence of their responsible investment, in addition to complying with various financial supervision agencies and regulations in Taiwan. The companies also strengthen environmental, social and corporate governance (ESG) factors to facilitate the responsible investment management processes to mitigate risks in their portfolios. The following is a description of the laws and regulations stipulated by the regulatory authorities for the subsidiaries of CDF, including the Insurance Act, the Banking Act, the Regulations Governing Securities Firms, and the relevant administrative orders of the Financial Supervisory Commission, so as to manage the exposure of investment portfolios:

Subsidiary	Type	Corresponding relevant laws and regulations	
China Life	SASB FN IN 410a.2 indicators.	Please refer to China Life Insurance: 2022 Sustainability Report/Chapter 3 Sustainable Finance Responsible Investment	
KGI Bank	Investing in bonds and stocks traded in the centralized trading market and the store market, new equity certificates, private equity, private corporate bonds, fund benefit certificates, warrant certificates and subscription (sell) warrants.	The total balance of the original acquisition cost shall not exceed 30% of the bank's accounting base Among them, the total balance of various original acquisition costs invested in storefront market transactions shall not exceed 5% of the bank's accounting base.	Article 74-1 of the Banking Act
	Invest in bond securities with a long-term credit rating below BBB- (or twBBB-)	Not exceeding 10% of the bank's accounting base.	
KGI Securities	Invest in bonds and stocks of various types of securities	The total balance, excluding public bonds, treasury bills, central bank negotiable time deposit certificates and central bank savings certificates issued by Taiwan shall not exceed 25% of the total balance of deposits received by the bank and the sale of financial bonds.	Article 19 of the Rules for the Administration of Securities Dealers
	The total amount of shares held in any domestic company	Must not exceed 10% of the total issued shares of the company	
	The total cost of holding securities issued by any domestic company	Must not exceed 20% of the securities firm's net worth	
	Total amount of shares held in any foreign company	Must not exceed 5% of the total issued shares of the company	FSC Certificate No. 10703249552
	The total cost of holding securities issued by any foreign company	Shall not exceed 20% of the net worth of the securities firm, but the total cost of equity securities shall not exceed 10% of the net worth of the securities firm.	
	The total amount of foreign securities positions held is added to the balance of foreign bond repurchase transactions and deducted from the balance of foreign bond repurchase transactions	The total shall not exceed 30% of the net value	
KGI SITE	The investment target of the multinational investment trust fund	Credit investment enterprises should conduct investment analysis, decision, implementation and review in accordance with the prescribed risk management measures, including paying attention to the governance of the investment target issuer, fulfilling environmental protection, corporate integrity and social responsibility, and taking into account the political and economic risks of the investment region.	CTBC Gu-Zi No. 1100052667
	Incorporate ESG in the consideration of investment and risk management for investment and trust business, including governance, investment management, risk management, and information disclosure.	In the interest of Taiwan's investment and trust business incorporating environmental, social, and governance (ESG) aspects in the investment and risk management process, and the disclosure of ESG related information, the suggestions proposed by TCFD in June, 2017, and the ESG investment disclosure related regulations announced by Hong Kong and supervisory agencies were referenced to develop the "Environmental, Social and Governance (ESG) Investment and Risk Management Process and ESG Information Disclosure Practice Guide for Securities and Investment Consulting Services of Securities, Investment and Trust Business."	CTBC Gu-Zi No. 1110051932
CDIB Capital Group	Shareholding ratio of any business other than finance-related business.	Unless certain circumstances are met, the total shareholding ratio of CDF, CDIB Capital and its subsidiaries in industries other than finance-related industries shall not exceed 15% of the total issued voting shares of the enterprise.	
		Paragraph 5, Article 37 of the Financial Holding Company Act (note: CDIB Capital is currently a venture capital company, and the regulations above are the common regulations for the CDF	

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Considering the balance of asset and liability allocation and stable long-term capital return, the Group mainly invests in bonds with market liquidity, and bond investment accounts for 90.94% of the total investment exposure in 2022.

Unit: NT\$ Million

	Stocks	Bonds
Short-term investments	996	21,293
Long-term investments	188,806	1,884,250
Total	189,802	1,905,543

Industry Division

According to the latest North American industry standard NAICS classification, the Group's top ten investment risk insurance accounts for approximately 85.82% of the overall investment portfolio, most of which are government agencies and relatively stable industries.

Unit: NT\$ Million

Industry Type	Stock	Bonds
Top 10 industries by investment amount	Short-term investments	705
	Long-term investments	152,129
	Total	152,834

Order	NAICS	Names of the top ten industries	Balance	Ratio
1	522 (Credit Intermediation and Related Activities)	Banking Industry	800,879	38.2%
2	921 (Executive, Legislative, and Other General Government Support)	Government	371,685	17.7%
3	334 (Computer and Electronic Product Manufacturing)	Technology Industry	137,289	6.6%
4	517 (Telecommunications)	Telecommunication Industry	124,317	5.9%
5	523 (Securities, Commodity Contracts, and Other Financial Investments and Related Activities)	Securities and financial investment industry	104,314	5.0%
6	211 (Oil and gas extraction)	Energy Industry	69,396	3.3%
7	521 (Monetary Authorities-Central Bank)	Central Bank	65,313	3.1%
8	221 (Utilities)	Power industry	64,497	3.1%
9	333 (Machinery Manufacturing)	Machinery manufacturing industry	30,936	1.5%
10	311 (Food Manufacturing)	Food Production Industry	29,505	1.4%

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3.1.3 Review Process

Incorporate ESG criteria into investment analysis and decision-making processes

The Group shall take sustainability into consideration and execute stewardship, when sourcing, evaluating and underwriting deals, and implementing portfolio management, to create value and facilitate sound development of the Group and the portfolio companies.



ESG Assessment Process

Investment teams shall screen potential investment targets according to ESG when developing new investment sources, conducting ESG due diligence on those with an environmental, social or governance dispute. If the investment target is involved in industries and sectors related to pornography, drugs, money laundering, terrorism financing, servitude, child labor or violation of human rights, the investment will not be carried out. Therefore, under the sustainable investment policy, both active investment and passive investment assets have good ESG rating quality.

ESG Due Diligence

In terms of investment follow-up management, we will continue to pay attention to the relevant information and risks of the invested business, and take ESG factors into consideration. In addition, through interaction and visits with the management of the investee company, participation in shareholder meetings and voting, etc., to strengthen communication with the investee company, by expressing concerns about ESG issues, influencing the investee company and promoting its benignity Develop and fulfill social responsibility and create future value

CDF firmly believes that there is a benign and positive relationship between ESG conceptual investment and long-term income, and can exert significant influence on the market and investee companies, thereby creating a win-win situation for the environment, society and corporate governance with high profit potential investment portfolio

In addition, CDF subsidiaries such as China Life Insurance, CDIB Capital, KGI Bank, KGI Securities and KGI SITE have signed the "Stewardship Principles for Institutional Investors" with the Taiwan Stock Exchange, and regularly publishes due diligence reports on the official website (<https://www.cdfholding.com/en/>), in addition to disclosing the due diligence governance policy, conflict of interest policy, and to comply with voting policy that CDF will not support if motions that hinder the sustainable development of the subject matter, have corporate governance concerns, or have a negative impact on ESG principles.

The disclosure of due diligence implementation includes voting at the shareholders meeting, interaction with investee companies, engagement, major conflict of interest events and internal investing resources to implement due diligence, etc.

CDF Subsidiaries including China Life Insurance, CBID Capital, KGI Bank, KGI Securities, and KGI SITE take initiative to practice the Statement of Compliance of Stewardship Principles for Institutional Investors, strengthen ESG spirits and affect the investees through the power of institutional investors. CDF subsidiaries also attend shareholders' meetings, exercise voting rights, and engage with the management level such as the directors or managers of the investees appropriately through conversation interaction, so as to participate in the corporate governance of the investee companies, and thereby bring the function of stewardship of the institutional investors. The attendance to the shareholders' meetings of investee companies (public listing and OTC) is 100% while the voting rate for motions proposed at the shareholders' meetings is also 100%.

Compliance with Stewardship Principles for Institutional Investors	
Company	Compliance with Stewardship Principles for Institutional Investors
China Life	China Life regularly publishes the "Report on Disclosure of Voting Results of Shareholders' Meetings of China Life's Invested Companies." 100% of the foreign funds companies held by China Life are PRI members, as of 2022. Participated in the shareholders' meetings of listed investee companies in 2022, with a participation rate of 100%.
CDIB Capital Group	In 2022, attended 137 shareholder meetings of the investee company in person (including electronic voting), 0 time by proxy, and 1 time of absenteeism by no reason. The attendance rate for participating in shareholders' meeting and voting rate reached 99% or more. (In particular, the attendance rate to the shareholders' meetings of investee companies that were public listing and OTC companies in 2022 was 100%.)
KGI Bank	In 2022, the Bank invested in the securities of Taiwanese companies (including but not limited to listed, OTC, emerging or public offering companies), and holds 5% (inclusive) or more of the issued shares, and the holding period exceeds one year and the amount A total of 17 stock investments at fair value (FVOCI) measured by other comprehensive profit and loss amounted to NT\$300 million, including 17 listed companies, of which 8 companies will be selected as constituent companies of the 2022 Dow Jones Sustainability Index, listed on the market 100% participation rate of investee companies. Disclosure of KGI Bank Stewardship Principles for Institutional Investors and compliance: https://www.kgibank.com.tw/zh-tw/about-us/corporate-governance
KGI Securities	In 2022, according to regulations, there were 805 companies that personnel were required to participate in their shareholders' meetings or perform electronic voting operations, of which 778 (96.6%) participated in electronic voting at the shareholders' meeting of the invested company, and 27 (3.4%) were present at the meeting. The attendance rate was 100%. For the unlisted investee companies that do not adopt electronic voting and in which we hold less than 300,000 shares, due to the low impact of shareholding and the compliance with the environmental protection, sustainable energy saving and paper reduction policy, there was no need to assign personnel to participate in the shareholders' meetings of 35 companies according to regulations. In order to respect the professional management of the portfolio companies and promote effective developments, the proposals proposed by the senior management of the companies are approved in principle by KGI Securities. However, proposals with a negative impact on the portfolio company's sustainable development or ESG principles will be disapproved in principle. Disclosure of KGI Securities Stewardship Principles for Institutional Investors and Compliance: https://www.kgi.com.tw/zh-tw/stewardship
KGI SITE	In 2022, a total of 73 shareholders' meetings will be attended, and the participation rate of the shareholders' meetings of the listed companies' invested companies will be 100%, and a total of 735 resolutions (including the election of directors and supervisors) will be voted on, and 4 resolutions were not in favor. The opposition to the resolution was a private securities resolution for one investee company (a total of 4 resolutions), KGI SITE research team conducted the evaluation and did not support the resolution for that company, and thereby did not support the resolution and casted opposition vote. Therefore, there is no disapproval of the proposal. In addition, in 2022, the number of active visits to investee companies totaled 429 times, and the company actively interacted and negotiated with investee companies.

3.1.4 Responsible Investment Performance

Principal Investments

Green Energy-Related Investment

The general public is increasingly concerned with economic activities and the associated risks on the environment and natural resources as global climate change intensifies, giving rise to the concept of a low-carbon economy, which is considered to play a key role in maximizing long-term economic growth. Meanwhile, green investment has also emerged as a popular theme. CDF mainly invests in green industries with its two major subsidiaries, CDIB Capital and China Life, and actively responds to government policies. The total investment of CDF assets in the six core strategic industries of National Development Council amounted to NT\$123.1 billion, of which nearly 60% of the investments are in green power and renewable energy.

Six Core Strategic Industries of National Development Council	
Six Core Strategic Industries	Ratio
Information and digital industries	23.9%
Cybersecurity industry	3.2%
Precision health industry	1.1%
Green and renewable energy industries	64.3%
National defense and strategic industries	0.4%
Strategic stockpile industries	7.1%
Total	100%

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Other ESG-related investments

In addition to green investment, CDIB Capital Group also deploys ESG-related industries. The investment themes are as follows:

 <p>Medical Biotechnology and Long-Term Care</p>	<ul style="list-style-type: none"> ◆ The investee company, Elixiron Immunotherapeutics, focuses on the development of new drugs for autoimmune disease and degenerative diseases to improve the longevity and living quality of human. ◆ The investee company, Excelsior Healthcare Group, focuses on long-term business services to strengthen elderly foster and care of critically ill patients. ◆ The investee company, K Health, is company that provides a free telemedicine app with AI technology, which offers 24-hour online and timely medical diagnosis. After users answer the questionnaire, AI uses a powerful database to compare and provide suggestions such as: Go directly to the outpatient clinic, pick up medicine at the pharmacy, or seek medical attention online. During the COVID-19 pandemic, users can get prompt and proper medical advice, saving time and cost of medical treatment. ◆ The investee company InstaDeep used its AI technology to work with BioNTech to build an effective "early warning system" for detecting potentially dangerous variants of the COVID-19 virus. In the case of the Omicron virus variant, the system identified it as potentially dangerous the same day its genetic sequence was first made public, giving researchers, vaccine developers, health authorities and policy makers an early warning, allowing more time to take precautions. ◆ In view of the increasing trend of global population aging and the increase in the population with chronic diseases, in response to the trend of population aging and aging society, KGI Investment Trust focuses on hospitals, medical equipment, consumables and long-term care related industry products - KGI Hospital and Long-term Care Industry Fund, hoping to activate the vigorous development of related industries and improve the quality of life and medical care for the elderly. As of the end of 2022, the KGI Hospital and Long-Term Care Industry Funds amounted to NT\$382 million.
 <p>Smart Manufacturing Investment</p>	<p>In addition to the production of power supplies, the investee company, Dee Van Enterprise, has also invested in the production of LED energy-saving street lamps and smart meters, introduced automation equipment, and continued to conduct R&D.</p>
 <p>Green Chemical Investment</p>	<p>The invested company, Jintex, is an established traditional chemical enterprise with technical standards. It manufactures and sells special chemicals used in textile, dyeing and finishing, leather, digital and other industrial purposes. In recent years, it has been committed to the development of non-toxic and sustainable EHS standards. It is a pioneer in green sustainability.</p>
 <p>Social Investment</p>	<p>The investee company Weave Group specializes in shared apartment rental and property management in Hong Kong and Singapore, providing hotel-style suites to young people who cannot buy a house, sharing public space at a reasonable price, and enjoying a high-quality living environment.</p>
 <p>Renewable Energy Investment</p>	<ul style="list-style-type: none"> ◆ The investee Company YANG BAO ENTERPRISE CO., LTD. specializes in waste treatments. Taking consideration of the inadequate processing volume of wastes in Taiwan and in midst of the difficulty faced in energy scarcity, the waste renewable energy power generation program is designed to establish the Mechanical Treatment (MT) and Solid Recovered Fuel (SRF) plants, providing complete business waste treatment and renewable energy supply services. ◆ The investee company HEPHAS ENERGY CO., LTD. focuses on fuel battery related components and test equipment development in addition to investing in the development of electrolytic hydrogen making equipment. Hydrogenic energy does not emit carbon and facilitates the ultimate goal of global "net zero carbon emission), providing the industries with hydrogenic energy solutions.

Our Funds

Our funds include CDIB Capital Creative Industries, CDIB Capital Healthcare Ventures, CDIB Capital Innovation Accelerator, CDIB Capital Growth Partners, CDIB-Innolux Limited Partnership, CDIB-Mac Limited Partnership, CDIB Private Equity (Fujian) Enterprise, CDIB Yida Private Equity (Kunshan) Enterprise, and CDIB Yida Healthcare Private Equity Enterprise in China, USD-denominated Asia Partners Fund & Global Opportunities Fund, and Alibaba Taiwan Entrepreneurs Fund. By the end of 2022, our assets under management (Assets under Management; AUM) totaled NT\$37.3 billion, of which funds devoted to social funds accounted for NT\$9.5 billion. These came from CDIB Capital Creative Industries, CDIB Capital Innovation Accelerator and CDIB Capital Healthcare Ventures, and CDIB Capital Growth Partners. Environmental protection and smart energy accounted for NT\$4.4 billion, totaling NT\$13.9 billion, approximately 37% of the total AUM.

Moreover, CDIB Capital Group and Hon Hai Precision Industry Co., Ltd. signed MOU in March, 2023 to plan and co-establish Kai-Hong Energy Co. The company target for total capital is NT\$6 billion, in which CDIB Capital Group is responsible for investment and management to build the first strategic green-energy investment platform of Taiwan, introducing fund investment into green energy and green power industries of sustainable development, supporting the industry towards net zero carbon emissions.

Unit: NT\$ billion

ESG Funds		AUM
Social Funds	CDIB Capital Creative Industries	6
	CDIB Capital Innovation Accelerator	14
	CDIB Capital Healthcare Ventures	75
	Subtotal	95
Environmental protection and smart energy fund	CDIB Capital Growth Partners	44
	Total	139

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Environmental Thematic Fund

1. Nurture businesses in smart technology or environmental innovations - CDIB Capital Growth Partners

The Advantage Fund raised by CDIB Capital Group is to discover companies with core competitiveness in which smart technology or environmental innovation is a growth element. Among them, companies that invest in the electric motor vehicle industry have also played the role of energy saving and carbon reduction, which can reduce air pollution and thus protect people's health.

Social Thematic Fund

1. Responding to aging society - CDIB Capital Healthcare Ventures

In light of the world's aging population, and prevalence of chronic diseases, there is greater pursuit for a better quality of life as income levels rise, and to capitalize on opportunities in the field, CDIB Capital Group has launched the CDIB Capital Healthcare Ventures in Taiwan. In addition, the Group has launched the RMB-denominated healthcare fund in China focused on investment in the healthcare industry in both China and Taiwan, with sub-sectors spanning biotech, precision medicine, high-end medical devices, and digital healthcare. These healthcare funds aim at assisting pharmaceutical companies, medical device manufacturing, and medical service organizations in offering quality and reasonably priced products and services. These healthcare funds' win-win proposition is to seek advanced benefits for society while creating returns. The investee company Handa Pharmaceuticals Inc. aims to develop a new orally disintegrating drugs for treatment of relapsing forms of multiple sclerosis, which can patients with difficulty in swallowing through effective improvement on medication convenience with performance update.

2. Supporting the cultural & creative industry - CDIB CME Fund

To foster Taiwan's influence in the cultural and creative industry, CDIB launched the CDIB CME Fund with a strategy focusing on five cultural and creative sub-sectors: digital content, fashion brands, movies/ media, culinary culture and creative tourism. It offers investors diverse added values with solid international and domestic industrial connections. Through a capitalized, commercialized and scaled model, we are seeking to create a better living and better environment with premium quality service and products, for the value of Taiwan's creative essence to empower the society.

3. Nurturing innovative start-ups - CDIB Capital Innovation Accelerator

In 2017, CDIB Capital Group has set up the "CDIB Capital Innovation Accelerator Fund" amount to the scale at NT\$1.29 billion to invest in early-stage start-ups focusing on four major areas of network cloud, Internet of Things, mobile Internet and next-generation e-commerce. Moreover, the CDIB Capital Innovation Accelerator was established to provide Taiwanese start-ups all resources required for growth, including entrepreneurial mentorship, corporate-matching events, community, and media resources, to help Taiwanese companies to enter overseas markets.

Investment results and performance

2020	<ol style="list-style-type: none"> 1. Investor Mentor Guidance Project - Organizing a 1-day Board of Directors Meeting for Startups: 15 events. Entrepreneur Chat for Investors - Startup Afternoon Tea: 2 events. 2. Develop the public space for startup accelerators and organize free startup seminars: 84 events. 3. In 2020, the Corporate Day matchmaking event was improved to match new startups with companies with innovative resources. A total of 10 events were held in 2020.
2021	<ol style="list-style-type: none"> 1. Investor Mentor Guidance Project - Organizing a 1-day Board of Directors Meeting for Startups: 18 events. 2. Develop the public space for startup accelerators and organize free startup seminars (online and offline): There were 122 events in total, with a total of 2,149 participants. 3. In 2021, the Corporate Day matchmaking event was improved to match new startups with companies with innovative resources. A total of 23 events were held in 2021. 4. In order to expand its social influence at home and abroad, CCIA cooperated with the "Epoch Foundation" in the Garage+ Incubation Program to promote the development of Taiwan's Internet of Things, mobile Internet, Internet cloud, and next-generation e-commerce industries. During the cooperation with Garage+, we organized matchmaking meetings, arranging 12 investment negotiation meetings with Taiwan startups and 6 meetings with international startups. Additionally, we also organized 3 CEO roundtables to exchange ideas with startups who wish to expand into the Japanese market. The seminar topics included: Strategies for entering the capital market, ways to work with big companies, and dealing with Japanese consumers.
2022	<ol style="list-style-type: none"> 1. Investor exclusive mentor counseling program- held one-day director meeting: 12 events in total; investor startup talk – startup afternoon tea: 1 event. 2. CDIB Capital Innovation Accelerator public space held the free startup seminar (including online and offline): A total of 101 events, accumulating 2,076 participants. 3. To expand the social influence in Taiwan and overseas, CDIB collaborated with "Epoch Foundation" in 2022 on the Garage+ incubation program, promoting Taiwan IoT, mobile internet, internet cloud, and next-generation e-commerce industry development. A matching conference was held during the collaboration with Garage+ to arrange 26 investment meetings with Taiwan starts and 6 meetings with international startups. Additionally, 3 CEO round-table conferences were held for exchange with startups intending to expand their market to Japan. Workshop shops include: 2022 Japan Investment startups : VC&CVC, Grab media attention! How to land in Japan with half the efforts, startup examination! Is Japanese market right for you?

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ESG/Sustainability Thematic Products

With the breakthrough of the COVID-19 vaccine in mid-2020, consumer confidence has rebounded, boosting the scale of sustainability-themed fixed-income funds. This shows that increasing emphasis is being placed on the integration of ESG considerations into investment portfolios, so as to select high-yield bond issuers with better finances, disclosures, and corporate governance. The robust portfolio optimization approach helps investors ensure the quality of bond investments while receiving returns.

As of the end of 2022, KGI SITE issued one ESG bond ETF and three active sustainability bond funds that passed the ESG review by competent authority, making KGI SITE the investment and trust companies having acquired the most certificates of ESG funds that year. In particular, KGI SITE issued the first ETF in Taiwan using Bloomberg MSCI ESG Bond Index – 15+year USD BBB-rated ESG sustainable bond ETF fund in May, 2021. As of the end of 2022, the scale of the funds reached 427 million.

The issuance time and scale for the other three active sustainable bond funds are described below:

In August 2020, KGI SITE issued the first non-investment grade of bond funds incorporated into ESG sustainable investment. In September 2021, KGI SITE issued the KGI Emerging Asia Sustainable Selection Bond Fund to establish an investment portfolio of golden ratio and value priority through the investment of ESG valued global high-yield bond issuance enterprises, with the investment core on "sustainable investment" and "value investment." These bonds promote ESG sustainable investment with pursuit in total fund returns. As of the end of 2022, the scale of the two funds was NT\$1.398 billion and NT\$379 million, respectively.

Another emerging market ESG sustainable bond funds were raised in September 2021. The funds focus on the investment of ESG sustainable theme investment concept-based bonds while the investment on enterprises with sustainable and positive influence on the environment and society takes consideration of total investment returns and the environmental and social sustainability goals. As of the end of 2022, the scale of the funds reached NT\$2.214 billion.

Guiding corporate organizations with support for ESG issues: Green Deposits

Pursuant to the practice of international financial industries, KGI is the first domestic bank to apply the "Green Deposits" as project deposit fully on: renewable energy and energy technology development, improvement of energy use efficiency and energy conservation, pollution prevention and control, water resources energy-saving and cleaning, or recycling and reuse as well as other green financing, under the audit and validation conducted by third and fair CPA – EY Taiwan. Green financing refers to the Green Bond Principles (GBP 2021) promulgated by the International Capital Market Association (ICMA) and in compliance with the regulations remarked by Taiwan Joint Credit Information Center in the "Green Credit." Deposits are the simplest cash management instrument used by enterprises while "green deposits" offer corporate organizations one path to implement ESG commitment through the financial expertise of banks.

Financial Advisory Services

In order to implement the UN "SDGs," principles of responsible investment and sustainable development goals, promote the balance of environment, society and corporate governance, and develop the mitigation and adaptation measures related to climate risks, KGI Securities has formulated the "Responsible Investment Policy" approved by the Board of Directors in compliance with the "Stewardship Principles" of Taiwan Stock Exchange, as a promotion and guidelines for the implementation of responsible investment. KGI Securities engage in the issuance of stocks, bonds and investment of other negotiable stocks, takes consideration of ESG and other sustainable management factors in the evaluation of investment targets, investment decision-making and investment management, in addition to fulfilling the governance actions, and thereby to enhance investment value, and continue to use the professional guidance of securities underwriters to assist companies in issuing green bonds, assisting green corporate financing and provision of related services to companies developing green industries.

Green Bonds

According to the provisions outlined in Taipei Exchange Operation Directions for Sustainable Bonds, the scopes for sustainable bonds include the green bonds, social responsibility bonds and sustainable development bonds accredited by Taiwan Exchange. KGI Securities participated in 12 ESG-related underwriting cases in 2022 (including 8 green bonds, 2 social bonds, 1 sustainable development bond, and 1 sustainable development linked bond), with a total of NT\$8.28 billion, up 124% compared with the NT\$3.7 billion issued in 2021. China Life responded to the government's green finance action plan 3.0 policy to promote green financial product development and invested in green bonds issued by TSMC and Ørsted to support the development of clean energy in Taiwan, with an investment amount of NT\$2.3 billion. A total of NT\$2.3 billion was investment to implement the ESG investment spirit through action. Apart from investing in domestic green bonds, China Life has invested NT\$18.5 billion in foreign green bonds and NT\$9.1 billion in sustainable bonds.

Green Financing

KGI Securities organized 34 equity capital raising cases in the capital market in 2022, raising around NT\$38 billion. These included 18 environmental protection and green energy cases, accounting for about 53% of the number of cases organized in the year. The environmental protection and green energy funds raised more than NT\$29 billion, accounting for about 77% of the funds raised in the current year.

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3.2 Sustainable Insurance

Corporate Operation Indicators - Number of Effective Policies

CDF currently is not engaged in the product insurance business. Our subsidiary, China Life, has 22,722,399 valid life insurance policies, and reinsurance premiums for reinsurance expenditures in 2022 were NT\$1,666,631,525.

3.2.1 Sustainable Insurance Risk Management

China Life Insurance has long appreciated the importance of sustainable corporate development. It responds quickly to global sustainability trends to satisfy stakeholders. China Life Insurance takes a forward-looking approach to the UN's Principles for Sustainable Insurance (PSI) and Principles for Responsible Investment (PRI) by incorporating ESG topics into strategic planning and management, which also strengthens sustainability-related opportunities and risk control. China Life Insurance uses ESG practices in diverse aspects ranging from product design, sales, and underwriting to investment management and after-sales service. These principles serve as the foundation of decision-making processes, helping China Life Insurance to achieve the vision of "becoming the most recommended and trustworthy life insurance company in Taiwan."

In response to the Sustainability Accounting Standards Board (SASB), which incorporates environmental risks into company-level risks and self-risk and solvency assessment (ORSA) (*Note), China Life has implemented relevant measures as follows:

1. China Life has incorporated the "physical risks" and "transition risks" of climate change into its "risk management policy," in addition to cooperating with competent authority in the formulation or promotion of related policy and regulations, continuing to incorporate climate change related evaluation, scenarios and response plans into ORSA report. Moreover, the education and training in 2022 included a course on climate change-related risk management for the Board of Directors and senior management to promote China Life's risk management culture from top to bottom. There were 16 sessions of education and training held, accumulating over 480.5 hours.
2. The 2022 Self-Risk and Solvency Assessment (ORSA) report included the climate change risk to strengthen the climate change governance of China Life, in order to reduce future impacts and grasp business opportunities ahead of time, in addition to responding to the expectation of external stakeholders towards climate change management.

Note: SASB FN-IN-450a.3: Please refer to the China Life 2022 Sustainability Report Chapter 2: Corporate Governance/Risk Management Identification and Response

Total fair value of securities lending collateral assets		Unit: NT\$ thousand
Item	2022.12.31	
Total fair value of securities lending collateral assets	0	

3.2.2 Sustainable Insurance Products

The main operating base of China Life is in Taiwan. In response to the relevant policies of the Taiwan government on financial inclusion, China Life has set up the Treat Customer Fairly Committee and formulated the "Treat Customer Fairly Principles" to regularly compile the measures related to fair treatment of customers for report to the Board of Directors for review. Moreover, China Life has continued to communicate and discuss financial inclusion issues with the Financial Regulatory Commission, the Life Insurance Association and other units, and has launched micro-insurance products. Jointly with County Government, NGOs and channels, China Life promotes and introduces inclusive financial policies, products and knowledge, and provides basic protection for vulnerable groups in Taiwan. China Life also offers various friendly insurance services, including care counters, quality and fast office environment for elderly and policy holders with mobile disability, house visits, sign language-based appointment services, accessible website, and "financial friendly products" voice services and braille based product introduction to enhance the opportunities for socially disadvantaged /groups to use the insurance services.

China Life considers market dynamics and the government's inclusive finance policies when adjusting product strategies. In response to population ageing, lower birth rates, and other demographic changes, as well as care for the disadvantaged and other special groups, China Life Insurance continues to promote traditional products such as multi-currency single and regular premium life insurance, annuity products suited to retirement planning, health insurance that can improve medical treatment quality, microinsurance, small-amount life insurance, "Go Health" life insurance (dementia-related spillover policy), and "Protect You" comprehensive life insurance for people with disabilities. These many choices meet the various needs of policyholders.

Promote the effective implementation of health insurance

According to statistics from the Ministry of the Interior, the average life expectancy of Chinese people has reached 80.86 years, but the average life expectancy of unhealthy people has reached 8.02 years, reflecting the dilemma that Taiwanese people face a decline in health and quality of life in old age. In order to encourage policyholders to develop good living habits for self-health management, provide health management products with spillover effects, and provide additional protection depending on whether the agreed conditions are met. We launched "Go Health Life Insurance" with spillover effect and prevention mechanisms. Additional coverage is provided to those performing exercises and based on sleep data on approved terms. Through the combination of health management products and self-management, it not only helps the insured save money and enjoy insurance protection, but also maintains a healthy body, so that insurance products no longer only have the function of compensation for damages, but also add a prevention mechanism to reduce the risk of illness. It is a win-win situation of reducing the insurance company's claims rate and reducing social medical resource expenditure.



Effective contracts as of the end of 2022

961 cases



New contract premiums in 2022

NT\$800,000

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Achievements in Financial Inclusion

Microinsurance

China Life actively responds to the government's promotion of inclusive financial policies, so that disadvantaged groups can also enjoy micro-insurance protection. In addition, China Life has been relaxed to "elderly or their family members who meet the provisions of the Elderly Welfare Law and receive living allowances for the middle- and low-income elderly (65 years old)." Therefore the group aforementioned can also apply for micro-injury insurance, receiving basic safety protection, to avoid sudden accidents having a serious impact on the family economy.

Moreover, China Life actively cooperates with banks, government agencies and non-governmental organizations to jointly promote micro-insurance services, extending insurance protection to every corner that needs care. To provide more coverage for the disadvantaged groups, China Life expanded the scope of protection and promoted microinsurance through insurance premium donation, accompanying and supporting the public with insurance, in order to survive through the different stages in life while the insurance can truly bring its function of stabilizing the society into full play. In 2022, China Life collaborated with Kaohsiung City to provide microinsurance coverage for 11,000 low-income household and persons with physical and mental disability who met the prerequisites. Moreover, China Life collaborated with Tainan City Government and the Tainan Private Chaoxing Social Welfare Charity Foundation to expand from "those with low to intermediate income households" to "those with minor and medium level of physical and mental disability (including)."

Since 2014, China Life has been promoting micro-insurance, and has been awarded for 8 consecutive years. The financial friendly acts of China Life are recognized by the Financial Supervisory Commission under the Executive Yuan, including the Outstanding Performance Award in the Micro-Insurance Competition, the Disability Care Award, and Aging Insurance Competition with remarkable performance. China Life builds a safety protection net for the economically disadvantaged, demonstrating the essence and value of life insurance. China Life offers micro-insurance with lower premiums, lower insured amounts, and easy terms to make basic accident insurance covering death and disability affordable for disadvantaged groups.

Microinsurance 2022	
Number of Beneficiaries	92,633
Premium Income	NT\$18 million
Cases	745 cases

Fixed-term life insurance, catastrophic illness insurance, small-amount whole-life insurance.

In an aging society, the importance of preparing for retirement plan early is gaining more recognition by more people in Taiwan. However, for sandwich generations and petty bourgeoisie, the concept is easier said than done. China Life offers three major categories, including fixed-term life insurance, catastrophic illness insurance, and small-amount whole-life insurance for "Platform for Retirement with Preparation." The insurance procedures are simple and consumers can buy insurance voluntarily online 24 hours a day and there are multiple payment periods and coverage for selection.

Product	Period	Insurance Coverage	Product Features
Fixed-term life insurance	5 years, 20 years or expires at the age of 70 years old	200,000~4.5 million	Net level premiums are adopted during the coverage period as the economic filling for bereaved family care and disability due to disease, accident, death, and full disability.
Catastrophic illness insurance	1 year, 20 years	100,000~700,000	Those diagnosed by doctors as meeting one of the seven catastrophic diseases (severe) can be reimbursed with claims in one-lump sum, which can make up the gap due to interruption of work income or self-paid medical expenses.
Small-amount whole-life insurance	10 years, 20 years	100,000~500,000	Limited period payment whole-life coverage is limited to only three policies with coverage cumulative o NT\$500,000 in all life insurance companies.

Disadvantaged Insurance: "Protect You" comprehensive life insurance for people with disabilities

People with disabilities experience more hurdles while seeking insurance cover, such as health examination, additional charges, and limited amount and coverage. At the end of 2019, China Life launched the "Protect You" comprehensive life insurance for people with mild to moderate disabilities way ahead of other insurance companies in the industry, which does not require a health examination and is applicable to all people with a disability card. They need to answer only a few questions and no additional fees will be charged (some insurance companies will charge additional fees depending upon the physical status of the disabled), and pre-existing disabilities will not be listed as exclusion items for insurance coverage. "Protect You" Comprehensive Life Insurance is not one single insurance instrument but the policy that implements the friendly focus of "product development," which links the overall service "lines" of all departments to realize the protection network for the coverage of persons with physical and mental disability. China Life new contracts for persons with physical and mental disability in 2022 was 1,446 people and 2,591 cases, total new contract premium approximately NT\$ 570 million, implementing inclusive finance and concepts of fair hospitality.

Secure Long-Term Care Whole-Life Insurance

The life of people is extended due to progress in medical technology. According to the Ministry of the Interior, the average "unhealthy survival" of Taiwan people is as high as 8.02 years. Among which, the "unhealthy survival" includes insomnia, bedridden, chronic disease and others, which draw attention for long-term care issues and update the awareness of long-term care insurance, thereby providing comprehensive protection for long-term care units. The insurance provides one-lump-sum payment and installment to support policyholders from the massive expenses at initial stage of long-term care and provide long-term care with stable support. The multiple claims recognition standards include the disability with physical function, cognitive function disability, and disability level recognition, providing more comprehensive protection.

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3.2.3 Sustainable Insurance Mechanism

Product Development and Design Procedures

1. China Life Insurance regularly assesses actuarial assumptions, including the investment return rates, mortality rates, morbidity rates, lapse rates, expense rates, exchange rates, and tax rates in order to develop innovative, diverse products that meet customer needs. In accordance with the "Regulations Governing Pre-sale Procedures for Insurance Products," China Life Insurance holds at least one policy management task force meeting every half-year to ensure sustainable operations and uphold consumer rights.
2. Commodity design implements the spirit of inclusive finance and fair hospitality principles, and continues to promote products with ESG value such as micro-insurance, small-amount whole life insurance, exclusive whole life insurance for the disabled, pension reserve platform protection insurance commodity for Taiwanese people, health management products with spillover effects, in order to meet the different needs of different stages of life and different ethnic groups.



Sales Procedures

1. All field staff must sign and follow the "Convention for Salespeople to Follow the Treat Customer Fairly Principle to Safeguard Clients' Rights and Interests", and remind salespeople to uphold the principle of integrity to provide customers with a transparent and reasonable trading environment through channels such as the E-based operation platform "Elite Action Network" for salespeople.
2. Regularly check sales related documents (such as plans, product DMs) and compile page numbers, provide complete relevant notification and disclosure principles of consumer information, and understand relevant consumer information to ensure the suitability of the product or service to consumers. And confirm that it has been handled in accordance with the operating procedures and relevant laws and regulations, in accordance with the principles of fairness and reasonableness, equality, mutual benefit and integrity, and there is no falsehood, fraud, concealment or other circumstances that may cause others to mistrust.
3. Pursuant to the amendments to the "Self-discipline of Insurance Solicitation Advertisements", sales personnel engaged in the sales solicitation of specific insurance products on the Internet should use advertisements approved by the company, and may not reproduce, modify, edit or alter information in any other form without authorization. In addition to the advertising content, only personal contact information can be left to avoid misleading customers by adding other instructions.
4. Salespeople should follow the principles of honesty and fairness in the sales process. In 2022, 16 online training courses on fair hospitality laws with different themes were held, with a total of 189,603 people completing the training.
5. According to the risk level of policyholders (such as age, sum assured, body condition), establish control measures applicable to different risk levels and carry out underwriting procedures for policyholders, and conduct money laundering and terrorism risk assessment through system comparison and manual review.
6. In order to provide a complete protection plan for customers with disabilities, the "Business Solicitation Handling System and Procedures" and the "Management Rules for Insurance Salespersons" have been revised for the matters that should be paid attention to when soliciting customers with disabilities. Medical rules, in the process of applying for insurance, the insured should be assisted to fully understand the insurance content and obtain appropriate services. If there is any act of refusing to apply for insurance

for persons with disabilities, sending documents or improperly persuading them to quit, they will be punished in accordance with the regulations.

7. In order to protect the elderly financial consumers in the aging society, in addition to standardizing the business solicitation processing system and procedures for insurance application, it also encourages colleagues to accept the professional courses of retirement financial planning consultants, and specially plans the annual retirement financial planning consultant RFA (Retirement Financial Advisor.) license subsidy program, a total of 818 people have completed training, 438 people passed the test and 399 people obtained licenses as of the end of 2022, so as to solve the needs of elderly customers for early retirement planning.
8. Establish the "Premium Embezzlement Prevention Model" by adopting data analysis in the establishment of control list with proper salesperson controlling, in addition to constantly strengthen salesperson with compliance to integrity and fair hospitality principles, implementing related trainings, complying with general social ethics, principles of integrity and protection of financial consumers.

Insurance Underwriting and Claims Procedures

1. Risk management and underwriting are conducted in accordance with the "Underwriting Management Mechanisms and Procedures" and "Offshore Insurance Units (OIU) Underwriting Mechanisms and Procedures." Underwriters weigh the company's risk-undertaking capacity and consider issues, such as risks of money laundering and financing of terrorism, protection of customers' personal information... etc., for fair hospitality of customers.
2. Underwriting procedures include AML/CFT risk assessments. China Life Insurance sets up controls based on each policyholder's risk level and takes a risk-based approach to identifying potential money laundering or terrorist financing indicators. Auxiliary monitoring systems use this information to help us quickly identify suspicious transactions and take related risk management measures.
3. Realize promises to policyholders through claims, and continuously improve the transparency of claims application progress. Policyholders not only receive instant acceptance and closing text message but also download the policyholder APP claims query, history and case handling progress. Policyholders can also use the "Claims Alliance Chain Service" to apply for multiple claims from different insurance companies with just one claim application form, accomplishing the "one-stop application and shared documents." The insured can receive acceptance and closing text message as well as the reimbursement notice with list of items, amount and precautions. The "Quick Claim Settlement Service at the Counter" was launched in combination with 30-second instant payment operation to accompany policyholders to overcome difficulties in an instant.

After Sales Services

1. With the customer oriented value, China Life adheres to the original intention of love and care, coordinates relevant departments, conducts self-service planning, process optimization, utilizes hardware equipment establishment and front-end service implementation. China Life is committed to providing customers with attentive, immediate and high-quality services, and establishing good interaction and trust, and to enhance customer loyalty and adhesion.
2. In accordance with the policy of "Treat Customer Fairly Principles in the Financial Services Industry", China Life maintains and updates after-sales service management measures in a timely manner, and enhances colleagues' awareness of consumer protection through internal publicity and education and training.
3. Pursuant to the latest version of personal information management system standards in BS 10012 PIMS, the collection, handling, and use of massive customer personal data engaged by applying insurance services during the life cycle of policies, the best practice of personal data protection management is introduced to CDF and all branches. Each year, the external certification body is constantly appointed for the review process while the secondary review process took place in 2022 to upgrade the personal data management system to an international standard and exhibit the overall corporate culture.

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3.2.4 Sustainable Insurance Internal and External Engagement

Internal awareness promotion for Sustainable Insurance

To internalize the corporate sustainability thinking of China Life employees, ESG-related knowledge and trends are strengthened through physical and online courses, including education and training for senior management in cooperation with external consultants. All employees took the educational training on ESG related agenda for a total of 19,592 hours. The content of educational training includes human right equality, corporate ethical management, information security, fair treatment of customers, friendly financing, climate risks, and climate related financial disclosure issues.

External communication for Sustainable Insurance

China Life communicates ESG issues with government units, policyholders, investment targets and relevant stakeholders through press releases, policyholders' e-newsletters, corporate websites, questionnaires and annual sustainability reports.

1. Cooperation with government units: Joined a number of government associations to promote ESG management in the insurance industry, including the Life Insurance Business Association of the Republic of China, the Financial Legal System and Crime Prevention Center of Consortium Corporations, the International Life Insurance Management Association, and the Financial Governance and Law Compliance Society of the Republic of China.
2. Provide government units with risk management expertise to promote sustainable development: Negotiate with the competent authority, proactively respond to the implementation of the risk assessment of preventing money laundering, promote inclusive finance (micro-insurance, small life insurance, health management insurance products with spillover effects, and in-kind insurance products... etc.), and treat customers fairly in the financial service industry principles and other related measures.
3. Promote digital innovative financial services with government units: In line with the trend of Green Finance 3.0 and international ESG trends, China Life, with the core of improving customer experience, initiated the digital innovative financial "Smile to Sign" remote face-scanning insurance service, which was approved by the Insurance Bureau for trial operation. By introducing the biometric identity authentication mechanism, sales personnel and customers can complete one-stop remote face-scanning insurance application at home without having to go out, which substantially optimizes the process experience and improves insurance application efficiency. Moreover, the "China Life i-Life" launched in 2022 is a mobile APP appealing in "convenient and self-aid services," "instant control of progress" and "rich and healthy life." This communication platform including policy service, message reminder, and health management include comprehensive digital insurance services that won the National Taiwan Yushan Award. In 2023, the APP passed the Taipei City Parent Association of the Visually Impaired APP accessibility recognition, which became the first insurance company with this professional accreditation in Taiwan.
4. Negotiate with investment targets: China Life considers the characteristics of the life insurance industry to improve its responsible investment management mechanism and promote the three major climate action solutions of "renewable energy power plant investments", "green bond investments" and "high-carbon industry negotiations," in order to respond to green finance and implement sustainable investments. China Life encourages investment targets to move towards low-carbon transformation developments.
5. Cooperate with legal persons to promote dementia friendly services: China Life pays attention to elderly-friendly issues, cooperates with Taiwan Dementia Association, participates in the building of financial friendly environment for people with dementia. China Life starts the in-depth cooperation in three dimensions in 2022. (1) Cultivation: exclusively sponsoring the association with holding the "First College/University Dementia Solution Design Competition" to encourage young generations to draw attention on issues related to senior dementia. (2) Initiative: In response to international dementia month and support the initiative in dementia financial friendliness by sponsoring the "Looking at Taiwan's Dementia Friendly Finance from Dementia Friendly" Joint Academic Seminar. (3) Assistive Gadgets: Co-developed and co-produced 4,800 new missing assistive gadgets – "Emergency Contact Card Keychain" for distribution through the Police Department, national Dementia Association offices and six major customer service centers and thereby building up the anti-missing protective net. Moreover, the "health prevention of dementia" of company website conveys the correct concepts on dementia prevention so that more users can easily understand the healthy concept of having prevention better than cure. This actual action and positive influence are expected to upgrade the public's understanding, care and support for people with dementia.
6. Cooperate with private enterprises to promote barrier-free travel: China Life leads its peers and cooperates with the domestic "Duofu Care & Service" specializing in barrier-free transportation and "Duofu Travel Agency", a barrier-free travel agency, to organize barrier-free travel for policyholders to meet the emotional and social needs of the elderly and provide policyholders with barrier-free travel. The safe choice of travel also hopes to make the society pay more attention to the right of people with disabilities to "travel," and create a friendly environment for unimpeded travel.

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3.3 Principles of Responsible Banking

3.3.1 Management Mechanism of Responsible Bank

In order to ensure that the organizational goals and key decisions are consistent with the United Nations Sustainable Development Goals and the Paris Agreement, CDF has established effective policies. The management system and control measures have incorporated sustainable development goals into the business decision-making process, and formed a responsible banking culture management model, in order to fulfill our commitment to the PRB principles. Therefore, we also actively promote green finance through green project financing, green credit and green underwriting and other commodities, hoping to promote the transformation and sustainable development of Taiwan's green energy industry.

When conducting corporate credit review, KGI Bank follows the "Key Points of Legal Credit Grant and Review", under which the principles of green financing review are formulated, and the "Equator Principles" are also considered to determine whether borrowers are fulfilling environmental protection and social responsibilities, and corporate integrity management, and incorporate ESG-related issues into credit decision-making, credit evaluation projects and post-loan management mechanisms:

1. For the handling of project financing cases with high water consumption and high pollution industries reaching more than US\$10 million, various feasibility analyses are required in the credit report, including analysis of technology, market, finance and environmental protection, and are listed on a case-by-case basis. Entry conditions are standardized to increase its operational responsibilities.
2. Incorporate the concept of the Equator Principles into the "credit rating table" of the case. If there are disputes over environmental protection issues, labor disputes, etc., the operation and management factors under the business risk item in the case "credit rating table" include risk management, corporate governance, etc. Projects are deducted points to reflect the risks of their operation and management.
3. In principle, companies that do not comply with environmental protection standards, are involved in labor disputes or have corporate governance issues, and have no specific improvement plan will not undertake the contract. Those with significant influence on the operation and KGI Bank's creditor's rights will not increase the loan or withdraw the loan gradually, in order to assist and encourage the enterprise to strengthen the implementation of environmental protection and fulfill its corporate social responsibility.

Due to issues such as climate change, resource sustainability, health and environmental safety, "banks" have the responsibility to understand the sustainability of products and services, create transparent and fair sustainable value for customers, shareholders, investors and society, and then build "Responsible Finance" model. The Responsible Banking Principles provide a coherent framework for integrating elements of sustainable development at the business level, helping us to make a positive contribution to a sustainable society, in support of the UN 2030 Sustainable Development Goals (SDGs) and the Paris Agreement goals. In fact, CDF has implemented many actions in response to the consistency of PRB.

3.3.2 Implementation and Promotion of Responsible Bank

Green Credit

Introduce international investment and financing carbon emission calculation methodology to encourage low-carbon transformation of corporate customers

In February 2022, KGI Bank joined the Partnership for Carbon Accounting Financials (PCAF). The bank is actively introducing international finance carbon emission management standards and establishing climate change risk management mechanisms, in order to help corporate customer implement low-carbon transformations through banking operations.

KGI Bank uses PCAF's financial asset carbon emission calculation methodology and database to comply with the international financial industry climate change risk management standards, and conduct an inventory of its own investment and financing portfolio carbon emissions. Corporate customers reduce operational carbon emissions. We look forward to reducing the carbon emissions of investment and financing year by year and contribute to Taiwan's sustainable development.

Support the development of green industries and actively participate in renewable energy financing

KGI Bank uses its financial influence to support the energy transformation including energy conservation, energy creation, energy storage and intelligent system integration with credit business, responds to the government's promotion of energy independence and promotes the development of emerging green energy industries, promotes the research and development of green energy technology industries, and assists solar energy. The upgrade of green energy industries such as photovoltaics, wind power generation, fishery and electricity symbiosis, and water resource recycling will create green employment opportunities for local areas.

In recent years, KGI Bank has actively participated in landmark large-scale renewable energy plant financing projects and has supported the construction of small-scale solar power plants in junior high schools and elementary schools. The compound annual growth rate of the overall green credit amount is expected to reach 5% every year and will meet the 45% growth target eventually.

Green Credit Balance		Unit: NT\$ Million			
	2019	2020	2021	2022	
Banking Bureau	20,425	16,578	20,579	—	
Joint Credit Information Center	—	—	11,512	16,060	

Note: "Green credit balance" between 2019 and 2021 refers to the green energy technology industry credit balance defined by the Banking Bureau's statistics for key innovative industries. Starting 2021, the credit balance of green credit noted by the Joint Credit Information Center is adopted.

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In view of the government's 2025 target of renewable energy generation accounting for 20% of the total installed capacity, KGI Bank actively invests in the financing of renewable energy generation (such as solar power generation and offshore wind power generation). The financing of renewable energy power generation projects that KGI Bank participated in in 2022 are as follows:

Case Name	Estimated device capacity	Expected annual carbon reductions	Credit Balance in 2022
Shinhe Energy	120MW	82 thousand tons	NT\$805 Million
Sunny Rich Power	130MW	94 thousand tons	
ShinriTai/ Cathy Sunrise	158MW	108 thousand tons	
Total	408MW	284 thousand tons	

Note: The carbon emission coefficient for power is calculated according to the carbon emission coefficient for power in Taiwan in 2021 (0.509 kg CO2e/kWh) announced by the Bureau of Energy.

Diversified green credit

In addition to financing for the development of solar power, offshore wind power, biomass energy, geothermal energy, and marine energy projects that meet the green credit notes for special project financing defined by the Joint Credit Information Center, it also includes:

- 
Energy Conservation | Develop high-efficiency variable frequency motors and optimize systems, thermal waste power generation, production process improvements, green building materials, deepen energy-saving technologies, and improve energy efficiency.
- 
Energy Storage | Develop household/enterprise/grid-level energy storage systems, improve key materials, control management models, support power transmission and supply systems, and improve power supply reliability.
- 
System Integration | Promote the cross-sector system integration of the industry, introduce modular technologies and power generation management integrated with IoT, big data, and information communication technologies, and promote the circular economies of the energy service industry, smart grid, and carbon reducing clean coal.

Financial Inclusion

Implementer of Financial Inclusion

In order to promote social inclusion and provide more resources for financially disadvantaged groups, KGI Bank responds to Taiwan government policies on financial inclusion through continuous communication with FSC and the Life Insurance Association over issues related to financial inclusion, in addition to setting up a Treat Customer Fairly Committee for compiling the measures related to fair treatment of customers and reporting to the Board of Directors for review. KGI Bank uses digital technology to create inclusive financial products, assisting non-fixed-salaried people, small shop owners or young people who were not easily able to enjoy banking services in the past, and can gradually build credit, to successfully obtain reasonably priced funds from the banking system, and thereby to create the possibility of a diverse life and stabilize family happiness.

		2020	2021	2022
"Giving You A Hand" Revolving Personal Loan Promotion Project	Accounts Number	485	318	164
	Balance	8,147,084	3,480,511	3,440,304
Taxi Driver Loan	Accounts Number	217	168	83
	Balance	6,011,975	4,326,912	2,873,274
E-Commerce Seller Loan	Accounts Number	--	181	578
	Balance	--	5,737,895	48,169,539
Delivery Person Loan	Accounts Number	--	496	549
	Balance	--	16,314,014	35,510,000

"Giving You A Hand" Revolving Personal Loan Promotion Project

To support young people to start their own businesses and develop their talents, KGI Bank has launched the "Giving You A Hand" Revolving Personal Loan project since 2018, targeting those with vocational certificates, disadvantaged low-income households, or plan proponents of crowd-funding platforms, to provide loan preferential projects to assist their stable career development and solve their operational turnover problems. The "Giving You a Hand" Revolving Personal Loan Project offers lower interest rates than secured mortgages, encouraging young people and new entrepreneurs to obtain capital through legal financial channels. In 2020, we launched the COVID-19 Epidemic Prevention Discount Project to help those holding technical and vocational certificates affected by the pandemic to obtain funds through fast application processes and preferential prices. In 2022, there were 299 applicants, and among which, 164 applications were successful, representing a success rate of 55%.

Taxi Driver Loan

Because taxi drivers cannot provide proof of fixed income, it is difficult to obtain traditional financial services. If there is a need for capital turnover, they often can only resort to underground financing channels. Based on the concept of practicing financial inclusion, KGI Bank has joined hands with the leading Taiwanese taxi fleet in the domestic transportation industry since July 2017 to proactively provide micro-credit services for taxi drivers, solving the problem of unstable income due to occupational characteristics of drivers in the past and unable to provide bank credit information or provide salary slips and other relevant financial proof, resulting in the inability to contact the bank and establish credit records and other issues. Using the big data database of the Taiwan Convoy, the "taxi driver credit scoring model" is customized, and the data such as driver service evaluation, award record, passenger load and other data are included in the credit score. Drivers can score well because of passenger service evaluation, receive credit points for high passenger numbers. In 2022, there were 267 applicants, and among which, 83 applications were successful, representing a success rate of 31%.

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E-Commerce Seller Loan

KGI Bank, in cooperation with Open Air Auction and PChome Pay, launched the "Big Data Loan for Open Air Auction Seller", which uses API (application programming interface) technology to simplify the application and review process of e-commerce sellers. Basic information and payment records shorten the time for sellers to fill in the application materials, and can apply online. After the application, funds can be allocated to sellers within one day, allowing sellers to immediately use funds to prepare payment for goods and expand the scale of operations, solving the problem that e-commerce sellers cannot provide traditional financial resources. This project won the 2021 Digital Times "Bronze Award for Best Product Innovation" and the "Digital Inclusion Award" of the Business Times Digital Finance Awards, which is the best recognition of KGI's commitment to the practice of financial inclusion. In 2022, there were 2,295 applicants, and among which, 578 applications were successful, representing a success rate of 25%.

Delivery Person Loan

During the period of epidemic alert in 2021, the demand for delivery services has greatly increased, attracting many full-time or part-time people to enter the delivery service industry. However, when funds are often needed, it is difficult to obtain loans from banks because there is no proof of income. Therefore, KGI Bank launched the "Quick Repayment for Delivery Personnel" project, which allows screenshots of delivery remuneration to replace traditional financial documents and helps delivery partners obtain preferential loans by applying for small loans online. In 2022, there were 1,306 applicants, and among which, 549 applications were successful, representing a success rate of 42%.

"Quick Repayment" Limited Amount Loan

In recent years, the low starting salary environment in Taiwan has made it inevitable for young people to encounter insufficient cash flow even if they are active. Therefore, the age group of customers who need micro-credit loans mainly falls between 25-39 years old. The biggest difference between KGI Bank's "Quick Repayment" compared with other general credit services on the market is that it can be repaid at any time, and the interest is calculated on a daily basis when it is used, and there is no penalty for early repayment. The loan receivers can repay at any time after they receive salary early next month. The project is aimed to support young people to immediately relieve short-term capital needs, and the interest rate is relatively economical.

"Quick Repayment" Limited Amount Loan			
2019	2020	2021	2022
8,536 applications / NT\$220 million was used	11,413 applications / NT\$235 million was used	16,461 applications / NT\$286 million was used	23,799 applications / NT\$785 million was used

Loans to start-ups in Key Industries and Micro-Business

To promote the stable development of the domestic economy, KGI Bank cooperates with government policies to provide loans for key start-up industries and loans for micro-enterprises. KGI Bank is committed to fostering the development of start-ups in key industries. In conjunction with government resources, KGI Bank has continued to target start-ups in green energy, Asia Silicon Valley, biomedicine, national defense, intelligent machinery, new agriculture, and circular economy sectors to provide a full range of financial services, and has assisted them in innovating by undergoing industrial transformation through the Small & Medium Enterprise Credit Guarantee Fund of Taiwan. For micro-businesses with smaller revenue, KGI Bank screens target customers systematically and grants micro loans quickly based on their credit ratings and standard operating procedures.

Small and micro business financing (*note)				
	2019	2020	2021	2022
Balance	1,780	1,852	1,522	1,772
No. of Cases	1,697	2,072	1,661	806

*Note: "Small and micro enterprises" are defined as enterprises whose annual revenue has not exceeded NT\$300 million in the most recent two years.

In 2021, the Executive Yuan approved the "Core Strategic Industries Promotion Program" as a bridge solution for "Startup Key Industries Loan Program." The program was implemented starting in April 2022, focusing on six core strategies including information and digital, cybersecurity, precision health, green and renewable energy, national defense and strategic. KGI Bank expects to support social inclusion and sustainable development in more extensive industries and will continue to cooperate with government policies to provide professional financial services and act as the pushing hand for industry upgrade.

Charitable Trust Product

KGI Bank actively uses professional financial tools as the support for social welfare organizations. As of 2022, KGI Bank has been entrusted to manage 7 public welfare trust funds with a total management amount of more than NT\$29.39 million. We aim to help individuals or legal persons implement their social welfare goals, and assist in social welfare affairs and account management.

Payroll Transfer Service for Non-Profit Organization

In order to fulfill the responsibilities of financial institutions in assisting social services, KGI Bank has launched integrated service solutions such as dedicated salary transfers, demand deposits, and donation platforms for schools and foundations. In addition to assisting non-profit organizations in serving the public, KGI Bank has also increased the opportunities for non-profit organizations to increase their income.

Product Name	Project content	Service Results in 2022
Campus Payroll Transfer Service Project	<ul style="list-style-type: none"> ◆ Provide faculty and staff with better than market salary transfer conditions, such as free number of transfers, demand deposit interest rates... etc. ◆ Simplify the collection and payment process of tuition and miscellaneous fees. Assist schools in printing payment slips, convenience store payment processing fee exemptions, and a credit card payment platform for tuition and miscellaneous fees. ◆ Provide high-interest demand deposits, which is up to 5.75 times the announced interest rate, to increase school income. 	Serving 1 school and 14 kindergartens
Foundation Payroll Transfer Service Project	<ul style="list-style-type: none"> ◆ Provide employees with better than market salary transfer conditions, such as free number of transfers, demand deposit interest rates... etc. ◆ Reduce the fee expenses of the foundation, provide a collection and payment platform, and only charge a fixed fee (minimum NT\$6) for each donation, which is better than the original 2% fee incurred on the donation amount. ◆ Provide high-interest demand deposits, which is up to 5.75 times the announced interest rate, to increase foundation income. 	Serving 8 foundations

Support the Cultural and Creative Industries

Continue to cooperate with government policies to promote the development of cultural and creative industries and build a social environment with rich cultural and creative connotations. KGI Bank combines government resources with the assistance of the SME Credit Guarantee Fund to provide various financing services for the cultural and creative industries to meet the funds needed by corporate clients at various stages of development.

Product Name	2020	2021	2022
Cultural and Creative Industry Loan Balance (NT\$ million)	8,273	5,444	5,572
Cultural and Creative Industry Loan (No. of Cases)	149	203	194

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3.4.1 Digital Finance

Digital Finance Strategy

In order to cope with the dramatic and dynamic changes in the investment environment in the post-epidemic era, CDF, in addition to its professional wealth management team, also focuses on digital financial service tools, so that investment and wealth management can meet the trends and needs of life. In the future, "One Website, One App" will be the Company's goal in the implementation of FinTech (financial technology), which is rapidly infiltrating and transforming consumers' financial life.

KGI Bank adopts the "KGI inside" strategy and uses the technical capabilities of fragmenting, modularizing and API-based financial services to create an innovative cooperation model between FinTech players and banks, and is the first in the financial industry to use the concept of Open Banking, open plug-and-play financial service components (Open API) to realize finance scene.

In recent years, "KGI inside" has been used in social housing rent payment and charity donation quick-connect service, the first to pay rent by credit card, which is convenient for disadvantaged groups, and assists small and medium-sized social welfare organizations with the quick-connect API module with zero cost and fast connection. It has constructed donation channels to help groups with relatively few social resources to effectively use financial tools.

To provide better financial experiences for CDF's customers, and establish a digital bridge between KGI Bank and KGI Securities, KGI Securities' new customers can import the securities account opening information to the bank through the digital process, and customers can fill in the information once to open a digital account in Taiwan dollars and a Taiwan stock securities account. KGI Securities customers can also complete identity verification through a simple process, and use securities inventory as the financial proof for credit card application, which greatly shortens the online application steps and creates a holistic financial experience for group customers.

In addition, China Life and KGI Bank launched the "Electronic Authorized Premium Deduction Service", through the online verification mechanism of KGI Internet Banking to complete the application for China Life insurance premium deduction agreement. Customers can receive the authorization results in real time without leaving their signature and stamp. It provides customers with convenient and fast digital financial services.

KGI Securities is the first securities company to launch the Line binding account service, dedicated to the functional development of the Line and Facebook community platforms and precise product marketing, outlining the appearance and operational feasibility of a digital securities company. In addition to the continuous improvement of functions such as electronic and mobile ordering, the AI intelligent customer service attracted a total of 116,700 people to ask 341,400 questions in 2022, using machine learning to promote the accuracy of question and answering to 96%, using multiple rounds of situational dialogue and emotion detection mechanism to quickly respond to customers' questions about products and services

In order to provide a better financial experience for the customers of the CDF, the Company has established a digital bridge between KGI Bank and KGI Securities, and created the first two-way digital identity authentication method between the bank and the securities company. Three-in-one accounts (Taiwan stocks, U.S. stocks, fund accounts) can be opened online in one go, providing superior service to the brokerages in the same industry. KGI Bank online banking customers can open a KGI Securities Taiwan stock securities account online through the online banking review, and KGI Securities customers can also complete the identity verification through a simple process and use the securities inventory as the financial proof for applying for a credit card, which greatly shortens the time.

CDF Group's Digital Finance Achievements

China Life Insurance

1. "Smile to Sign" remote facial recognition insurance purchasing

China Life is the first to apply facial recognition technology in insurance purchase process. Integrating the innovative remote insurance purchase process and incorporating the most rigorous information security and personal information protection measures, becoming the first in the industry to be approved by competent authority and run the intelligent identity verification mechanism. CDF leads the industry into a new era of "facial recognition insurance" by breaking the restriction in time and space for in-person meeting required by traditional insurance purchase, and reducing the resource depletion of paper and commute.

In 2022, CDF continues to expand the application scenes so that more customers and salespersons can purchase insurance through remote services. In April 2022, China Life was approved by competent authority to introduce the insurance-broker channel and was authorized to offer the services to all channels in November, 2022. China Life has hit 36,000 cases of remote insurance purchase since its launch, upgrading administrative efficiency by 25% and saving approximately 94,000 KGs of carbon emission.

2. Claims Alliance Chain 2.0: Mobile/Online Claim Application Digital Identification Verification

Claims Alliance Chain utilizes the security and convenience characteristics of blockchain technology while insurance policy holders only need to submit the claims application to any insurance company participating in the alliance chain and agree for that company to broadcast notice to other insurance companies also participating in the alliance chain in which the policy holder insured through the "insurance technology application sharing platform" to apply for claims in one step. The Insurance Claims Medical Start-up further allows, under the consent authorized by policy holders, the insurance company to directly obtain the related medical documents from the hospital, so that the policy holders do not need to submit separate claims application to different insurance companies, and reducing the inconvenience with having to apply for medical documents from the hospital counter in person.

In 2022, to enhance the convenience for the public to user claims services and organized by the Life Insurance Association, the policy holders can participate in the insurance industry identity verification center established by the Life Insurance Association to apply for claims online without having to provide printed medical data and documents of consent, so that policy holders can achieve full digitalization of mobile claims and apply paperless claims.

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3. Insurance App with the most warmth – "China Life i-Life" APP

Upholding to the "customer oriented" concept, China Life has launched the "convenient self-service," "instant progress control" and "enriched healthy life" service dimensions at the beginning of 2022, building a diversified experience of policy service, message reminder and health management. The comprehensive digital insurance service of "China Life i-Life" APP is a digital communication platform that provides customers with "convenient and easy" services, using intuitive, simple and clear visual style to provide policy holders with insurance and manager services, and thereby enjoy the service of China Life i-Life.

The platform links insurance, health, medical care, and life and technology to build a one-stop convenient self-service platform from the perspective of customers and to implement financial friendly services. The financial friendly zone is set up on the platform to provide accessible browsing interface and voice verification service. "China Life i-Life" APP passed the certification for APP accessibility from the Taipei Parents' Association for the Visually Impaired and became the first insurance company in Taiwan to receive such professional certification, providing visually impaired with more friendly service environment and implementing the policy on friendly financial services.

"China Life i-Life" APP provides nearly a hundred of functions, including policy inquiry, policy modification, payment, claims application, policy loan, broadcasting notice and LOHAS health management. The interdisciplinary collaboration infuses health management and life information into customer services and customers may use the consulting service and exclusive health examination from hospitals in collaboration, if customers have the need for medical care or health examination. Namely the policy service is extended to the health life service to expand customer service in breadth and depth, meeting all demands in life.

4. AI intelligent assistant "Xiao-Cai" - a personal assistant for salesmen and a tool for business development

"Xiao-Cai" is an intelligent assistant specially designed and developed for China Life salesmen, providing instant questions and answers, and a variety of intelligent and caring services. "Xiao-Cai" uses natural language processing technology NLP, combined with the smart head built by the experience of life insurance experts. Salesmen can ask questions about products, business rules, and the use of digital tools, and can also further obtain information needed in daily work. In addition, through big data and calculations, "Xiao-Cai" can provide dynamic information related to policyholder services, such as: customers' birthday reminders, to-do work today, are combined with "Xiao-Cai" business development aids, including greeting cards, digital calendars, so that salesmen can provide customers with considerate services and convey warmth at the right time. At the same time, the demand for AI service consultation boosts employees' work efficiency.

In 2022, "Xiao-Cai" continued to optimize and upgrade by adding more than 300 sets of knowledge, upgrading 12 new functions, and improving UI/UX user experience. The monthly average utilization rate exceeds 90%, interaction volume over 30,000 while uninterrupted digital services were provided during the pandemic period. "Xiao-Cai" has become the most trusted personal intelligent assistant for China Life salesmen.

5. Big Data and Marketing Tag Library

China Life has built a marketing tag database to describe customers' attributes, behaviors, intentions, interests and other information, and automatically organizes interactive data to detect customers' intentions for specific products. In 2022, through the text analysis of interview data and decomposition of critical information with incorporation of customer tag and customers big data analysis market, the customer big data analysis market has grown to 1,500 features.

6. Precise marketing list – find the right customer in the right market

From the enormous list of existing customers and through big data analysis and building machine learning models, customers with high repurchase rates for various products are identified, and salespeople are given priority to arrange marketing activities. In 2022, the innovative practice of cooperating with sales channel for group design and integration with machine learning can strengthen the interpretability of precision marketing list while maintaining the precision to generate 11 lists of strengthened frontline marketing efficacy.

Innovative digital financial products and services		
Products / services	Partners	Content
Digital Credit	Provide customers with 24-hour online loan application services	<ul style="list-style-type: none"> ◆ Continuously optimize and promote digital applications, such as credit RPA receipt and allocation automation processes. ◆ In 2022, the number of online loan applications reached 44,000, and the annual loan application amount reached NT\$53.9 billion. The released loan amount reached NT\$19.2 billion, and the online utilization percentage reached 98%.
Digital Credit	Uber Eats Foodpanda	<ul style="list-style-type: none"> ◆ Launched the "Quick Repayment for Delivery Personnel" project to replace traditional financial documents with delivery remuneration. The preferential loans for small loans is applied online to help delivery partners obtain preferential loans.
KGI Inside - General Payments	Donation platform	<ul style="list-style-type: none"> ◆ Provided more than 42 charitable groups with fundraising through the cooperation with KGI Inside's various scenarios at a lower handling cost, and launched a quick-connect API module suitable for small and medium-sized social welfare organizations with zero serial connection costs.
	Social Housing	<ul style="list-style-type: none"> ◆ The first to launch the convenient payment of social housing rent by credit cards, assisting the government and the industry to facilitate rent payment and benefiting the disadvantaged in society.
Big Data Analysis	iCHEF PChome Pay Shopee Taiwan Taxi	<ul style="list-style-type: none"> ◆ Provided professional knowledge related to big data module analysis and risk management to help iCHEF build a restaurant closure prediction model and strengthen the grasp of restaurant operation variables. Furthermore, KGI Bank has connected the service with online loan applications, and launched the "iCHEF Restaurant Loan" service to help stores obtain funds in a more efficient and convenient way. ◆ In cooperation with Open Air Auction and PChome Pay, the "Big Data Loan for Open Air Auction Seller" was launched, using commonly developed credit rating and other data modules to provide sellers with exclusive solutions and optimization of the application procedures so to add more convenience to the procedures of online loan application. ◆ In cooperation with C2C Shopee, the "Shopee Easy Loan" was launched to connect API with e-Commerce data so that the system will be linked to the sellers' data and orders, which will be determined as in conformity with standards, so that sellers with outstanding management can receive the "personal credit" bonus, thereby solving the disadvantages of traditional financial proof for loan application in the past. ◆ The cooperation for launch of "Taxi Driver Loan" includes the number of passenger riders, mileage and other data; it is the first driver credit rating model in financial industry with practical cases. Currently the program is expanded to personal business and well-known taxi fleets for application, so that more people will benefit from the program.
Biometric Login	External/ internal development	<ul style="list-style-type: none"> ◆ Since the launch of biometric functions such as FACE ID/fingerprint/pattern verification in 2020, the use of quick login services by customers has grown significantly. In the future, the biometric transfer function will be provided to customers with a more convenient transfer method.
Online Banking Function Optimization	External/ internal development	<ul style="list-style-type: none"> ◆ A new electronic passbook delivery service was added, and nearly 22,000 online applications were made throughout the year. Customers can directly apply for the electronic passbook cover and transaction details of their domestic and foreign currency accounts through the Internet/mobile banking, which saves the need for frequent passbook replacements at the counter and reduces the paper needed for printing attached documents for various business applications. ◆ Established a notification service for changes in deposit account balances, providing a safer and more secure service experience. ◆ Added online updates of occupational industry information, helping customers avoid visits to the counter or calls to customer service. ◆ Expanded online banking ETF ordering services to provide customers with multiple ordering channels.
Mobile Banking APP Upgrade	External/ internal development	<ul style="list-style-type: none"> ◆ The four friendly operation interfaces are built for users to provide exclusive personalized homepage for customers. Customers can choose frequent use function shortcuts and optimize the menu structure and integrate the interface design so that customers can find the information and function needed with ease and thereby completing the online transaction with convenience. Customers of mobile banking grew by 10% since its launch while the number of digital transactions also grew by 20%, indicating the new mobile banking APP experience and new interface appeal to customers highly, enhancing the adhesion in customers.
Credit Card Digital Acceptance Service	LG Fitness Factory iCHEF	<ul style="list-style-type: none"> ◆ Partnered with telecom operators to create "mobile digital credit card machine" services. ◆ Supports swiped cards, proximity cards, and 3 international PAU services ◆ Support primary and secondary account usage/account inquiry ◆ Personal credit card signing, merchant signing slips and payment request slips are cloud-based, realizing the convenience of paperless services.
Facilitating Transactions	External/ internal development	<ul style="list-style-type: none"> ◆ Digital account opening at the counter, online form filling and account opening services shorten the waiting time at the counter

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3.4.2 Customer Privacy Rights and Protection

Privacy Protection

Privacy Protection Standards

To protect our customers' privacy, CDF and its subsidiaries have regulations governing personal information protection in place, which expressly stipulate that personal information should be collected, processed, and used in accordance with laws and regulations and that all employees, vendors, and Privacy Policy applies to the entire operations, including suppliers. We uphold a strict adherence to the protection of customers' privacy and personal data security.

CDF's Compliance Department completed the 2022 "Business Process Identification and Personal Data Inventory" and "Risk Assessment" in accordance with the "Security and Maintenance Plan for the Protection of Personal Data Files and Guidelines for Disposing Personal Data Following Business Termination." According to the inventory and assessment results, the personal data risks involved in each business process of the Company have been effectively managed; in order to implement the protection of personal information even more thoroughly, the Company has also further reviewed all of its business processes involving personal information with a value-at-risk ranking of 5% or more. Upon review, it was confirmed that each department completed the "Personal Data Processing Risk Assessment Form" in accordance with the aforementioned "Security and Maintenance Plan for the Protection of Personal Data Files and Guidelines for Disposing Personal Data Following Business Termination", and risk ranking was performed by a task force to assess the Company's acceptable risks. The administrative unit of the task force assigned personnel to write a self-assessment report of personal data management risks based on the aforementioned assessment results. The report was then submitted to the task force for discussion and approved by the President to have the personal data risks arising from the business processes mentioned above effectively managed.

Rules and regulations of domestic and international government agencies and relevant institutions that stipulate requirements for the Company to provide personal data have been amended to the internal rules and regulations of the subsidiaries, so as to more thoroughly protect the privacy and rights of customers. In addition, KGI Securities has also added a requirement where in the event of personal data must be disclosed to foreign supervisory agency or foreign securities exchange as well as external third party in electronic forms, such disclosure must be encrypted before supply. KGI Bank introduced the database personal information scanning system and performed regular scanning to prevent improper storage of personal information in the test database and reduce the risk of personal information breach.

CDF has compiled and disclosed the "[Privacy Policy](#)" and "[Client Data Protection and Confidentiality Statement](#)" on the corporate website to explain how CDF, its subsidiaries, and third-party suppliers use and protect customers' personal information as well as to provide a smooth and effective communication channel for the customers.

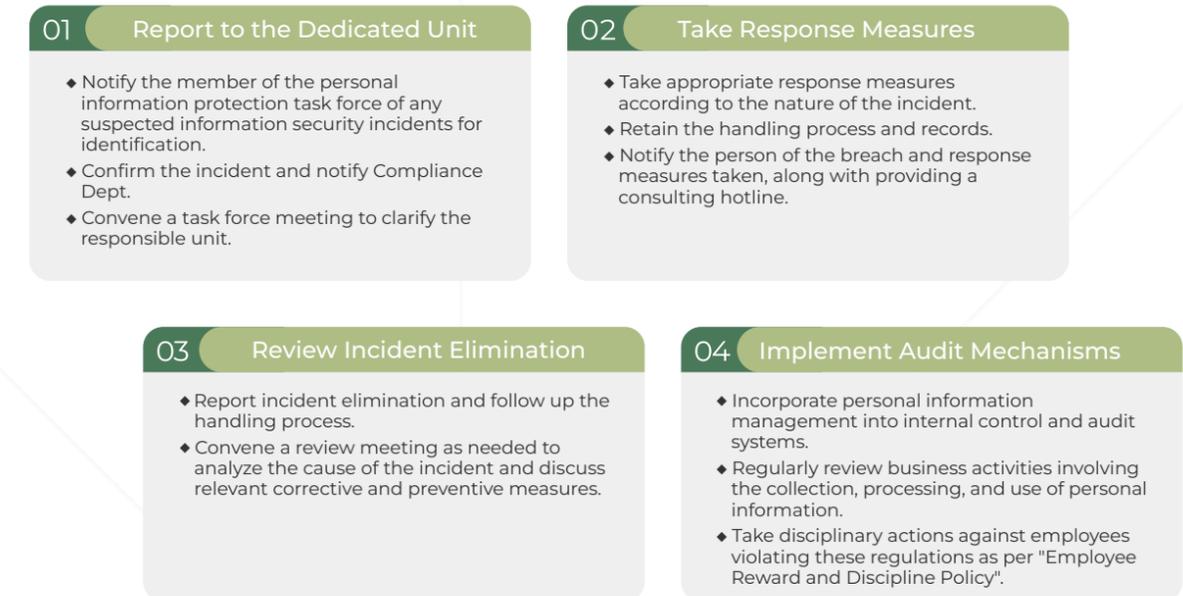
Privacy Protection and Risk Management Mechanism

CDF attaches great importance to the customers' privacy and the personal data security. In order to effectively control the operation risks of the customers privacy protection and the personal data usage, the Group has set up a "[Personal Data Protection and Management Policy](#)" (Approval Level: Board of Directors) as the group-wide privacy protection guidelines. The Company and subsidiaries have built a most appropriate privacy protection risk management mechanism and set up a dedicated personal data protection unit, responsible for evaluating and planning the personal data protection risk management structure and supervising related implementation to optimize the resources allocation required for privacy protection risk management, improve the operational efficiency of the management mechanism, and fully protect the rights and interests of customers.

Privacy Protection Security Incident Handling and Verification Mechanism

The Company has announced the names and contact numbers of subsidiaries on the website that interactively use customer information, as well as a customer service hotline (02-2763-8800). If customers have concerns in privacy or other personal data rights, they can notify us at any time. The Company will assist in contacting subsidiaries that interactively use customer data for subsequent processing operations. The personnel of the Company and subsidiaries will immediately report to the unit, designated person or department responsible for personal data protection. If they find a suspected personal data security incident, appropriate contingency measures will be taken immediately. The litigant will be notified with the fact of leaking the personal information and the corresponding measures taken by the Company. If the personal data security incident is significant, the receiving unit will also carry out notification procedures and initiate emergency response plans in accordance with the major incident response procedures.

The Company's Privacy policy system embedded in group-wide risk/compliance management and incorporates the personal data management into its internal control and audit system. When conducting regular self-checks, all units strictly review their business handling situations involving the collection, processing and utilization of personal data. Regulations and external standards are implemented and checked. The Company has disciplinary actions in case of breach: Employees violating these regulations will be punished as per "Employee Reward and Discipline Policy" and other relevant reward and punishment regulations. Regarding the Audit of privacy policy compliance, the Company incorporates personal data protection into the compliance self-evaluation, and conducts regular evaluations to ensure compliance with relevant laws and regulations.



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Privacy Protection Practices

When collecting personal information, CDF and subsidiaries inform customers of the following in accordance with the Personal Data Protection Act:

1. Use of the collected personal data.
 2. Categories of the collected personal data.
 3. Time period, territory, recipients, and methods of which the personal data is used.
 4. Rights of the persons involved and the methods for exercising such rights under Article 3 of the Personal Data Protection Act:
 - (1) Make an inquiry or request to review or obtain copies of personal data, for which the Company may charge a fee to cover necessary costs by law.
 - (2) Supplement or correct personal data, for which appropriate explanations should be provided by law.
 - (3) Demand cessation of the use of and removal of personal data.
 - (4) Demand processing restrictions.
 - (5) Request data portability.
 - (6) Reject automated profiling.
 - (7) Reject the processing of personal data for direct marketing purposes.
 5. Rights and interests of the persons involved that will be affected if they elect not to provide their personal data.
- CDF discloses the following in the "Client Data Protection and Confidentiality Statement" on the corporate website:
1. How customer information is collected.
 2. How customer information is retained and protected.
 3. Methods for securing and protecting customer information.
 4. Classification, scope and items for use of customer information.
 5. Purpose of collected customer information.
 6. Third-party disclosure of customer information (the Group will not disclose customer personal data to any third parties unless required by law, with the customer's written consent, or commissioned by the Group to conduct business affairs on behalf of the Group).
 7. Methods for changing and updating customer information.
 8. Methods for opt-out.
 9. Names and telephone numbers of subsidiaries sharing customer information.

The Company and its subsidiaries are striving to implement customer privacy protection, and take appropriate personal data protection and management actions based on the business type, risk level and resource integration utilization of each subsidiary. The Company and subsidiaries of KGI Securities, China Life Insurance and KGI Bank have passed the ISO 27001 (the certificate remains valid) information security management system verification, in order to continuously improve the personal data protection and management capabilities. Subsidiaries including KGI Securities, China Life Insurance and KGI Bank have also appointed a credible external verification agency to handle the BS 10012: 2017 (the certificate remains valid) Personal Information Management System standard third-party verification review. China Life Insurance has taken the initiative to expand the scope of verification and was the first insurance company in Taiwan to be approved that expanded from the original personal insurance-related business to the head office and all branches of the company. China Life Insurance also won the Information Security Award in the 2022 Taiwan Corporate Sustainability Awards. China Life Insurance's various certifications and awards affirmed the determination of the Company and subsidiaries to provide secure financial services and their commitment to protect customer data security.

- * There was no complaint against CDF and subsidiaries about breaches of customer privacy in 2022.
- * There was no secondary data use in 2022.

Integrity and Transparent Communication: Principle of Treating Clients Fairly and Consumer Protection

We are fully aware that customers are the source of business development. In order to care and protect the customers' rights and interests, we have established a corporate culture that emphasizes the financial consumer protection. Since 2015, the development of financial control has been based on the "Organizational Rules of the CSR Committee" Article 5 that stipulates the establishment of a "Client Relations Working Group." At the same time, KGI Bank and KGI Securities also formulated the "Principle of Treating Customers Fairly" to enhance employees' awareness of financial consumer protection, such as when customer complaints or financial consumption disputes in various businesses, take measures in a timely and appropriate manner in accordance with relevant regulations. Check whether there is any violation of the Principle of Treating Customers Fairly or Financial Consumer Protection Act, and report to the Board of Directors at the senior executive meeting. In addition, the "Client Relations Working Group" also regularly collect and report the implementation of the Principle of Treating Customers Fairly by subsidiaries to solid customer service and protection of rights and interests.



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Methods of Implementation			
Subsidiary	Policies and Procedures	Communication Method and Mechanism	Communication Frequency
KGI Bank	<p>I. KGI Bank has established the "Policy for Principles of Treating Customers Fairly," "Consumer Protection Principles," and "Guidelines for Handling Customer Complaints and Disputes" to fulfill its corporate social responsibility in improving customer satisfaction and safeguarding customer rights and interests. The content of regulations depending on the provisions of competent authority and the adjustment of internal operation procedures at all time.</p> <p>II. Implementation</p> <ol style="list-style-type: none"> In 2022, KGI Bank has established the "Committee for Treating Customers Fairly" through the promotion of the Board of Directors and the active involvement of directors. KGI Bank also entrusted external consultant - Deloitte & Touche to introduce the fair treatment of customers' self-assessment survey. Such customized survey serves as the mechanism for calibrating the implementation of fair treatment of customers by KGI Bank and the execution status. The customer service department continues to conduct customer satisfaction surveys on Taiwan and foreign currency transactions, account opening, wealth management, personal financial management, new loan application/credit card business, customer service center, and online account opening at the branches. The total number of questionnaires returned was 22,000. The overall service satisfaction rate was 96.7%. KGIB recently introduced Net Promoter Score (NPS) and automation platform to constantly acquire customer opinion for improvement and follow-up to optimize customer experience. The overall customer NPS as of December 2022 reached 62 points. Customer complaint and customer feedback management <ol style="list-style-type: none"> In 2022, there was a total of 190 customer complaints, 92% of which were processed within 3 business days, exceeding the target of 85%. The customer service units continued to analyze the types and causes of customer complaints as well as reviewed and implemented improvement measures, such as improving the processing procedures (including the feedback from the complainant), optimizing platform functions such as website/voice, strengthening system efficiency, and providing education and training, with a total of 37 items. Customer call services: In 2022, 85.2% of the customer calls were answered within 20 seconds, providing effective, prompt, and accurate solutions to customers' inquiries. 	<p>Through the legal compliance notification mechanism, KGI Bank cooperates with the competent authorities to update the regulations for control and tracking and incorporate the relevant provisions of fair customer treatment in the self-assessment and regular review of legal compliance.</p>	<ul style="list-style-type: none"> KGI Bank has set up the "Customer Request KRI (Key Risk Indicator)" to monitor applications not in accordance with customers' instructions, "KYC KRI" to monitor applications not in accordance with customers' investment attributes or mistakenly registered, "Customer Service Quality KRI" to monitor the number and percentage of customer complaints handled, "Out-of-bank Pickup Control KRI" to monitor the number of out-of-bank pickups that are transacted without a phone call, "Order on Behalf of Customers and Control KRI" to monitor the number of transactions on behalf of the customers and the e-mails kept by customers, and other indicators based on the Principle of Treating Clients Fairly. Monitoring thresholds and warning thresholds are set quarterly, and concerned units meeting or surpassing the threshold are required to improve practices or propose corrective measures and be included in follow-ups. In issues involving consumer protection, concerned units are to suggest corrective measures and include them in follow-up based on customer feedback; based on materiality, operational issues are reported to the Business Risk Committee for review every month, and consumer protection is incorporated into operational risk self-evaluation. KGI Bank has incorporated the customers' protection into self-audit item and the Principles for Treating Customers Fairly into internal audit and conducts internal audit periodically. In 2022, KGI Bank won the "Bronze Medal Award" of the "Taiwan Service Industry Review" among domestic banks for the fourth consecutive year, affirming KGI Bank's efforts. Its branches and customer service personnel believe in heartiness and strive to provide warm and professional services.
China Life Insurance	<ul style="list-style-type: none"> Establish Committee for Treating Customers Fairly and formulate the "Regulations Governing the Execution of Principles for Treating Customers Fairly" to regularly compile and report the measures related to fair treatment of customers to the Board of Directors for review. China Life sets up dedicated unit led by vice president or equivalent supervisor to manage the affairs of "Committee for Treating Customers Fairly." The Committee conducts interdepartmental communication and coordination to help the planning and promoting the operations of Principles for Treating Customers Fairly. All employees set up the performance assessment indicator items related to customer treatment to grow the work culture of employees in fair treatment of customers. In response to the "Principle for Financial Service Industries to Treat Clients Fairly" amended by FSC in May, 2022, China Life concurrently reviews its existing rules and develops the "Policy on Principles for Treating Customers Fairly" and "Strategies of Principles for Treating Customers Fairly" in addition to amending the "Regulations Governing the Execution of Principles for Treating Customers Fairly" to report to the Board of Directors with approval. Among the director self-assessment questions, the "Valuation and Attention on ESG Issues" and "Active Promotion of Principles for Treating Customers Fairly" were added as assessment items. 	<ul style="list-style-type: none"> Taking the comprehensive insurance "Friendly Protection" service package for the disabled as an example, China Life Insurance has established a financial-friendly product zone on the website, so that the visually impaired can be no different from ordinary people to fully understand the coverage through mobile phones or computers. In addition, the hotline service is simultaneously provided. Furthermore, CDF not only provides voice guidance of the product content, but a dedicated service option is also established to assist in the explanation and insuring of the product. With the "Sign language interpretation reservation service," policy holders with hearing impairment can reserve and arrange for sign-language interpreter to assist with the interpretation through APP/website/email/friendly hotline and a divers. 	<ul style="list-style-type: none"> China Life Insurance responds to government policies in the implementation of financial inclusion. China Life upholds to the corporate concept of "fair and empathetic treatment of customer" to implement the protection of financial consumers' rights and interests, winning the FSC "Fair Treatment of Customers Principles Assessment" 4 years in a row. Build an instant-feedback platform, expand from the insurance purchase and claims procedures most concerned by customers, to corporate website, customer APP, 080 customer service center, and customer service center as well as other critical contact points, set up NPS survey mechanism to find out the most genuine voice and feedback from customers. The NPS survey conducted at the end of 2022 shows that the industry ranking for China Life substantially leaped from the fifth place from previous year to the first place. As customer evaluation escalated, customers are more willing to refer China Life to friends and relatives. In response to the coming of aging society, China Life improves the company service to senior and persons with disability and encountering major disasters by providing the "to-door collection and delivery" services. There were 60 such cases in 2022. China Life offers senior friendly services and maintenance of customers' rights and interests, in addition to executing senior phone calls based on Principles for Treating Customers Fairly. Starting in March 2022, the insured aged 65 years or older shall be provided with care before the discontinuation of insurance policy and during the discontinuation. The seniors will be reminded of their policy rights. In 2022, the number of phone calls reached 2,901 cases, with 559 cases of successful phone visits. Establish exclusive "financial friendly service hotline" for senior and disadvantaged groups, which simplifies phone voice input procedures and dedicated specialists who provide faster and friendlier services. In 2022, the number of phone calls for aging senior hotlines with consulting services was 4,268 phone calls; additional 11,089 calls were received for voice description of services.
KGI Securities	<p>The addition and amendment to the internal regulations related to fair treatment of customers in 2022 are described below:</p> <ol style="list-style-type: none"> Added "Regulations Governing Committee for Treating Customers Fairly" and set up "Committee for Treating Customers Fairly" with responsibility in the planning and promotion of principles of fair treatment of customers. Amendment to "Principles of Treating Customers Fairly" includes ethical management and financial friendly principles, stipulating dedicated departments with links to performance. Cooperated with competent authority in adding principles of ethical management and friendly finance. The Company added the "Corporate Governance Best Practice Principles," "Guidelines for Undertaking Derivative Financial Instrument Commodities with Senior Clients," "Branch Company Service Etiquettes SOP Instruction," and "Instruction for Account Creation Process with Persons with Blindness, Visual Impairment, Illiteracy, and Physical Disability, and With Disability to Sign." Amended "Guidelines for Handling Customer Complaints and Disputes" to strengthen the customer complaint SOP, customer compliant form digitalization, and establishing customer complaint database and management dashboard to assist the management with understanding the handling status of customer complaint cases and drafting optimal solutions. 	<ul style="list-style-type: none"> The Committee for Treating Customers Fairly regularly calls meetings to review the execution of fair treatment of customers. In case of major customer complaints or controversial incidents, they shall be handled in accordance with the notification mechanism of abnormal matters, and if necessary, a major incident response meeting shall be held to respond immediately. 	<p>Optimizing customer services and experience and shaping "customer oriented" corporate culture:</p> <ol style="list-style-type: none"> New customer experience department: Execute customer optimization project for the whole company, comprehensively introduce NPS feedback system for review and improvement. In 2022 Q4, the customer service team was recognized by the securities industry golden prize in the first "Taiwan Customer Service Center Assessment" held by Commercial Times." This award exhibits KGI's top-down shaping of our culture in fair treatment of customer, implementation of principles of fair treatment of customers, and the specific outcome of optimizing customer experience.

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Educational Training Procedure		
Subsidiary	No. of Trainees	Hours of Educational Training
KGI Bank	2,400 People	<ul style="list-style-type: none"> ◆ In 2022, all employees of KGI Bank underwent 3 hours of training on fair treatment of customers, including 1.5 hours of online training in the first half of the year with "2022 First Half Promotion on Educational Training for Principles for Treating Customers Fairly" and 1.5 hours of online training in the second half with "Treating Customers Fairly - Financial Friendly Service Training." ◆ KGI Bank organizes training and seminars on laws and regulations in relation to consumer protection from time to time or in a timely manner, and incorporates the Financial Consumer Protection Act into orientation for new recruits. ◆ KGI Bank has communicated other banks punishments announced by the FSC with all employees and requested relevant departments to check on operating procedures for any similarities or establish controls.
China Life	18,000 People	<ul style="list-style-type: none"> ◆ To shape the "attentive" culture of China Life's friendly finance, directors to senior managers, core department supervisor representatives, and all employees, educational trainings are held according to the practical requirement for different rankings and positions, covering issues related to maintenance of rights of financial consumers, seniors, persons with physical and mental disability and other disadvantaged customers with friendly finance. In 2022, the trainings were expanded to hold 13 online/offline educational trainings with 47,857 employees participated, up 180% compared with previous year. There were 41 directors from the Board of Directors and senior managers who participated; 101 people from core departments and supervisor representatives; and over 18,000 employees at entry level completed the training. ◆ Held the "Cross-Disability Field Experience Camp" to strengthen the first-line service staff providing services to persons with physical and mental disability with actual skills. The first-line customer service supervisor and employees were invited to dress up as senior and sitting on wheelchairs to take adventure outdoor. They perceived the environmental barriers and look from other people faced by seniors or persons with disability daily in person, so they could learn to provide services to the disadvantaged with empathy. ◆ Held the "China Life x Doufu Accessibility Service Training and Outdoor Practice Experience" course. The outdoor actual demonstration and operations of experience tools provide proper and on-point friendly services for persons with physical and mental disability. ◆ Held the "Person with Hearing /Language Impairment and Sign Language Educational Training" course, where the Welfare Association of the Deaf director shared about the difficulty and language instruction when facing persons with hearing and language impairment, so that the employees could be empathetic to provide proper assistance and support, thereby implementing the spirit of fair treatment of customers. ◆ Held the "online dementia/senior friendly educational training" course, inviting Taiwan Alzheimer Disease Association Deputy Secretary General Yun-Jing Chen as the course lecturer and share the friendly service experience and precautions for persons with dementia or seniors.
KGI Securities	2,569 People	<ul style="list-style-type: none"> ◆ In 2022, KGI Securities announced the "Branch Company Service Etiquettes SOP Process Instruction" that were customer oriented and implementing the supply of professional, attentive and warm services. ◆ In 2022, KGI Securities held 5 physical/online courses on Principle of Treating Clients Fairly, totaling 11 hours, and provided related digital courses, totaling 3 hours, with a total of 2,567 participants; in addition, the number of people who participated in related courses organized by external agencies amounted to 2. The total number of people (including directors and persons in charge) who participated in all relevant training courses in 2022 (including directors and representatives) was 2,569. ◆ KGI Securities regularly conducts company-wide "Legal Education and Training Courses for Employees," which covers the principles for fair treatment of customers, relevant regulations on financial consumer protection, customer complaints and dispute resolution, important penalty cases, and laws. ◆ KGI Bank has communicated other companies' punishments announced by the FSC with all employees and requested relevant departments to check for similar cases, review operating procedures, or establish control mechanisms in order to continue to evaluate and optimize its business operations.

Violations				
Subsidiary	No. of Violation	Nature of Violation	Background	Improvement Measures
KGI Bank	1	◆ Related to financial consumer protection	In response to the case of former Beimen Branch operation manager OO Chang embezzling the funds of customers and the case of former Jiguang Branch financial specialist OO Wu's flaws in fund transaction with customers, it is verified that such cases breached the provisions set forth in Paragraph 1 of Article 45-1, the Banking Act of the Republic of China. The FSC fined the bank for NT\$6 million in penalty on May 5, 2022, pursuant to the provision outlined in Paragraph 7, Article 129 of the Banking Act.	<ol style="list-style-type: none"> 1. To strengthen the customer and bank teller's account verification mechanism, related monitoring reports were added for dedicated independent units to process account verification and customer phone care. 2. To strengthen the implementation of customer remitting over the counter with dual-ID verification control mechanism, the new second counter verification teller must be added to the transaction system on July 22, 2022 to verify customer ID and input the system password.
China Life Insurance	2	◆ Related to financial consumer protection	FSC conducted an investigation on the case of China Life processing the financial consumer protection for senior customers and discovered breach of contract to the Insurance Act. Pursuant to Item 5, Article 171-1 and Item 1, Article 149 of Insurance Act, China Life was fined NT\$2.4 million on September 7, 2022.	<ol style="list-style-type: none"> 1. Strengthened system inspection function to generate the note code and remind the underwriters without completing the salesperson report, so as to evaluate the case and report the responsible unit for investigation. 2. The phone interview questions were adjusted. The customer inform that source of insurance premium comes from loan or a policy loan, customers will be informed of the risk of financial leverage additionally so that customers will understand the possible loss that could incur to their equity. 3. The voice recording example for the sales process of investment products was adjusted to add explanation for reminding the characteristics of high-yield bond funds and investment risks.
			In violation of Personal Data Protection Act with regards to the payment process of consolation money due to death under the travel insurance, China Life was fined NT\$50,000 on April 1, 2022, pursuant to the provision outlined in Paragraph 3, Article 47 of the Personal Data Protection Act.	China Life has revised the internal regulations and added the consent for use of foreigner's data for specific purpose, in addition to holding the educational training on personal data protection for related personnel.

Note: Except for KGI Bank and China Life, CDF and its other subsidiaries did not have any violation to the principles of treating customers fairly and protection of financial consumers.

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3.4.3 Quality Services Tailored to Customer Needs

Optimized products and services

Your Vision, Our Mission: In response to the rise of financial technology, the traditional financial industry is gradually changing its operating model, that is, the full use of financial technology to eliminate distance and time constraints. CDF is no exception, and our hope is that the use of technology will make financial services more convenient and will significantly increase the availability of services to serve wider demographics. KGI Bank and KGI Securities are committed to offering "in-your-shoes and better services." The design and optimization of products and services are based on "customer needs" and aim to fulfill goals as "knowing customer needs, achieving their financial goals, and lifecycle services." KGI Bank and KGI Securities provide a diversity of online and offline services through its professional financial planning team and advanced digital finance technologies.

China Life Insurance

1. Service Ambassador

To encourage service employees directly providing services to customers with exhibition of enthusiasm and setting up service paradigms, China Life Insurance has promoted the selection of 140 service ambassadors for the last 5 consecutive years since 2018. In 2022, a total of 26 service ambassadors were selected and the TOP 5 service ambassador award were selected to share their service stories for other employees to learn from observation. The sharing of most touching service stories and implementation of initial service intent in "fair and empathetic, treating customers the way we want to be treated" continue to upgrade quality customer experience.

2. Service Course

The telephone service center held will self-organized training courses in 2022, aiming at helping employees with improvement on customer service responses in phones and text. The instructors guided employees to provide services with more flexibility and sensitivity in order to create better services that are customer oriented, and thereby constantly improving customer experience.

KGI Securities

Three major improvement plans for KGI Securities in 2023:

1. Optimize online account opening, APP order, and digital service for customers that will satisfy customer or boost user perception at all contact points.
2. Strengthen customer pattern and clustering management to provide more suitable services or integrate with programming data applications that will optimize customer experience and open up to new customer groups.
3. Comprehensively understand customer demand and protect customers' rights through the NPS questionnaire distribution for the three major customer contact channels.

KGI Securities provides a diversity of contact methods with convenience, including customer service hotline, smart customer service, online customer service, and branch company service locations. To improve the digital customer journey experience and to fully digitize customer journey, the completion of account opening, review, transaction, service process, and full and automatic online accounts allow customers to enjoy all services without leaving home. To cultivate the programming transaction market, the professional team is set up to write XQ and python code and quantitative transaction module, creating personalized theme and strategic investment for customers and opening up the new customer group. Moreover, to reach young customers, the one-stop community wealth management services are established through building a real-time interactive community marketing platform, using LINE community focus marketing to gradually guide customers to understand financial wealth management products. In addition, a new official website presentation style is created and combined with Adobe Analytics system tools to automatically collect audience data, understand individual customer preferences, optimize customer experience, and increase the probability of potential customers turning into actual customers.

KGI Bank		
Product/ Services	Content	2022 Performance
Credit Card	Customers can choose installment payment plans through online banking/mobile banking point/interactive billing/official website for credit card purchases.	The number of transactions increased by 22% YOY in 2022.
Transaction Services	<ul style="list-style-type: none"> ◆ Fund: Continue to provide customers with better transaction fees and more fund services, such as private equity funds ◆ Foreign stocks/ETF: Provide online banking order placing and U.S. stock listing services ◆ Structured products: Provide more structured products that are linked to diverse targets ◆ Savings: Provide a more convenient account opening channel ◆ Make check deposit interbank transactions available ◆ Make holiday payroll transfer functions available ◆ Formless foreign remittance ◆ Continuous transactions for tax collection 	The percentage of e-bill valid cardholders increased to 45.3%
Credit Card Bill Service	<ul style="list-style-type: none"> ◆ Interactive digital billing: Compared with traditional electronic bills, interactive digital billing provides 4 major functions: "pay now", "installment payment", "past bills", and "digital applications", which helps customers grasp their purchase information and flexibly manage their finances. Through digital interactive billing, customers can make online payment or generate payment barcodes with mobile phones to branches or convenient supermarkets to pay, immediately apply for current account installments or single consumption installments, inquire about the last 6 installments, apply for credit online or other credit card... etc. 	The percentage of e-bill valid cardholders increased to 45.3%
Internet Banking and Mobile Banking Services	<ul style="list-style-type: none"> ◆ KGI Bank begins with customer experience and launched the brand-new mobile banking APP to build user friendly four major operation interface, providing customers with exclusive personalized website with frequently selected function shortcuts. The personalized webpage also optimizes the menu structure and integrated interface design so that customers can find the information and functions needed easily, who can complete online transaction with more convenience. The number of KGI Bank's mobile banking customers grew by 10% since the launch of the new APP while the number of digital transactions also increased by 20%, indicating the new mobile banking APP appeals to customers with new experience and new interface, enhancing the adhesion in customers. 	Launched bran-new mobile banking APP
Automatic Notification of Corporate Internet Banking Messages	<ul style="list-style-type: none"> ◆ To provide the public with more enriched digital life, KGI Bank actively assists enterprise customers with the application of "Electronic Direct Debit Authorization (eDDA)," "Enhanced Automated Clearing House (eACH)" and other electronic platforms, in addition to expanding the application fields to help enterprise customers to easily provide more diversified collection/payment model. KGI Bank assists customer with the introduction of diversified authorization and collection method to effectively reduce operation time and transaction costs, in addition to integrating the sale promotion and convenience with payment collection. 	The number of corporate Internet banking digital service cases in 2022 reached 8.97 million.

More active social media management

Both subsidiaries, KGI Bank and KGI Securities have established Facebook fan pages and LINE@Life Circle, reaching out to the young Internet generation through social media, and expanding communication channels with customers at all levels of consumption to help cultivate young people to manage their money properly and provide diversified financial information. China Life is also customer-centric, conveying love and care through creative content close to life, actively creating exposure and enhances brand favorability.

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Social Media	2022 Operating Status	2022 Goals
KGI Bank Facebook	No. of fans: 112,000 (+4%) No. of posts during the year: 341 Post engagement: Approx. 1 million times Counts of post interactions: Approx. 200,000 No. of shares for the posts: Approx. 10,000 No. of direct messages from customers: Approx. 2,000 cases	Various social media will be integrated and operated according to the characteristics of different ethnic groups and needs. (1) Lower the psychological threshold of financial services through professional and interesting content. (2) Show more personalized styles and extend the management of age groups. (3) Plan personalized services and customized preferential activities. The goal is to build a consistent brand image and increase opportunities for reach and interactions. Customer requirements will be prioritized to develop loyalty and become the first choice for customers.
KGI Bank Instagram Official Account	Official Instagram accounts reaching over 300,000 potential customers.	
KGI Bank Official Line Account	No. of fans: 43,000 people (+32%)	
KGI Securities < e-commerce > Official Line Account	No. of Friends: 1.26 million people (+410%) No. of Bound Accounts: Approx. 41,000 people (+8%)	
KGI Securities Facebook	No. of Fans: 36,000 people (+2%) No. of posts during the year: 93 posts Post engagement: Approx. 4.967 million times Counts of post interactions: Approx. 528,000 No. of shares for the posts: Approx. 14,000	
China Life Insurance Facebook Official Instagram Account	No. of fans: 41,000 people (+11%) No. of posts during the year: 447 posts Post engagement: Approx. 12 million times Counts of post interactions: Approx. 360,000 No. of shares for the posts: Approx. 32,000 No. of direct messages from customers: Approx. 205 cases	In response to the digital development trends in post-pandemic period, China Life Social Media Management also focuses on digital disruption by utilizing popular short film or stories as well as other display forms. The diverse scenes and content close to life will introduce the APP, e-secretary, remote insurance purchase, and other innovative and convenient services in line with time. Meanwhile, the awareness for risk protection for online users is increased, using story concepts, creatively packaged health care, friendly financial for disadvantaged, fair treatment of customers, sustainability advocacies, and ESG topics will boost brand exposure and become the friends of customers in life.

Anti-fraud in senior and disadvantaged groups is becoming the key part of promoting fair treatment of customers and senior finance friendly by China Life. In view of these high-risk groups susceptible to frauds, who could unknowingly fall into the trap of fraud due to location in rural area, physical disability and information gap. China Life anticipates to become the "Senior Finance Guardian" by establishing the "Senior Training Volunteer Group" to collaborate with local senior institutions with the promotion of anti-fraud promotion activities. There were 10 activities held to help approximately 340 rural residents, tribal residents, and senior with the upgrade in basic insurance knowledge. Elderly is also reminded to avoid fraud. Moreover, China Life Insurance was the first to design the "Senior School" for elderly with preparation of senior financial security manual and senior anti-fraud post-it stickers, with nearly 10,000 anti-fraud booklets distributed to remind the senior of avoiding frauds, upgrading insurance knowledge, and guarding the elderly with financial security.



More popularized financial education seminars

To promote our customers' understanding of financial products and taxation, and considering the government's launch of the third-level anti-epidemic measures in the second quarter, KGI Bank held offline and online financial and wealth management seminars in the province, including insurance, bonds, and taxation theme, sharing the latest domestic and foreign commodity development trends and domestic tax system changes, helping customers to grasp the most suitable financial management methods in the face of the COVID-19 epidemic epoch. In 2022, a total of 11 briefing sessions were held nationwide, serving 1,722 persons to meet customers' needs for financial management knowledge.

In addition, in view of the domestic fraud becoming rampant and criminal methods are innovating, KGI Bank has launched the "Guard Your Wealth Safety" anti-fraud publicity project since September 2021. Through the briefing session, it will help the public to build fraud prevention knowledge. As of the end of December 2022, a total of 7,481 people had been promoted.

Year	2021(Sep - Dec)	2022(Jan - Dec)	Total number of people addressed
No. of People	1,697	5,784	7,481

In order to improve service quality, KGI Securities not only organizes on-the-job education and training for managers to help managers keep pace with the times in various financial products, but also organizes lectures on different topics for customers. The interaction between salesperson at the site and customers improve the traditional investors' understanding of financial markets and products, which meets investors' needs for financial services.

	Target	Content	Sessions	No. of participants
KGI Bank	Customer	Insurance Customer Conference	2 Sessions	676 people
		Bonds Customer Conference	1 Session	331 people
		Tax Customer Conference	8 Sessions	715 people
	Community Residents	Anti-Fraud Promotion on "Guard your Wealth Security"	411 Sessions	5,784 people
KGI Securities	Customer	Small Customer Conference	892 Sessions	17,840 people
		Major Customer Conference	3 Sessions	741 people
		KGI Securities Online Investment Financing Seminar	15 Sessions	2,545 people
Total			1,332 Sessions	28,632 people

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◆ Friendly service mechanism for the disabled

Demographic	Inclusion Facilities and Policies																																																																																																																																																						
<p>Visually impaired (total blindness or amblyopia)</p>	<p>KGI Bank</p> <ul style="list-style-type: none"> ◆ KGI Bank's "Public Information and Simple Function Website" (barrier-free zone) not only discloses necessary information such as foreign exchange rates, customer service hotlines, etc., but also provides deposit and account enquiries, agreements and transactions such as non-transfer and transfer. In addition, based on the needs of visually impaired people, KGI Bank leveraged the built-in narration function of the mobile phone, guiding the visually impaired to operate by means of voice guidance, and tailoring a friendly interface to reduce operational obstacles and difficulties, so that the visually impaired can use digital financial services more conveniently and easily. ◆ 【Deposit account opening】 On-the-counter account opening is performed by the customer and a witness (witnesses must be persons with full capacity and discernment. If relatives and friends cannot assist in the process, they may also be non-account opening bankers of KGI Bank), and the key points of the account opening contract will be read aloud by the witness. The content is for customers to listen to and assist them to complete the account opening process. At the same time, according to the needs of customers, they can also assist in off-site account opening services if they meet the requirements of the competent authority. ◆ 【Transaction Services】 Non-counter visitors can be provided with telephone, online and mobile banking transaction services, as well as 24-hour telephone inquiries. Customers who visit the branch counters may place transactions orders orally or through the telephone. The onsite manager shall provide relevant transaction services according to the customer's requirements. <p>China Life Insurance</p> <ul style="list-style-type: none"> ◆ 【Financial Friendly Zone Accessible Web Pages】 The corporate website conforming accessibility website standards is established. The necessary information is disclosed through "Financial Friendly Zone Accessible Web Pages," using simple and easy-to-use interface for visually-impaired and persons with disability of using mouse to experience the seamless procedures like everyone else, accessing complete product protection information more conveniently and smoothly via mobile phone and computer. ◆ China Life Insurance launched the "China Life i-Life" mobile phone APP in 2022 appealing in "convenient and self-aid services," "instant control of progress" and "rich and healthy life." This communication platform including policy service, message reminder, and health management include comprehensive digital insurance services that won the National Taiwan Yushan Award. In 2023, the APP passed the Taipei City Parent Association of the Visually Impaired APP accessibility recognition, making China Life become the first insurance company with this professional accreditation in Taiwan. 																																																																																																																																																						
<p>Those with hearing impairments and speech impairments</p>	<p>KGI Bank</p> <ul style="list-style-type: none"> ◆ 【Deposit account opening】 Provide online reservations for account opening services. The application content must be confirmed by the customer and all application documents must be signed. Onsite and offsite account opening services will be provided according to the customer's and competent authority's requirements. ◆ 【Transaction Services】 Non-counter visitors can be provided with online and mobile banking electronic transaction services. Customers who visit the branch counters may confirm transactions through writing and formless transaction services are provided. The onsite manager shall provide relevant transaction services according to the customer's requirements. ◆ 【Other Services】 E-mail inquiry and answer services or reservation with branch for sign language interpretation service. <p>China Life Insurance</p> <ul style="list-style-type: none"> ◆ 【Sign language interpretation reservation services】 Through APP/official website/email/friendly hotline and other diversified channels, policy holders with hearing impairment can reserve one working day in advance for the counter service to arrange for conference interpretation from a sign language interpreter. In case an onsite interpreter is needed, make reservation in 3 working days ahead of time. 																																																																																																																																																						
<p>Physically handicapped</p>	<p>KGI Bank</p> <ul style="list-style-type: none"> ◆ 【Deposit account opening】 Provide online reservations for account opening services. The application content must be confirmed by the customer and all application documents must be signed. Onsite and offsite account opening services will be provided according to the customer's and competent authority's requirements. If a visually impaired or physically handicapped applicant for opening an account cannot sign in person, if the signature is signed with a seal, it must be certified by one witness. If the signature is signed with finger print, ten fingers or other signs are replacement, it must be certified by two witnesses. Nonetheless, the witnesses must be relatives or friends of the applicant for opening an account or a member of a social welfare organization or a non-account opening clerk. ◆ 【Accessibility Facilities】 All branches of KGI Bank set up accessibility environment in accordance with the design specifications for accessibilities facilities in buildings formulated by the Construction Administration of the Ministry of the Interior. A total of 125 accessibility ATMs for wheelchairs have been installed throughout the bank and a visually impaired ATM was installed at Taichung Tzu Chin Hospital, hoping to provide better accessibility financial services for the physically and mentally handicapped. In addition, in response to the trend of an aging society, all 51 branches in Taiwan have set up service counters with seats to provide customers with seated service and create a customer-friendly environment. See the following table for facilities related to accessibility services: <table border="1"> <thead> <tr> <th>Item</th> <th>Branch/Self-Installation</th> <th>Leased Branch</th> <th>Unit</th> </tr> </thead> <tbody> <tr> <td>Wheelchair Accessibility ATM</td> <td>125</td> <td></td> <td>PC</td> </tr> <tr> <td>Visually Impaired ATM</td> <td>1</td> <td></td> <td>PC</td> </tr> <tr> <td>Accessible Service Counter</td> <td>17</td> <td>34</td> <td>Branch</td> </tr> <tr> <td>Service Bell</td> <td>17</td> <td>34</td> <td>Branch</td> </tr> <tr> <td>Service Specialist</td> <td>17</td> <td>34</td> <td>Branch</td> </tr> <tr> <td>Accessible Ramp</td> <td>17</td> <td>34</td> <td>Branch</td> </tr> <tr> <td>Accessible Bathroom</td> <td>10</td> <td>23</td> <td>Branch</td> </tr> <tr> <td>Accessible Parking Space</td> <td>3</td> <td>18</td> <td>Branch</td> </tr> </tbody> </table>	Item	Branch/Self-Installation	Leased Branch	Unit	Wheelchair Accessibility ATM	125		PC	Visually Impaired ATM	1		PC	Accessible Service Counter	17	34	Branch	Service Bell	17	34	Branch	Service Specialist	17	34	Branch	Accessible Ramp	17	34	Branch	Accessible Bathroom	10	23	Branch	Accessible Parking Space	3	18	Branch	<p>China Life Insurance</p> <ul style="list-style-type: none"> ◆ 【Friendly Service Counter】 In order to provide a better and faster business environment for elderly and disabled policyholders, China Life has set up a "Friendly Service Counter" at the counter of the customer service center, which is specially designed to give priority to specific objects. For policyholders in need of assistance, we will provide attentive services that special counters or special personnel will give priority to assisting in handling various insurance businesses. ◆ 【On-site service】 China Life continues to provide care measures to the disadvantaged (visually impaired, mute, mentally and physically handicapped or disabled) and the elderly (over 65 years old), including on-site assistance in claim settlement and customer service related applications, pieces, etc. When applying for a claim, the customer can choose to remit the money, or choose to have the claim check delivered by the dedicated service staff to the customer at home. In 2022, there were 56 customers who used such service. ◆ 【Financial-friendly service hotline】 Implement care for customers and establish a "Finance Friendly Service Hotline" for the elderly and disadvantaged groups, which simplifies IVR input process and specialists providing faster and more friendly service. According to statistics, in 2022, a total of 4,268 calls used the hotline consulting services for elderly. Additionally, 11,089 calls used hotline IVR service. ◆ 【Deployment of Accessibility Facilities at all Service Locations of China Life Insurance】 <table border="1"> <thead> <tr> <th>Accessibility Facilities</th> <th>Taipei Customer Service Center</th> <th>Taoyuan-Hsinchu Customer Service Center</th> <th>Taichung Customer Service Center</th> <th>Chiayi Customer Service Center</th> <th>Tainan Customer Service Center</th> <th>Kaohsiung Customer Service Center</th> </tr> </thead> <tbody> <tr> <td>Accessible Ramp (including removable) or Stairless</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> </tr> <tr> <td>Accessible Bathroom</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> </tr> <tr> <td>Accessible Parking Space</td> <td>—</td> <td>●</td> <td>—</td> <td>—</td> <td>●</td> <td>—</td> </tr> <tr> <td>Service Bell</td> <td>●</td> <td>—</td> <td>●</td> <td>—</td> <td>—</td> <td>●</td> </tr> <tr> <td>Reading Glasses</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> </tr> <tr> <td>Magnifier</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> </tr> <tr> <td>Elevator</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> </tr> <tr> <td>Elevator Braille</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> <td>●</td> </tr> </tbody> </table>	Accessibility Facilities	Taipei Customer Service Center	Taoyuan-Hsinchu Customer Service Center	Taichung Customer Service Center	Chiayi Customer Service Center	Tainan Customer Service Center	Kaohsiung Customer Service Center	Accessible Ramp (including removable) or Stairless	●	●	●	●	●	●	Accessible Bathroom	●	●	●	●	●	●	Accessible Parking Space	—	●	—	—	●	—	Service Bell	●	—	●	—	—	●	Reading Glasses	●	●	●	●	●	●	Magnifier	●	●	●	●	●	●	Elevator	●	●	●	●	●	●	Elevator Braille	●	●	●	●	●	●	<p>KGI Securities</p> <ul style="list-style-type: none"> ◆ In order to provide all kinds of friendly financial services for people with disabilities, KGI Securities ensures that people with disabilities can fully enjoy basic, equal and reasonably convenient financial services. In addition to providing assistance in account opening and transactions, KGI Securities also sets up or leases its own bases in the province. The building provides friendly service measures. The data points and percentages are detailed in the table below: provide a better and faster business environment for elderly and disabled policyholders, China Life has set up a "Friendly Service Counter" at the counter of the customer service center, which is specially designed to give priority to specific objects. 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3.4.4 Customer Recognition

KGI Bank is committed to implement the brand concept of "We Care" and was awarded a silver medal in the "Best Service in Taiwan 2022" under the category, "Domestic Banking." KGI Bank continued to win the awards in four consecutive years while KGI Bank Dunnan Branch Manager Wu-Shi Xue was recognized by the mysterious visit of assessment unit based on his delicate and responsible services and active handling of customers' problems. The branch won the special honor in "Top-Notch Service Award." By arranging international mystery shoppers trained and certified by SGS to visit branches, as well as calling the hotlines and feedbacks, Commercial Times evaluated the banks of 21 banks using some tens of indicators, cross-referencing, and KGI Bank's customer service quality came out top among domestic banks.

Customer Satisfaction Survey

KGI Bank

1. Overall Satisfaction

For a better understanding of clients' satisfaction with products and services, which we can use as a reference to improve services and procedures, KGI Bank conducted a customer satisfaction survey targeting customers that receive over-the-counter foreign currency transactions, account opening, financial planning services, loan applications, and credit-card operations at its branches as well as those who call the Customer Service Center and new digital online account opening. In 2022, a total of 22,000 questionnaires were collected and the overall service satisfaction is 96.7%.

Year	Business Survey Results (Total)				2023 Goal
	2019	2020	2021	2022	
No. of People Completed the Survey	50,000	24,000	20,000	22,000	20,000 surveys and more
Satisfaction Rate	99.48%	98.85%	98.80%	96.70%	95%

Note 1: Satisfaction scoring based on 10 point scale, with 7-10 points recognized as "satisfied."
 Note 2: In May, 2022, the questionnaire was introduced to the automation platform and the frequency adjusted from weekly distribution to instant survey distribution the one after the transaction. The satisfaction % slightly dropped but still maintained at 95% or higher.
 Note 3: The survey covers all customer groups of the bank, with a coverage rate of 100%.

2. Net Promoter Score (NPS)

KGI Bank introduced New Promoter Score (NPS) in recent year and introduce the automation platform to conduct questionnaire survey on customers after transaction and experience, in order to acquire customer opinions fast with active handling and responses. Moreover, KGI Bank conducts phone care for critical customers to understand their problems. The overall customer NPS score reached 62 points in December 2022 (including official website, internet mobile banking, branch channel, customer service and channel of customer groups).

China Life

1. Counter Satisfaction Survey

China Life Insurance conducts the customer satisfaction survey to understand customers' satisfaction with counter services, which can be used as a reference for the improvement of services. After handling customers' requests, the counter staff will ask the customers to score the service from 1 to 5 (out of 5) based on their level of satisfaction. China Life will continue to implement the "General Service Counter" and "Friendly Service Counter" satisfaction surveys. A score of 4 or more in the "General Service Counter" satisfaction survey was recorded in 99.9% of the surveys, and a score of more than 4 in the "Friendly Service Counter" was recorded in 100% of the surveys.

2. Telephone service satisfaction survey

China Life Insurance continues to conduct the customer satisfaction survey to understand customers' satisfaction with phone services, including online problem-solving and overall performance, which can be used as a reference for the improvement of services. The customer satisfaction survey showed 99.06% in average score of over 4 points for the telephone service satisfaction survey (out of 5 points).

3. Customer Net Promotion Survey (NPS)

China Life has introduced a customer Net Promoter Score (NPS) to measure the service experience provided to customers via third consulting company. At the end of 2022, China Life NPS score ranked first in life insurance industry, better than the average industry by 10 points (the investigation conducted by the end of 2022 and the overall NPS of life insurance peers under investigation was 9 points while China Life Insurance received 19 in NPS score), with service quality highly recognized by customers.

	2019	2020	2021	2022
Counter Satisfaction Survey - General Service Counter	99.9%	99.9%	99.9%	99.9%
Counter Satisfaction Survey - Friendly Service Counter	100%	100%	100%	100%
Telephone service satisfaction survey	100%	99.16%	98.71%	99.06%

Note: An average score of 4 or more is classified as "satisfactory"

4. Persistency Ratio and Claims Appeal Rate

	2021	2022
Persistency Ratio	13 months: 98.42% 25 months: 97.71%	13 months: 97.38% 25 months: 96.78%
Claims Appeal Rate (No. of Claims Appeal/ No. of Application for Claims)	0.15 ‰	0.22 ‰

KGI Securities

KGI Securities comprehensively adopted NPS survey starting 2022:

KGI Securities introduced Net Promoter Score on the Company's website for the first time at the end of 2021. In 2022, the overall NPS score for KGI Securities was 48. KGIS distributed NPS to five customer service contact points and a total of 6,677 customers replied, and 64% of the customers were willing to recommend KGI Securities to friends and relatives. Common positive reviews included "Abundant APP functions, clear interface and stable system," "professional and practical investment report," "abundant periodic and fixed amount of investment." Additionally, customer also gave feedback on the excellent experience of opening account with KGI Securities through NPS, enthusiastic salesperson and excellent service, which act as most direct affirmation to the service staff.

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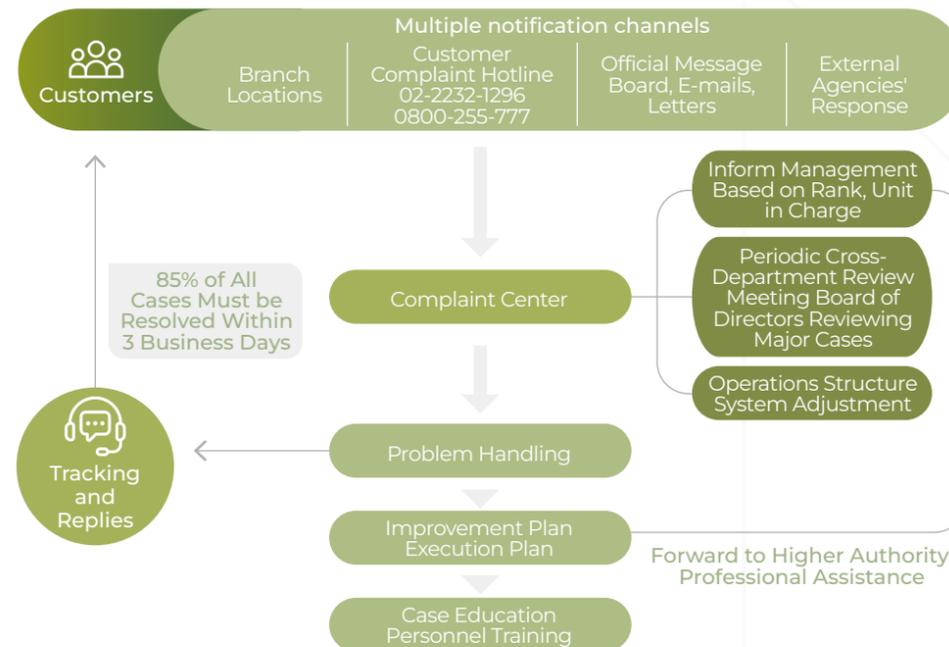
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Customer complaint handling procedure and operating method

Diverse notification channels and handling procedures

KGI Bank built up comprehensive "Guidelines for Handling Customer Complaints and Disputes" and the Customer Complaint Resolution Process (CCRP) platform to record and analyze the category, content, cause, handling procedure, processing time, and corrective actions of all customer suggestions. In addition to 51 branch locations nationwide and the customer complaint hotline, KGI Bank also has several channels that enable clients to give feedback on their service experience: official website, mobile APP, multimedia call-number machine in branches, and account statement. With penetration of digital services and popularization of social media, clients can also interact with KGI Bank through various social media such as LINE and Facebook Score fan pages while instantly reporting issues. Customers can make suggestions or express opinions to the company over the counter, telephone, internet, mail, or email.

To promote a corporate culture centered on treating customers fairly, KGI Bank has formulated the "Guidelines for Handling Customer Complaints and Disputes," establishing a consistent system for handling customer complaints and disputes across the bank. After receiving the customer's complaint, KGI Bank will immediately appoint dedicated personnel to learn about the incident and contact the customer within three business days from the acceptance date of the complaint to explain the handling situation (or solution) by phone or in writing. The number of cases is counted every month, the causes are analyzed, and the improvement measures are reported to the president and senior managers. Major customer complaints are reported to the Board of Directors on a quarterly basis. In addition, the individual fund head office customer care committee has been set up to actively handle disputes and implement improvement measures, in order to ensure that customer opinions or disputes are effectively resolved and to improve customer satisfaction and safeguard customer rights.



KGI Securities established "Guidelines for Handling Consumer Complaints and Disputes" and Customer Complaint Resolution Process. After the customer service center or branch accepts the customer's opinion, it is necessary to record the customer's complaint in detail, and immediately notify the unit supervisor on the same day. The branch manager needs to contact the customer as soon as possible to appease and understand the customer's appeal, and reply as soon as possible, in addition to providing customer service and reporting customer complain handling result. Additionally, the brokerage and wealth management channel department also holds a monthly customer complaint review meeting as to the results of customer handling if the attitude, operation process and system are related. It is necessary to propose improvement measures and track the improvement progress to ensure that customer complaints can be effectively resolved. In addition, the customer service center will randomly investigate customer satisfaction after the completion of the telephone service as a reference for service improvement. And regularly conduct case publicity and personnel training to continuously optimize customer service. The customer service enter also holds awareness training on a regular basis to optimize customer service. KGI Securities has various channels in place for customers to make inquiries and give feedback at any time, including customer service hotlines 02-2389-0088 and 0800-085-005 (toll-free), online text-based customer service (webchat), and an electronic mailbox (service1@kgi.com). While receiving customers' views, our employees follow a sincere approach and fully understand the disputes or causes of complaints. We strive to handle customers' issues immediately and may retrieve related data or vouchers as needed. After internal communication and discussions about solutions, we will explain to customers how their issues are handled. If customers have doubts or refuse to accept, we will reexamine the cases to see if they are handled appropriately and make every effort to seek reasonable solutions, so that the disputes can be closed in harmony.

KGI Securities has a button as "Customer Service Center" set up on the company's website, providing customers access to information such as account opening and trading procedures, trading platform introduction/teaching/component downloading, frequently asked questions, and customer service contact information. Our customer service personnel and sales agents across Taiwan will also approach customers from time to time to understand their satisfaction with and needs of our products and services and address their problems in an efficient manner.

KGI Securities handled 55 cases of customer complaints and disputes cases in 2022. Among which, 33 cases of customer complaints have reasons related to personnel service, 1 case related to operation process, 8 cases related to system, and 13 cases related to professional services. As of present, there is one customer complaint case related to brokage operations that is undergoing the assessment by Financial Ombudsman Institution while the rest cases were well-handled and closed.

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Customer Complaint Handling Result

In 2022, KGI Bank received 190 complaints from clients, 92% of which were handled within three business days, exceeding the set target of 85%. The other 34 complaints were mainly related to issues of service attitude and proficiency, and operational processes and systems. A total of 37 improvements have been made to effectively resolve the issues and thus improved customer service. Additionally, additionally 21 friendly services were provided to the 156 compliant cases non-attributed to KGI Bank, taking dual measures to assure the effective solution of customer compliant and disputes with continuous optimization of customer services.

KGI Bank Customer Complaints Statistics and Analysis

Customer complaint statistics and analysis	2019	2020	2021	2022
No. of Complaints (KGI Bank)	209	235	265	190
Percentage of Cases resolved within 3 working days	91%	92%	92%	92%

Statistics and analysis of improvements of KGI Bank's customer complaints

Type of improvements made	2019	2020	2021	2022
Education and training / sampling/case advocacy	39	28	42	16
Current workflow adjustment	9	9	7	12
Improvement of enhancement of system functionality	12	5	15	4
Adjustment of official website/voice mail/text message	2	2	4	3
Adjustment of the operative manual / education training materials	2	1	1	2
Adjustment of the form style or notification content	2	-	-	-
Testing or replacement of machine/ATM	1	-	7	-
Adjustment of manpower	-	-	5	-
Total Improvements Made	67	45	81	37

Service Quality Improvement

KGI Bank continues to conduct mystery visits. In 2022, KGI Bank introduced external institution visit to evaluate guide/waiting greeting, procedures reminders, service staff etiquette, service staff professionalism, and branch environment cleaning, from the perspectives of customers. Meanwhile, we keep track of how the improvements are being made afterwards, hoping to take service quality and comfort of the environment of each branch to a higher level.

In 2022, 85.2% in-coming calls were connected within 20 seconds. Customers' requests were handled quickly and accurately. In addition to timely training, KGI Bank also regularly updated and optimized the rules of various operating procedures, including 11 for credit card, 6 for loan, 4 for the Flexible Card, 2 for deposit/ wealth management, and 14 for general procedures, for a total of 37 rules have been amended. In response to exceptions, KGI Bank also planned to unblock the return mechanism to respond to various service site conditions immediately.

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Talent is the most important asset of a company and a key advantage in pursuing excellence. Therefore, regardless of gender, nationality, age, or ranking, every employee is an important partner in the sustainable operation of CDF.

One of CDF's five-year strategies is to "Become Employee of Choice." Our employee's value claims: By working in a China Development Financial Group, you can accomplish your inspiration in career and succeed with experienced and innovative supervisors and team together in a diversified business. We are committed to appeal and retain talents through multi-channel talent training, solid training progress, unobstructed career development, sound employee welfare, and competitive salary. By upgrading employee identity and sense of wellbeing, we intend to build China Development Financial Group as the best workplace and strive to become the employer of choice.

CDF joined "TALENT, in Taiwan" and commits to implement the indicators of "meaning and value," "diversity and inclusion," "organizational communication," "physical and mental health," "rewards and incentives," and "talent growth" to lead Taiwan society with retaining sustainable competitiveness under low child birth.

In 2022, Subsidiary China Life Insurance was awarded with EIE Award and EAA Award from LOMA, Risk Management, Insurance and Finance Magazine reported life insurance Company most longed by new graduates, and the Talent Development Leader Award TCSA; KGI Securities was recognized by the 1111 Human Resource Bank with Happiness Enterprise Golden award.

Strategy, Targets and Progress

Strategy	2022 Goals	2022 Progress	Shor-term Goals 2023	Mid-term to Long-term Goals 2024 - 2027
Care for Human Rights	<ul style="list-style-type: none"> Advocate "human right policy" to implement the concept of human right protection 	<ul style="list-style-type: none"> Arranged for the Group's permanent employees in Taiwan (excluding the permanent employees of China Life working in the field) to take required courses in "human right policy." The completion rate was 100% Moreover, subsidiary Chine Life Insurance and KGIS held additional human right related training and the completion rate for the training was also 100% 	<ul style="list-style-type: none"> To actively promote the corporate sustainable development related policy, the Company's "commitment to human right" is adjusted to "human right policy" and the policy will be reported to the Board of Directors for approval. Continue to strengthen employee cognition and implementation of "human right policy," including policy publicity, educational training and conducting risk evaluation and other matters related to human right 	<ul style="list-style-type: none"> Establish human right risk preventive remedial measures and adaptation program Establish management mechanism for discrimination and harassment prohibition Expand the human right risk identification of stakeholders
Career Development	<ul style="list-style-type: none"> Design the blueprint of employee training development, strengthen the construct of total digital functions, shape the organizational digital culture, lay a solid foundation for the fintech talent capital, and empower the enterprises with sustainable development Establish sustainability leadership and upgrade the capacity to develop sustainable financial solutions 	<ul style="list-style-type: none"> Founded the CDF management academy and introduced 9 types of diverse leadership training courses, with a total of 670 people participated. Additionally, the academy offered 11 types of soft skill training courses with a total of 1,502 people received training Introduced various online learning resources: 1) LinkedIn Learning, with a total of 79,707 people from the financial holding and subsidiaries received the training; 2) Online English course (Etalking): 168 people from the financial holding and subsidiaries used the service Hold 1-on-1 career seminar to promote the in-depth career conversation between employees and senior managers. A total of 90 people from the financial holding and subsidiary participated, with a satisfaction of 4.8 (5-point scale) Regularly announce the group vacancies to all employees of the group, formulate internal transfer policy and encourage employees to expand career within the group Reengineer the recruitment of preparation officers and training program to attract outstanding young talents, provide solid rotation and learning resources, and speed up the development of preparation officers. In 2022, 37 preparation officers were recruited 	<ul style="list-style-type: none"> Establish CDF function and develop an occupation-based talent recruitment, training and development framework, to assure educational training and employee development focused on the development of key employee capacity. Continue to develop talent and introduce various learning resources to promote employees' career development and improvement of capacity 	<ul style="list-style-type: none"> Establish complete talent capital development system Become the "employer of choice"
Happy Employees	<ul style="list-style-type: none"> Design "Our Wellbeing," covering the physical health, mental health, and financial health, to improve the welfare of employees 	<ul style="list-style-type: none"> Upgrade EAP employee assistance program and expand the suitable dispatched personnel and contracting personnel to take care of the psychological health of the employees. In 2022, the number of employees using EAP was up 140 people compared with 2021 Launch employee welfare trust shareholding program and share the operating outcome of the company with employees, and promote the financial health of employees. The total participation rate of financial holding and all subsidiaries reached 91% 	<ul style="list-style-type: none"> Establish presentation culture, recognize and encourage employees to improve their positive experience Continue to release various measures and improve employee welfare 	<ul style="list-style-type: none"> Establish complete employee welfare measures Become the "employer of choice" Improve employee satisfaction and retention rate

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4.1 Employee Structure

2022 Employment Contract Type

		Taiwan		Overseas		Total	
		No. of People	Ratio (%)	No. of People	Ratio (%)	No. of People	Ratio (%)
Permanent Employees	Male	4,835	37	295	53	5,130	38
	Female	8,285	63	259	47	8,544	62
	Sub-total	13,120	100	554	100	13,674	100
Temporary Employees	Male	4,320	36	282	71	4,602	38
	Female	7,517	64	114	29	7,631	62
	Sub-total	11,837	100	396	100	12,233	100
All employees	Male	9,115	37	577	61	9,732	38
	Female	15,802	63	373	39	16,175	62
	Sub-total	24,957	100	950	100	25,907	100

Note:

- Temporary employees include dispatch and contractual employees.
- Primary work projects of contracted field salespersons China Life Insurance: First line service employee in contact with the policy holders and the public, engaging in the insurance product recruitment and services of China Life Insurance.
- Primary work projects of contracted field financial advisors of KGI Securities: Engaging in the recruitment of KGIS' overseas financial and wealth management product platform, trust trading, customer services, and other financial services.
- The Company hired 114 employees with disabilities in 2022, accounting for 0.8% of the permanent employees. Among them, 56 were male and 58 were female. There are 24 fixed term contractual employees.

Permanent Employee Type by Age

		2020		2021		2022	
		No. of People	Ratio (%)	No. of People	Ratio (%)	No. of People	Ratio (%)
< 30 YR	Male	847	45	912	47	834	45
	Female	1,032	55	1,046	53	1,027	55
	Sub-total	1,879	100	1,958	100	1,861	100
31-50 YR (including)	Male	2,965	36	3,074	36	3,131	37
	Female	5,381	64	5,397	64	5,276	63
	Sub-total	8,346	100	8,471	100	8,407	100
> 50 YR	Male	955	35	1,025	34	1,165	34
	Female	1,775	65	1,997	66	2,241	66
	Sub-total	2,730	100	3,022	100	3,406	100
Total	Male	4,767	37	5,011	37	5,130	38
	Female	8,188	63	8,440	63	8,544	62
	Total	12,955	100	13,451	100	13,674	100

Note: The 2022 permanent employee type by age to all permanent employees ratio: Age under 30 years old is 13.6%, 30-50 YR (including) is 61.5%, and 50 years and older is 24.9%.

2022 Permanent Employee Position

	Non-Management	Junior Management	Middle Management	Top Management
Male	2,181	2,272	572	105
Female	4,117	3,891	471	65
Total	6,298	6,163	1,043	170

Note: Statistics showed that the Company had 43,795 employees with professional licenses in 2022.

Employee Type

		2020		2021		2022	
		No. of People	Ratio (%)	No. of People	Ratio (%)	No. of People	Ratio (%)
Full-Time Employees	Male	3,510	39	3,668	39	3,224	41
	Female	5,584	61	5,631	61	4,631	59
	Sub-total	9,094	100	9,299	100	7,855	100
Part-Time Employees	Male	4,658	36	5,524	36	6,508	36
	Female	8,159	64	9,644	64	11,544	64
	Sub-total	12,817	100	15,168	100	18,052	100
All employees	Male	8,168	37	9,192	38	9,732	38
	Female	13,744	63	15,276	62	16,175	62
	Sub-total	21,912	100	24,468	100	25,907	100

2022 Female Employee Indicator

	Ratio (%)	2025 Goal (%)
Percentage of female in total employees	62.5	60
Percentage of female in all management positions	60.0	40
Percentage of female in all junior management positions	63.1	55
Percentage of female in all middle management positions	45.2	40
Percentage of female in all top management positions	38.2	35
Percentage of female in revenue-generating departments in all management positions (excluding support functions such as HR, IT, Legal Departments)	44.4	40
Percentage of female in STEM-related positions in all STEM employees	33.3	33.3

Note: The STEM positions in our company include business positions related to science, engineering and mathematics, such as programming, web development, statistics, actuarial and other positions.

CDF operation offices are mostly located in Taiwan. The number of local Taiwanese employed for top management is 139 people, accounting for 82% of senior managers and 1% of all permanent employees in Taiwan.

2022 Employee Diversity Indicators by Ethnicity

	Percentage of employees of that ethnic group in total employees	Percentage of management in all management positions
Asian: Taiwanese	96.0	97.4
Asian: Non-Taiwanese	3.8	2.3
Caucasian	0.2	0.2
Other Ethnic Groups	0.1	0.1

Note: CDF has a total of 56 permanent employees who are Taiwan indigenous.

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4.2 Human Rights

4.2.1 Human Rights Commitment and Assessment

CDF strictly abides by local labor laws, respects and supports various international human rights conventions, including various international human rights standards such as the “UN Universal Declaration of Human Rights,” the “UN Global Compact,” the “UN Guiding Principles on Business and Human Rights,” and the “UN International Labor Organization.” The Company has a “CDF Human Rights Commitment” in place since 2017. In order to strengthen human rights management, the Company amended the relevant provisions of the CDF Human right commitment in 2021, covering the Company's employees and suppliers with approval from Board of Directors before promulgation. In 2022, all permanent employees of the Group in Taiwan (excluding the field permanent employees of China Life Insurance) were scheduled to take the required courses in “human right commitment” and the completion rate was 100%. The Company also formulated the “Safety and Health Work Code” and “Handling Procedures for Sexual Harassment Prevention, Compliant and Investigation” to stipulate the responsible units for all related issues, educational training and compliant mechanism, in order to build a working conforming to human right. The related regulations are placed on the internal corporate website for review at any time.

◆ CDF Human Rights Commitment



Note: Please refer to the “CDF Human Rights Commitment” for details.

Starting 2017, the Company has conducted Human Rights Due Diligence every year based on the CDF Human Rights Commitment and evaluation of corporate operation, value chain activity and the establishment of new business relation (e.g. merger, acquisition, and joint venture), monitored the implementation and risk impact of human rights-related issues, and actively stands firmly in opposition to any conduct that may infringe upon human rights. In 2022, the Company issued questionnaires to 100% permanent employees, with 1,028 valid questionnaires were recovered, accounting for 7.5% of all permanent employees.

◆ Human Rights Due Diligence Process



2022 Human Rights Risk Assessment

Potential Human Rights Issues	Risk Level	Groups Covered / Identified	Management, Mitigation and Remediation Actions
Work-Life Balance	Low risk	Employees who work overtime for 40 hours or more per month	1. Promote to all employees. 2. Limit the total number of overtime hours per day/month 3. Discuss improvement plans with departments with high overtime hours
Freedom of Association and Smooth Labor-management Communication	Low risk	All employees	1. Analyze labor disputes and put forward improvement plans 2. Enhance internal communication and promote harmony between labor and management 3. For other measures, please refer to “4.4.2 Labor-Management Relations”
Workplace Health and Safety	Low risk	All employees / Contractor Employees	Please refer to “4.2.2 Workplace Health and Safety.”
No discrimination, no Bullying, no Harassment	Extremely Low risk	All employees / Indigenous / Women	1. Increase the employment rate of employees with disabilities 2. Make the workplace more friendly 3. Strengthen internal complaint channels and mechanisms
No Forced labor	Extremely Low risk	Child Labor	The Company shall not and does not employ child labor in accordance with law

Note:
1. Child labor and human trafficking are covered in “No Forced Labor.” Right to collective bargaining is covered in “Freedom of Association.” Equal remuneration is covered in “Work-life Balance.”
2. 1.0% of total assessed (all employees) where risks have been identified.
3. Risk scores range from 1-5: 1 (extremely low risk), 2 (low risk), 3 (medium risk), 4 (high risk), and 5 (extremely high risk).
4. Mitigation and Remediation Actions cover all the Company's bases and 100% of all employees.

The Company requires all employees to take human rights-related promotion courses and workplace harassment and discrimination prevention courses every year. In 2022, the training hours totaled 17,097 hours, and the total number of trainees was 16,693 person-times. In 2022, CDF has not committed any human rights violations, or suffered from any labor-related penalties.

◆ Human Rights Complaint Mechanisms and Results in 2022

To establish a friendly working environment, eliminate sexual harassment during work, and take appropriate preventive, corrective, disciplinary and treatment measures, the Company has formulated the “Workplace Sexual Harassment Prevention Measures, Complaints and Punishment Measures”, and “Sexual Harassment Prevention and Treatment, Complaints and Investigation Key Points” and other regulations, to establish a complaint mechanism to protect employees from related harassment.

If employees are involved in related cases, they can complain to the “Sexual Harassment Complaints Review Committee” (referred to as the “Review Committee”) by phone, fax or email. Upon receipt of the complaint, the Company will initiate a rigorous and confidential investigation mechanism and set up an investigation team within the shortest time. The Company also provides appropriate assistance to complainants, such as counseling, medical treatment, adjusting the injuring person's unit as the case may be, strengthening promotion or educational training...etc. During the investigation process, the parties concerned will also be provided with opportunities to fully state their opinions and defense, as well as opportunities to reply. However, if an incident is confirmed to have actually taken place, we will report it to the relevant review committee for punishment in accordance with regulations, so as to safeguard the rights and interests of the complainant and prevent sexual harassment incidents.

Workplace Inclusion and Equality

In 2022, KGIB received 1 workplace bullying complaints. Upon receipt of the complaint, the Company immediately conducted interviews and investigations, and formed a committee for deliberation. Subsequently, it also provided care and educational for personnel from relevant departments to effectively eliminate factors related to illegal infringement in the workplace, and provide employees with a secure and healthy working environment.

China Life Insurance formulated the “Program for Preventing Illegal Infringement from Duties Execution,” where employees suspected of encountering the workplace illegal infringement incident can fill out the report form and report to the HR department. The HR department will transfer the case to the Prevention and Treatment Team for investigation and handling.

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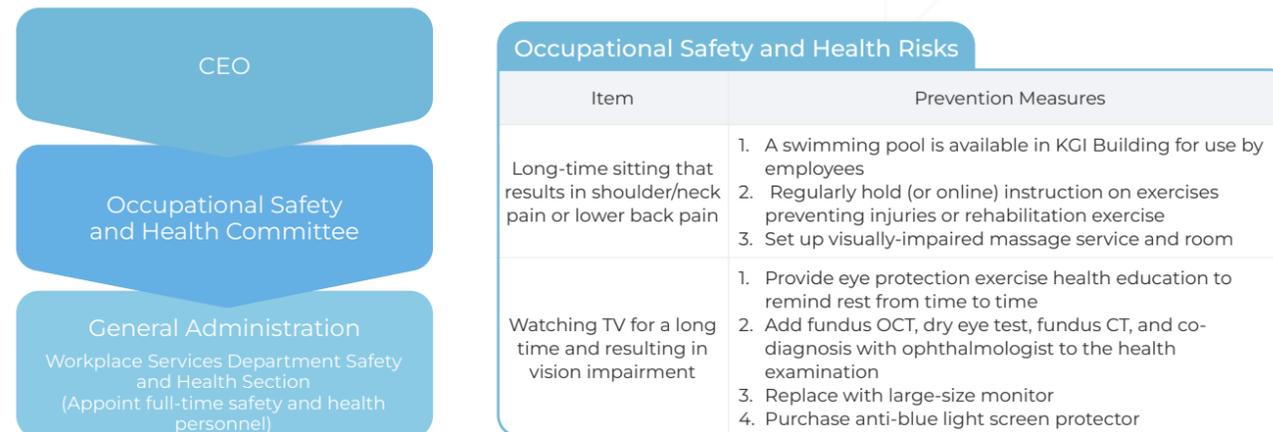
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4.2.2 Workplace Health and Safety

CDF actively establishes a high-quality working environment and a workplace taking into account physical and mental health. The Company started introducing ISO 45001:2018 Occupational Safety and Health Management System in 2020 to improve workplace health and safety. In 2021, KGIS passed the certification, covering Dazhi Building and Taikai Building, including 1,497 employees (consisting of 1,437 permanent employees, 60 non-permanent employees, with a ratio of 96:4), followed by continuous passing of the annual re-review in 2022 and 2023. CDF also issued the “CDF Occupational Safety and Health Policy” in 2022, which was approved by CEO and applicable to all Group employees (including permanent and non-permanent employees). We are committed to continuous improvement of our occupational safety and health management system, while KGIS first introduced ISO45001 occupational safety and health management system, and we will develop action plans for high-risk issues based on the results of risk assessments and establish quantitative targets for improvement. The Company solicits internal opinions in a wide range, and strengthens the relevant management mechanisms.

In addition, China Life has completed the establishment of an “Occupational Safety and Health Committee,” consisting of 1 chairman and 8 members, including 4 labor representatives, accounting for 44% of the total number of members. The committee meets regularly every quarter to discuss issues related to occupational safety and health risks.

◆ Occupational Safety and Health Committee



KGIS established the “Occupational Safety and Health Committee” with the approval from the president in March, 2022. The Committee proposes suggestions to the safety and health policy formulated for KGIS and audit, coordinate and suggest the safety and health related matters, as well as the regulations conforming to the establishment of occupational safety and health law. The Occupational Safety and Health Committee consists of at least 7 members, and the president shall appoint of the committee members as the chair. In particular, the members include 3 labor representatives, accounting for 38% of total committee members. The member term is 2 years. The committee calls for one regular meeting quarterly and the Executive Secretary may consult with the chair for the calling of extraordinary meeting, if necessary.

The function and responsibility of the Occupational Safety and Health Committee are described below:

- (1) Propose suggestions to the occupational safety and health policy formulated by the Company.
- (2) Coordinate and suggest the occupational safety and health management plan.
- (3) Audit the safety and health educational training implementation program.

- (4) Audit the operation environment monitoring plan, monitoring results and actions taken.
- (5) Audit the matters related to health management, occupational disease prevention and health promotion.
- (6) Audit the various safety and health proposals.
- (7) Audit the automatic inspection of operation units and safety and health auditing matters.
- (8) Audit the preventive measures for machinery, equipment or raw materials, and material hazard.
- (9) Audit the occupational disaster investigation report.
- (10) Assess the performance of on-site safety and health management.
- (11) Review the matters related to contracting operation safety and health management.
- (12) Other matters related to occupational safety and health management.

KGIS formulated the management procedures for executing the occupational safety and health management system. Each year, KGIS appoints ISO 45001 certified seed personnel from each department, who receive annual training on the identification of occupational safety and healthy hazards and risk opportunity evaluation, to communicate with stakeholders by the scope of departmental responsibility, process/procedures. The seed personnel implement identification on the possible hazard factors inside the company and evaluates based on the occupational safety and health policies, thereby implementing the risk control and submit the identification results to the department head for review before reporting to the Labor Safety Division for compilation. The Labor Safety Division then formulates the recommendation measures for high-risk projects, control solutions or procedures, and report to the president for approval and execution. The Labor Safety Division also follows up the subsequent improvement measures and the execution progress of the target solutions. In 2022, the projects with the highest hazard level and protection measures were identified in the following table. Moreover, the high-risk projects will be followed-up at the annual management review meeting; matters of promotion will be announced via daily email or placed on the USO zone of internal company website.

In addition, the Company has explicitly stated in the undertaking contract with suppliers that it agrees to abide by government regulations and internal contracting regulations on occupational safety and health in the contract. We require suppliers to commit to comply with laws and regulations related to labor health and occupational safety and health, and abide by relevant regulations on internal safety, health and environmental management, etc. When suppliers enter the construction site, the construction workers shall sign the hazardous factor notice form so that the construction workers fully understand the possible hazards that could take place and shall call a joint processing coordination and organizational meeting before the construction to assure the work supervision and various occupational safety and health management of the collaboration and joint processing of occupational safety and health organization. Moreover, the organization may take unscheduled patrol and inspection on the construction area during the construction period. The Company works with external stakeholders by various channels to comply with occupational safety and health regulations to create a safe and healthy working environment.

To enhance employees' awareness of occupational safety and health, the Company provides various training courses, as well as internal and external training or lectures based on different needs of employees, such as occupational safety and health, fire safety, disaster prevention and control, health care information, physical and mental health, AED+CPR first aid courses... etc.

Type	Occupational Safety and Health Administrator	Occupational Safety and Health Operation Supervisor	Emergency Relief Personnel	Total
No. of People	8	182	378	568

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	2020	2021	2022
No. of Classes	117	82	93
Training Hours	16,288	6,047	13,171
NO. of Participants	14,598	4,242	8,671
Engagement Rate	99%	99%	99%

Note:
1. Employees are required to take relevant courses for 3 hours or more accumulatively every 3 years. The number of trainees 14,408 people in 2020, 4,284 people in 2021, and 8,689 people in 2022.
2. Reason for participation below 100%: Employees resigned before training, after they have been assigned the training.

Risk Type	Prevention and Mitigation Measures
Occupational Accident	<ul style="list-style-type: none"> Care for employees who suffer accidental injuries or are hospitalized due to illness Develop emergency response plans and notification mechanisms

	2019	2020	2021	2022		
				Male	Female	Total
No. of People with Death from Occupational Injuries	0	0	0	0	0	0
Mortality rate from Occupational Injuries	0	0	0	0	0	0
Number of People with severe occupational injury	0	0	0	0	0	0
Severe occupational injury rate	0	0	0	0	0	0
No. Of People with Occupational Injuries	36	45	30	11	35	46
Lost days of Occupational Injuries	295	538	226.07	97.5	175.5	273
Injury Rate (%)	2.04	1.73	1.12	1.08	2.06	1.69
Lost Day Rate (%)	16.74	20.74	12.86	9.54	10.31	10.02
Number of Absentees	5,763	4,956	3,922	1,733	3,199	4,931
Days of Absence	19,690	17,607	21,760	8,047	18,185	26,224
Total Work Days	3,152,091	3,254,750	3,360,250	1,277,370	2,127,456	3,404,826
Absentee Rate (%)	0.62	0.54	0.65	0.63	0.85	0.77

Note:
1. Mortality from occupational injury: Number of death resulted from occupational injury / working hours per year x 1,000,000 (based on fifty weeks a year, forth hours a week, and per 500 employees).
2. Injury rate (IR): (Number of occupational injuries / Total Work Hours Per Year) x 1,000,000* (*based on fifty weeks a year, forty hours a week, and per 500 employees)
3. Lost day rate (LDR): (Lost Days / Total Work Hours Per Year) x 1,000,000
4. Types of occupational injury could include death, limbs amputation, laceration, bone fracture, hernia, burns, loss of consciousness and paralysis.
5. Absence rate of male and female employees is calculated based on total work days of male and female employees per year respectively.
6. Absence days include sick leave, personal leave, occupational injury leave (including the injury accident occurred during commute), menstrual leave and family care leave.
7. Data cover 100% permanent employees: Target absentee rate in 2022 was 1%, which has been successfully achieved. No employee death as a result of occupational disease in 2022.
8. Severe occupational injury: Other injuries that could not be recovered by workers (i.e. amputation) or the employees could not/have difficulty in recovering the health condition before the injury 6 months ago, and the number of people and ratio have excluded the number of mortality.
9. Among the 46 people with work-related injuries in 2022, the primary work-related injury types were bone fractures and contusion during the commute between home and work.

◆ Health Care and Workplace Safety Measures

<p>01 Employee Care</p> <ul style="list-style-type: none"> Provide health checks that are better than legal requirements Perform employment that is better than legal requirements of contract professional doctors, and provide health consultation of occupational disease and general injury on a regularly basis Care for employees who suffer accidental injuries or are hospitalized due to illness Promote the information on infectious disease prevention and health-care through internal website, e-mails or electronic bulletin boards, with a total of 122 issues. KGIS also offers contracted postpartum center and kindergarten. 	<p>02 Health Management</p> <ul style="list-style-type: none"> 37 health talks were held to promote health and relieve stress Value employee's psychological health by providing EAP employee assistance programs since 2018. The program expanded the applicable targets in June of 2022 to dispatch and contractual personnel, providing more complete assistance programs. So that employees and partners can receive instant and professional consultation and assistance in midst of challenge. KGIB established the workplace health management system: Employees' personal health manager APP is readily available. 	<p>03 Occupational Safety Facilities</p> <ul style="list-style-type: none"> The Company has installed automated external defibrillators (AED), blood pressure meters, wheelchairs and other facilities. China Life Insurance has received the AED certification issued by Ministry of Health and Welfare; KGIB and KGIS have an infirmary in place. Our colleagues have obtained the certificate of "Indoor Air Quality Maintenance and Management Specialist" Implement automatic inspection of workplace facilities, and environmental monitoring (including carbon dioxide concentration and workplace illumination) in the first and second half of the year 	<p>04 Workplace Hazard Risk Assessment</p> <ul style="list-style-type: none"> Four major programs: Overwork-related diseases prevention management program, Human-caused harm prevention program, Maternity health protection program, and Workplace violence prevention program
<p>05 Occupational Accident Response</p> <ul style="list-style-type: none"> Conduct maintenance and report of workplace fire safety facilities and buildings in the workplace on a regular basis Set up fire safety administrators and self-defense groups to hold fire alarm drills and evacuation drills every year as required by law Actively cooperate and participate in joint fire drills or emergency evacuation drills held by building management committees. Develop emergency response plans and notification mechanisms KGIB has organized a total of 102 anti-robbery drills (51 branches and one drill to be held every half year). 	<p>06 Workplace Facilities and Activities</p> <ul style="list-style-type: none"> Establish an employee fitness room with better conditions than legal requirements Sign contracts with fitness centers to assist employees to set up health-promoting clubs (currently 30 in total) Operate an employee cafeteria with better conditions than legal requirements and acquire the certification for "green restaurant" to offer healthy, nutritious and delicious lunches and with "no-red-meat day" per month to employees. Set up an employee leisure area at the lobby of the office building or outdoor to provide space for physical and mental relaxation. Install coffee machines at fixed locations of the floors to provide drinks for employees. Establish breast-feeding facilities better than legal requirements, which have been accredited as "Excellent" by the Taipei City Government. CDIB, KGIS, and CL receive the "Healthy Workplace" certification from the Health Promotion Administration, Ministry of Health and Welfare A total of 146 people received influenza vaccination and nearly 2,000 people have measured blood pressure. 	<p>07 Social Care</p> <ul style="list-style-type: none"> KGIB employed four visually-disabled masseurs as permanent employees, who work four hours every day to help other CDF employees relax. A 15-minute massage free of charge is offered to employees at 16:00PM four days a week, to implement the corporate social responsibility. The service has been well-received but in consideration of pandemic situations in 2022, the service was extended to October 20, with nearly 500 employees receiving massage services. KGIS started offering visually-disabled massage to employees since November in 2022. Employees can receive 20-minute free massage services at 16:00PM 4 weeks a day, to implement the corporate-private sector common good and has been well-received in employees. About 240 people use the service per month. 3 session of blood donation with a total of 275 bags of blood donated, consisting of approximately 70,000 cc blood. 	<p>08 Responses to COVID-19</p> <ul style="list-style-type: none"> Set up an "Epidemic Response Team," establish a notification mechanism, announce the latest news and policies, and implement epidemic prevention measures. Implement remote and home office, promote telephone and video conferences, and distribute rapid testing kits in response to the government's epidemic prevention policies. For employees isolated at home and of confirmed COVID-19 cases, express care via phone or email.

The measures will be regularly reviewed or discussed in meeting to maintain their effectiveness. For example, the expiration of and equipment of first aid box and medical supplies will be checked for function. Moreover, the interdepartmental "annual contracted health examination medical institution evaluation meeting" is regularly held to adopt the feedback opinions from employees, comply with regulatory requirement, and screen superior contracted medical institutions. The execution progress, target setting, and accomplishment results of relevant plan/measure will be regularly submitted to the Occupational Safety and Health Committee meeting.

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4.3 Career Development

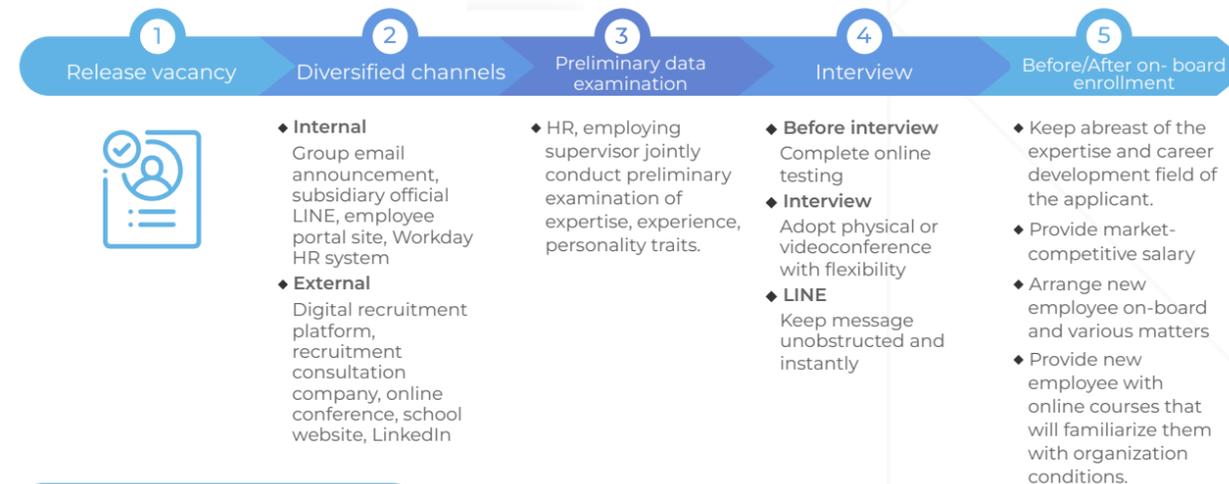
4.3.1 Talent Recruitment and Retention

In response to the competition in domestic and international employment market and discovery of professionals in financial technology, we apply the digital technology to break regional limitation by inviting excellent talents from Taiwan and overseas via the social networking recruitment platform and digital online recruitment conference as well as various channels. Through public and fair selection mechanism and the procedures for providing videoconference interview, we optimize customer experience by upgrading the digital recruitment strategies. Moreover, we continue to conduct industry-academic collaboration with colleges and universities to design courses and seminars together. We also provide students with site enterprise visit to experience the ambient of workplace and practical operation, thereby understand the strategies and practices of the sustainable development of corporate environment. We also provide summer internships opportunities, upgrade students' professional skills, and establish important foundation for the future career development. In addition, we reactivated the YOUth LEADership (YouLead) in 2022 to customize a special job rotation program for young talents with potential, in attempt to develop the future financial leaders of the group.

The Company concurrently formulates the internal job rotation system, promotion criteria mechanism and training development plan for employees to have more room and opportunities for development, in addition to providing competitive salary and welfare for continuous and joint sustainable development with the Company.

In 2022, CDF offered highly effectively, flexible and online recruitment procedures to adopt videoconference interview, taking digital and young approach in response to COVID-19 pandemic. We also launched the Workday recruitment system on cloud in mid-November, 2022, where employees can check the group job openings via the Workday system any time to recommend the openings to relatives and friends.

◆ Recruitment Flowchart



◆ YouLead Incubation Plan Strategy and Blueprint



2022 Recruitment Plan		
Category	Program Content	New Employee Ratio
New Graduates	To attract distinguished talent, the Company launched the first "YOUth LEADership" (YouLead) talent recruitment campaign. A systematic, structured and layered training plan strategy and blueprint for 18 months is built to develop the top elites with financial expertise, customizing a personal career development plan for remarkable talents. The selection process also invites the talents to talk with the top management of CDF (non-interview) to create a recruitment procedure different from the average enterprise reserve officers. In 2022, the group has recruited a total of 37 YouLead. The target of recruitment is not only limited to new graduates with bachelor or master degree but the recruitment process also adopts digital mode (including online conference, and online interview).	0.82%
Workplace Distinguished Personnel	CDF attracts outstanding talents in various fields through internal employee referral, official corporate website, job search websites, and other channels.	99.18%

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The Company offers internal job transfer system, promotional criteria mechanism and training development plan concurrently for employees to have the room and opportunities for development. The competitive salary and welfare also retain employees through common sustainable development. In line with the -B (Best Employer) goal of the Company's ABCDE strategy, we promote digital and innovative talent recruitment, and seek for all kinds of local talents in the excellent talent pool at home and abroad. Our recruitment strategies divide into internal and external talent.

1. Internal Talent: Regularly announce internal domestic and overseas job vacancies, provide job rotation system for job application, and increase learning and development opportunities for different positions. In addition, there is an employee referral program to encourage employees to recommend excellent talents and improve the cohesiveness of internal talents.
2. External Talent: In response to CDF's digital upgrade strategy, the demand for fintech continues to rise and thereby the Company recruits more talents with digital innovation, data analysis and cloud technology background, in addition to valuing the connection between enterprise and campus talents as well as strategic alliance. Young talents are invited to join CDF to lead in the innovative digital ideas of the group.

In 2022, the Company introduced Workday, a global human resource management platform, to build a unified human resource management system and progressively built modules such as core personnel data, recruitment, talent and performance management, and learning management. Post first phase launch, supervisors can obtain important information and indicator data (such as turnover rate, vacancy replacement status, employee training records...etc.) in real time through various reports or dashboards. The establishment and optimization of system data will continue in Phase II, including the introduction of People Analytics (PA). Once live, supervisors will be able to quickly analyze and make decisions on talent management through PA (People Analytics) function from five aspects of diversity and inclusion, organizational layout, talent retention and attrition, recruitment, characteristics and performance, so as to drive the optimization of organizational structure, boost productivity and achieve the Company's performance goals.

The Company hired a total of 4,493 new employees in 2022.

New Employee Hires and Ratio in 2022

Age	Region	Male		Female		Total	
		No. of People	Ratio (%)	No. of People	Ratio (%)	No. of People	Ratio (%)
< 30 YR	Taiwan	657	78.8	835	81.3	1,492	80.2
	Overseas	19	2.3	19	1.9	38	2.0
30-50 YR (including)	Taiwan	984	31.4	1,388	26.3	2,372	28.2
	Overseas	51	1.6	48	0.9	99	1.2
50 YR >	Taiwan	146	12.5	329	14.7	475	13.9
	Overseas	9	0.8	8	0.4	17	0.5
Total		1,866	13.7	2,627	19.3	4,493	32.9

Note: Total new employee rate is derived by dividing the number of the new employee of an age group by the total number of employees of the same age group.

Employee Turnover in 2022

Age	Region	Male		Female		Total	
		No. of People	Ratio (%)	No. of People	Ratio (%)	No. of People	Ratio (%)
< 30 YR	Taiwan	184	22.1	211	20.5	395	21.2
	Overseas	14	1.7	16	1.6	30	1.6
30-50 YR (including)	Taiwan	442	14.1	552	10.5	994	11.8
	Overseas	64	2.0	52	1.0	116	1.4
50 YR >	Taiwan	140	12.0	175	7.8	315	9.2
	Overseas	20	1.7	17	0.8	37	1.1
Total		864	16.8	1,023	12.0	1,887	13.8

- Note:
1. Total employee turnover rate is derived by dividing the number of the employee left of an age group by the total number of employees of the same age group.
 2. Total employee turnover rate from 2019 to 2022 is 10.4%, 9%, 16.8%, and 13.8%, respectively.
 3. Voluntary employee turnover rate from 2019 to 2022 is 10.3%, 7.8%, 16.6%, and 12.9% respectively.
 4. Data coverage is 100% permanent employees.

To promote talent circulation and encourage employees with diversified development in career, CDF gives priority to employees applying for job rotation through internal announcement monthly. The scope of rotation includes interdepartmental, cross company and Taiwan/overseas.

Internal Hires

	2019	2020	2021	2022
Total New Employees	2,717	3,592	4,500	4,493
Total Internal Open Positions	693	904	1,269	2,290
Open Positions filled by Internal Candidates	223	322	347	398
Percentage of Open Positions filled by Internal Candidates	32.2%	35.6%	27.3%	17.4%
Average hiring cost of New Employees (NT\$)	7,533	9,231	4,458	4,818

- Note:
1. Employment costs of new employees = Total employment cost of new employees of that year / No. of all new employees.
 2. Refill rate = Total vacancy positions filled up by employees / Total vacant positions of the report year.

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◆ Business-academia collaboration in 2022

Organizer	Title	Content	Beneficiary	Achievement
CDF	"Enterprise Innovation and Growth: Practices of Financial Holding Companies"	The "Enterprise Innovation and Growth: Practices of Financial Holding Companies" is a course in collaboration with the International Business of NTU. The management team jointly instructed and through case discussion combined with corporate practice and operations, students were guided to acquaint with group synergies, sustainability, innovation topics in-depth. The students also visited enterprises during the course period, where CDF President Steve Bertamini shared with students the corporate development strategy, enterprise leadership, and management practice, and suggestions for career development. Students received an interview after the course to share their learning summary, providing positive feedback in "attentiveness, innovation and internationalization." The students also pointed out the valuation of the course in teacher-student interaction, group discussion, diverse and lively content, while leading teams and employee instructors not only instructed rich and professional knowledge of the field but also brought considerable benefits to future career.	International Business National Taiwan University	Benefited 14 students
KGI Securities	"Seed Internship Program"	KGIS values talents as important assets of the Company, just like its brand claims: "Committed to Your Prosperity." Employees are growing with the Company while the setup of outstanding team can improve customer experience and trust, thereby help investors move towards a wealthy future. The Program aims as talent incubation and helps students make their first step in career with success. The program is collaborated with universities/colleges in Taiwan and is one local internship course combining in-depth theory and practice as well as mentorship. The complete intern training implements the strategic goal of "Best Employer" while helping students establish solid foundation, which not only enhances the securities professional knowledge of students but also successfully upgrades students' future competitiveness in workplace.	Senior students of all universities in Taiwan	12 universities participated: NTU, Shih Chien University, Ming Chuan University, Yuan Ze University, Dayeh University, Chang Jung Christian University, Tunghai University, China University of Technology, Chien Hsin University of Science and Technology, Nanhua University, National Formosa University, and National University of Kaohsiung 27 students were selected to participate in the program with 21 of them successfully completed the training
KGI Securities	"KGI x Zuvio Campus co-organization of 'University Students Stock Competition' "	The project upholds to KGIS's brand spirit of "Committed to Your Prosperity" and implementation of "digital upgrade" and "customer orientation" strategy, the program helps young investors build up correct financing concepts. The project collaborates with Zuvio on campus to hold a 5-week competition, where participants were selected for the top 20 winners according to the ranking of total ROI after the final closing date, through the required investment targets and portfolios. KGIS shall provide prizes and certificate as recognition. This project is not only a competition based on ROI number but also intends to help students gain in-depth and improve comprehension to shares trading rules and investment capacity in practice but also the valuation of awareness in investment risks. Consequently, students will develop excellent investment and financing habits before their graduation and eventually design their wealth life after entering the workplace.	All university students in Taiwan	Over 7,000 students applied and the ultimately the top three places went to students from NTU, Chang Gung University of Science and Technology and National Dong Hwa University, with 27.35%, 26.52% and 24.78% of ROI, respectively. Particularly under the global market volatility in May and June of 2022, the top 20 students' investment performance outperformed the index, delivering excellent performance with 20% in return in average
KGI Securities	BMA (Brokerage Management Associate) Broker Business Elite Recruitment Program	The program is designed for young talents with intention to learn about professional finance capacity and broker business – a series of complete investment and financing incubation program. The program lasts for 12 months and offers complete array of investment instruments, professional knowledge, and risk concepts trainings, supplemented with Mentor guidance and instruction of practical experience in order to develop the comprehensive investment and financing elite.	Young talents graduate from colleges/universities in Taiwan, with interests in securities	Since the program was first released in 2021, a total of 85 young talents have joined since
CDF, CDIB, KGIS	Summer Internship	The summer internship program provides university/college the opportunity to experience company operations at site, helping students understand the financial sector while assisting them to explore career and become the future talents for the financial sector.	Junior going to senior students, and first year going to second year of master program of colleges and universities in Taiwan	Benefited 58 students
China Life	《China Life Internship Program (CLIP)》	The 2022 internship program includes business-academia collaboration, semester and summer internship, where students understand the sustainable development direction of China Life Insurance through project and practice. Such directions include "Implement Low-Carbon Transformation," "Create Inclusivity and Co-Prosperity," "Introduce Sustainable Finance," "In-depth Responsible Governance." Moreover, the experience of participation in volunteer activities help students understand in-depth the community demand for integration and group financial expertise, thereby promoting the local creative development of Taiwan and encouraging students to put practice in life. Moreover, the internship program also helps students understand the financial sector conditions in reality, assisting young students to explore their career and discover future talents for the financial sector.	Senior students, First-year and second year of master program of colleges/universities in Taiwan	Benefited 32 students

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Talent Retention

Employee Performance Appraisal

The Company has a fair three-stage performance management system in place: Initial definition of goals, midterm performance and goal follow-up and adjustment, and final self-assessment, annual achievement review and performance interview with supervisors. The final self-assessment of employees and supervisory assessment also provides multi-dimensional performance appraisal, impelling both parties to engage in communication and feedback on the performance outcome. Moreover, the final performance interview not only appraises the various outcomes but also gives future self-expectation and outlook with two-way communication and feedback, resulting in a positive cycle.

In addition to professional functions, employees' performance in legal compliance, information security, risk management, and ESG are also assessed for the performance evaluation. The evaluation results will be used as reference for performance bonus, promotion, salary adjustment and career development.

2022 Performance Appraisal Type

	Permanent Employees under Evaluation	% of Permanent Employees	Implementation Frequency
Management by Objectives	9,218	98%	To be implemented three times a year: Set up goals at the beginning of the year, review the ongoing goal process in intermittent year, and conduct performance appraisal at the end of the year.
Multi-dimensional Performance Evaluation	9,195	98%	
Permanent Employees Performance Comparative Ranking	9,218	98%	

Note:

1. Multi-dimensional performance evaluation includes 360-degree, 270-degree and 180-degree review.
2. Performance evaluation is not applicable to the performance employees reporting to work in Q4 during the year and the field permanent employees of China Life Insurance.

Remuneration System

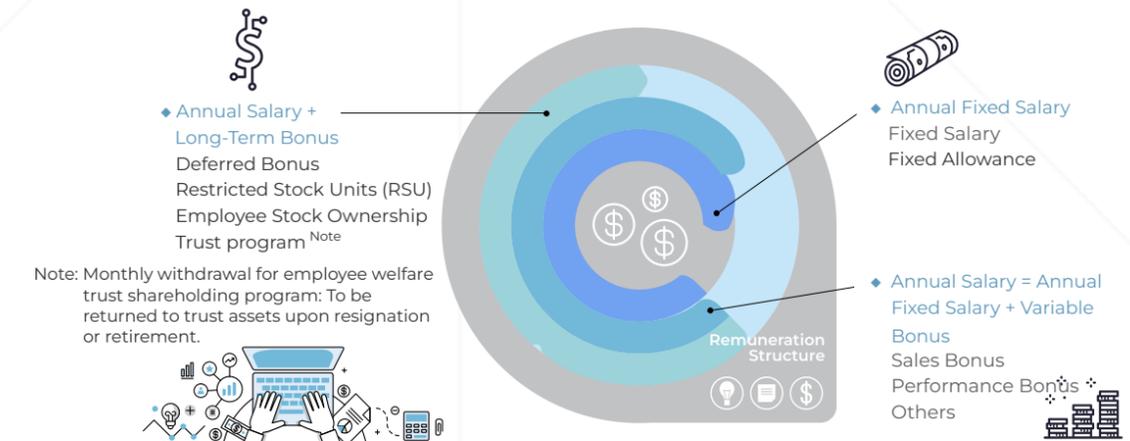
The Company adopts a performance-oriented compensation and bonus system is, taking into consideration the market competitiveness, linking operating results with individual performance, to achieving a triple-win outcome for employees, the Company and shareholders. Salary conditions for all employees are in compliance with the labor laws and regulations of the place of operation. Employees' starting salary are determined based on their professional ability and the position held, following the rules of equal appointment. We provide competitive salary for employees, the maximum starting salary for new graduates is 2.7 times of the legal basic salary.

Employee compensation includes basic salary, allowances and variable bonuses, as well as annual performance bonuses based on overall business results and individual performance, so as to optimize the resource allocation, achieve outstanding performance or enable special contributors to receive corresponding rewards. The 2022 Employee Engagement Survey Report shows that, regardless of employees or organizations, they all agree that employees shall be rewarded for their contributions.

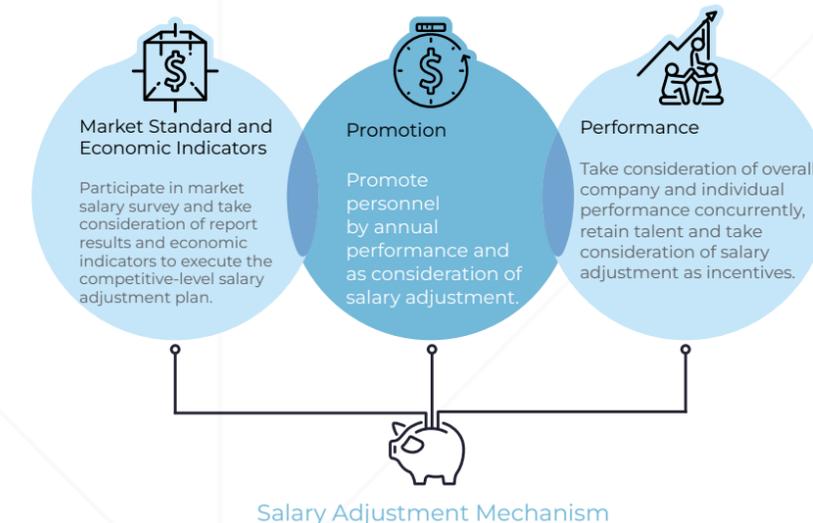
The Company participates in the market salary survey every year. The independent directors of the remuneration committee also review the remuneration system. The Company adjust employee salary based on the market salary level, economic trend and individual performance, promote outstanding talents through a fair and continuous promotion mechanism, and offer those higher positions and better pay. In 2022, the Company's average salary increase rate was 4%, and that for excellent employees was more than 10%.

The Company's remuneration policy for directors and managers shall be implemented and reviewed in accordance with the provisions of Remuneration Committee. Please refer to "2.1.4 Remuneration Policy" for details.

◆ Remuneration Structure



Variable Bonus of Distribution Frequency	Monthly	Monthly/Quarterly/Annual / Unscheduled	Annually /Unscheduled
Description	Depending on the operation office, business properties or regional habits, the relevant allowance or compensations are designed to provide market-competitive salary.	<ol style="list-style-type: none"> 1. Design sales instant sales bonus highly related to performance for front counter salesperson, depending on the type of services. 2. Refer to the usual standard for payment of industry with similar business nature in Taiwan or abroad, in addition to take consideration of the responsibilities and achievement of goals, as well as the short-term and long-term sales goals achievement of the company and the company financial situations to evaluate the associated reasonableness of personal performance, company management performance, and future risks. 3. All bonuses are set up with the claims or deferred payment mechanism due to not pursuing salary compensation but engage in conducts that go beyond the company's risk appetite. 	



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Salary of Non-managerial Full-time Employees

Unit: NT\$

	2020	2021	2022
Median Annual Salary	1,026,000	1,143,000	1,025,000
Average Annual Salary	1,268,000	1,468,000	1,243,000
Non-managerial Full-time Employees	7,194	7,313	7,414

Note: Data calculation is same as that reported to the Taiwan Stock Exchange. Median and average annual salary decreased by 10% and 15%, respectively, comparing to previous year.

Salary Comparison to Market

	Male	Female
Average Annual Regular Earnings over Market Rate	102.9%	65.0%
Entry Level Salary over Legal Basic Salary Rate	1~4.06	1.05~4.06

Note:
1. The source of market salary comes from the average salary and legal basic salary published by the Directorate-General of Budget, Accounting and Statistics.
2. Bae salary refers to the legal minimum wage (NT\$25,250 in 2022). The entry-level personnel's salary and base salary ratio = entry-level personnel's salary/minimum wage.
3. Only one male received the minimum wage and only 2 females received 1.05 times the minimum wage.

Annual Total Compensation Comparison

	2022
Individual with highest annual total compensation: Median of other employees' total compensation	142
Percentage in Adjustment of Individual with highest annual total compensation: Percentage in Adjustment of Median of other individual employee's total compensation	0

Note: No salary adjustment for individuals with the highest annual total compensation in 2022.

Long-Term Incentives for Employees

To retain outstanding talents, CDF offers several mid-/long- term incentives such as "long-term incentive and bonuses," "employee stock ownership trust" and "RSU." The "employee stock ownership trust" and "RSU" are linked to the Company's share price and are designed with a deferral system to encourage employees for development with the Company's long-term interests and goals of sustainable management.

For deferred bonuses and RSU, we have a corresponding clawback provisions mechanism: the salary clawback also applies to Material Risk Takers (MRTs), with 66% of total compensation for all MRTs is recoverable.

1. RSU

During the performance measurement period, employee should not violate the labor contract of the Company (or subsidiaries) or subject to a major demerit or above according to the employee reward and punishment rules of the Company. Employees subject to individual evaluation indicators of 3 (inclusive) or more have been awarded in 3 phases after the period.

Any employee who leaves office or retires during the performance measurement period, or any employee who acquires RSU under this regulation, shall comply with the provisions thereof. In case of any violation, it shall be deemed the vesting conditions for the unvested shares have not been satisfied, and the Company may recover and cancel them without any compensation.

2. Deferred Bonuses

Performance bonuses are awarded based on the measurement results of annual performance; provided that, bonuses over a certain amount shall be subject to stock ownership trust in accordance with the Company's performance bonus deferment standards. Any employee who has not been committed to any major violation of laws or regulations, breach of employment or appointment contracts, or has not been subject to major demerits or above according to employee reward and punishment measures, and is still in office, shall be deemed to have satisfied the vesting conditions and shall be entitled to receive the bonuses in three years. Otherwise, it shall be deemed to have not satisfied the vesting conditions, and shall the return the bonuses to the Company after being punished.

Compensation Ratio of Material Risk Takers (MRT) in 2022

Ratio of Variable Compensation to Total Compensation	(A)	62%
	(B)	68%

Note:
1. Total compensation = fixed compensation + variable compensation
2. (A) is the average of the ratios for each MRT, and (B) is the cumulative variable compensation divided by the cumulative total compensation for each MRT

2022 Average Male and Female Salary Comparison

Unit: NT\$

	Male	Female	Female: Male
Executive Management (Base Salary)	3,964,409	4,034,742	102%
Executive Management (Base Salary + other cash incentives)	7,604,502	7,728,436	102%
Entry and Middle Management (Base Salary)	1,117,746	1,078,518	96%
Entry and Middle Management (Base Salary + other cash incentives)	1,714,076	1,674,531	98%
Non-Management	875,580	899,852	103%

Salary Adjustment %

Unit: NT\$

	Male	Female	Female/Male Ratio
2022	3.42%	3.47%	101.4%

Note: Data coverage 100% meeting criteria for salary adjustment.

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Employee Engagement Survey

CDF first conducted the "Organizational Assessment Questionnaire (OAQ)" among full-time employees in 2020. This can help CDF understand how employees recognized the Company in terms of business objectives, process efficiency, teamwork, talent cultivation, and creative thinking, and thus fostering the labor-management relations and employees' identification with the organization. CDF set its OAQ target as 61 points for 2021, and the actual survey result grew to 68 points in 2022.

Employee Engagement Survey Overview in 2022		
Respondent	8,939 full-time employees Accounted for 92.7% of the total full-time employees of the Company	
Valid Responses and Ratio	Male: 3,320 (38.5%) Female: 5,301 (61.5%)	Valid responses: 8,621 Valid response rate: 96.4%
	Managerial employees: 1,114 (13.0%) Non-managerial employees: 7,507 (87.0%)	
Engagement Survey Results	1. Male: 67 points; Female: 68 points 2. Under 30 years old: 69 points; 30-50 years old (including), 68 points; Above 50 years old: 65.5 points 3. Managerial: 73 points; Non-managerial: 68 points	Total: 68 points

Employee Engagement Survey Results				
	2019	2020	2021	2022
Results (points)	-	53	61	68
Coverage (%)	-	98.6	96.2	96.4

Note:
1. A 5-point scale was used in the survey, with 1 to 5 point(s) representing "strongly disagree", "disagree", "no comment", "agree", and "strongly agree" respectively. The survey result is presented by percentage, calculated by the sum of agree (4 points) and strongly agree (5 points)
2. Employee engagement survey was introduced in 2020 and hence no statistics data were collected for 2019.

Recognition of Veteran Employees

To recognize our veteran employees who have worked for CDF for many years, we hold a charity event & employee appreciation at the end of each year. Employees who have served for 15, 20, 25, 30, and 35 years are invited to attend the event and receive blessings from everyone, along with memorabilia. In 2022, 532 veteran employees attended the event with recognition.

4.3.2 Human Capital Development

Our five-year ABCDE strategy "B - Become Employer of Choice" highly demonstrates our commitment to developing talent and enabling employees to give play to their highest potential.

CDF launches a number of employee training programs to develop the potential of each employee and make career development planning for employees through the "CDF Financial Academy."

1. Learning direction: Key competency development, mobile learning, digital solutions.
2. Design approach: Build a learning organization that focuses on a training and feedback culture, drive individualized development plans, and develop various training programs to support the Company's various development needs
3. Implementation method: Design a hybrid learning style, create various online videos and organize physical courses and forum activities through digital learning modules for learning knowledge and skills, and to apply them at work in order to become best in all professionalism.

Develop the CDF Financial Academy and plan courses with a 3E development framework:

1. Education: Get to know the Company and build professional knowledge and skills.
2. Experience: Participate in Company projects and on-the-job learning to develop expertise knowledge.
3. Exposure: Interact with talents from different backgrounds and build meaningful connections.

The CDF Financial Academy tailors a personal development plan for each employee to accelerate the personal and corporate development based on their strengths, and implements innovative learning methods, integrating company values into learning outcomes by making use of digital learning.

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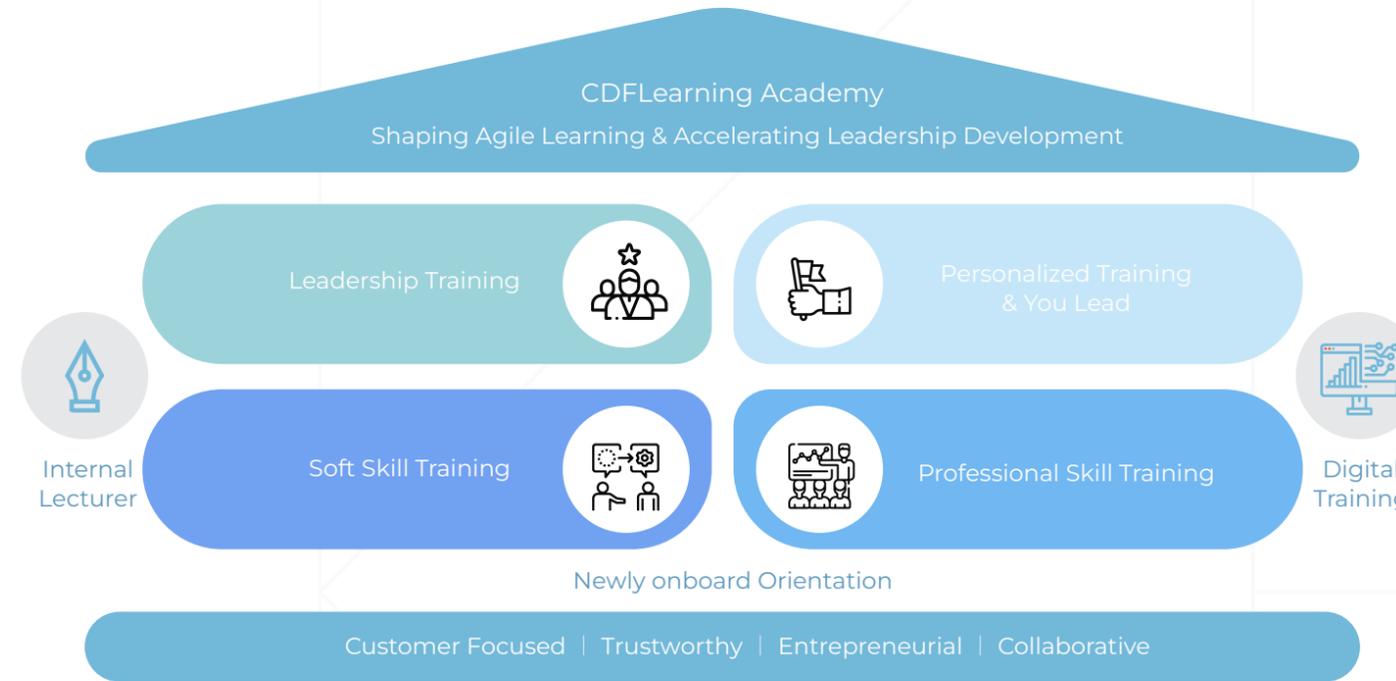
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◆ Talent Training System



2022 Educational Training Statistics

Unit: Hour; NT\$

		Male	Female	< 30 YR	30-50 YR (including)	50 YR <	Non-Managerial	Managerial	Average of All Employees
Average Training hours (Hours)	Require Training	20.5	22.8	20.8	22.1	22.0	22.4	19.9	21.9
	Optional Training	16.3	16.8	15.7	17.5	14.8	15.3	21.7	16.6
	Total	36.8	39.6	36.5	39.6	36.8	37.7	41.6	38.5
Average Training Cost (NT\$)	Require Training	\$2,057	\$2,209	\$1,749	\$2,201	\$2,223	\$2,048	\$2,542	\$2,150
	Optional Training	\$2,864	\$2,633	\$2,057	\$2,757	\$2,981	\$1,874	\$5,966	\$2,723
	Total	\$4,921	\$4,842	\$3,806	\$4,958	\$5,204	\$3,922	\$8,508	\$4,873
Employee Training Coverage		100%							

Note: The employees receiving training listed in the table refer to all permanent employees of the Group, excluding the field permanent employees of China Life Insurance.

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◆ Employee Development Programs in 2022

Programs	Program Targets and Business Benefits	Financial or Non-Financial Based Quantitative Impact of Business Benefits	Employment participation rate
 <p>Training Blueprint and Online Learning</p>	<p>CDF Financial Academy assists employees in developing skills and knowledge, starting with upgrading supervisory leadership and personal soft power. Apart from providing networking opportunities within the Company, the online learning strengthens talent transformation and expands the breath and width of training, thereby jointly achieving our ABCDE strategic priorities. The following training blueprints and online learning programs were executed as the financial holding level in 2022, with targets of training including employees of CDF and all subsidiaries:</p> <ol style="list-style-type: none"> Leadership Training: Introduce 9 diverse leadership training topics are introduced according to different positions, in order to build up supervisor leadership. Soft Skills Training: Learn practical method to acquire tools for expanding professionalism. Over 10 core soft power training courses are offered. Reinforce English learning to cope with international financial environment. CDF launched the Etalking online English learning course in 2022 to provide employees with flexibility in advanced English study. Employees can choose the date and frequency for class at their own pace in order to meet the best learning effect. Continue collaboration with globally prestigious LinkedIn Learning to provide students with online learning account. All employees can choose the courses at will from 16,000 different type of course on the platform, and can learn anytime and anywhere via their mobile phones or computers, thereby speed up the development of learning culture, and support personal development plan and requirement. <p>Establish management/professional competence learning path and training to help employee improve their professional skills, and develop career key knowledge and capacity; moreover, promote learning atmosphere and improve learning coverage through diversifies channels, thereby to help the organization improve performance.</p>	<ol style="list-style-type: none"> Offered 26 courses on leadership with a satisfaction of 4.7 (5-point scale). The courses are highly recommended by participants with 9.1 points (10-point scale). Offered 56 courses on soft power training with a satisfaction of 4.8 (5-point scale). The courses are highly recommended by participants with 9.3 points (10-point scale). Etalking: Nearly 170 people from the group participated with a satisfaction of 9.2 points (10-point scale). LinkedIn Learning: 79,707 people from the group participated. Employee engagement survey in general showed a score up 7 compared with 2021 with 11% in growth. With regards to continuous learning, this dimension was up 6 points compared with 2021 and 9% in growth; with regards to winning capacities, the dimension was up 8 points compared with 2021 and 17% in growth. Turnover rate down 3% compared with 2021. 	<p>Total Employees Participating in the Program for all programs is 74%</p>
 <p>Youlead Program</p>	<p>In 2022, the YouLead program was launched officially on July 1 to start the 18-month comprehensive job rotation training and internship course. All elites were arranged with job rotation in 5 departments, so these elites can quickly absorb the knowledge and experience of financial professionalism through job rotation, participation in interdepartmental and cross-company project plans. Moreover, bearing their own ambition, these elites will become the distinguished reserved talents for CDF.</p>	<p>In 2023, CDF intends to recruit 30 YouLead and is scheduled to officially launch the 18-month comprehensive job rotation training and internship courses on July 1, 2023.</p>	<p>In 2022, 37 reserve cadres were recruited to YouLEAD, accounting for 0.82% of all new employee in that year.</p>
 <p>Professional Competence</p>	<p>China Life: Apart from various fields of professional training, China Life actively plans the BPS courses to fit the customers' diverse demand, strengthen the core value based on customers in employees, and cohere consensus of corporate culture. Employees understand the importance and practicability of NPS through this series of course, thereby shaping the service culture.</p>	<p>The learning hours for NPS series courses reached 11,566 hours, over 8,000 people have participated. In 2022, the group periodically entrusts third-party consulting company to conduct second survey, where China Life customer net recommendation points (NPS) rose to the first place in life insurance industry with service quality highly recognized by customers.</p>	<p>Employee participation rate in NPS course is 100%.</p>
 <p>Digital Innovation</p>	<p>China Life: Employees are encouraged to participate in internal/external courses that will strengthen the digital fintech capacity in big data, AI, cloud technology, ecosystem, information security, and insurance technology, which will improve employees' thinking and skills in digital innovation while reserving digital innovation talents.</p>	<p>Nearly 500 people have participated in internal/external digital innovation courses accumulatively, with earning hours reaching 2,861 hours.</p>	<p>Employee participation in digital innovation courses is approximately 20%.</p>

Note: In the 2022 Employee Engagement Survey, the overall satisfaction of employee training increased by 9%.

Evaluation of Employee Training

CDF periodically evaluates employee performance and competence development every year as the reference on the effectiveness of employee training. In 2022, the total permanent employees, except or the new permanent employees in Q4 (no performance appraisal required according to the performance management regulations), was 9,218 people. The male and female ratios were approximately 37% and 63%, who underwent the mid-year performance review and year-end performance appraisal in accordance with CDF's performance management regulations. Additionally, CDF evaluates the performance by adopting two dimensions in employee self-evaluation and supervisor evaluation, with a total of 9,195 people conducting the 180-degree evaluation, accounting for 98% of permanent employees. In particular, 14 executive managers took the 360-degree evaluation.

Human Capital Return on Investment (HC ROI)

	2018	2019	2020	2021	2022
HC ROI	12.16	14.67	12.21	8.07	5.09

Note: Calculation Formula: (Net Income - (Total Operating Expenses - Total employee-related expenses)) / Total employee-related expenses

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4.4 Employee Wellbeing

4.4.1 Employee Benefits

Benefits and Retirement System

We have long held improving the health and wellbeing of our employees as part of our business philosophy. Since 2017, CDF has implemented the “Employee Caring and Health Care Projects” to provide a better work environment, medical consultations, and health examinations, providing all permanent employees with welfare and retirement system better than the Labor Standard Act. In addition to more annual leave than required by the Labor Standards Act, we offer employees group insurances, as well as accident insurance, hospitalization/healthcare insurance. All of these are the concrete actions we take to take care of our employees and their family members. We have also designed a more flexible career plan for employees qualified for voluntary retirement which is superior to the law of labor. Since 2019, we have offered maternity allowances, more flexible work arrangements, and childcare service rendered by third-party partners, to help improve the declining birth rate. In 2022, we launched the “Our Wellbeing,” including physical health, mental health, and financial health to improve employee welfare through more measures caring for employees, and thereby build the best brand in employers.

Employee Caring and Health Care Projects	Flexible working hours	CDF provides flexible working hours with 30 minutes of grace period before/after the scheduled clock-in/clock-out time, so that employees can take care of their young children. Moreover, employees can choose to start their lunch break early or late by 30 minutes to balance work and rest.
	Working-from-home arrangements	In response to COVID-19, CDF has formulated the “Workplace Epidemic Response Plan.” During the pandemic, we provided effective information system support and offered working from home arrangements to maintain business continuity. Moreover, daily transportation allowances were provided to employees who commute to work.
	Allowances for COVID-19 vaccinations	In the early stage of the COVID-19 outbreak, we provided colleagues with allowances for vaccinations.
	Strengthen group insurance coverage	We insure our employees with epidemic prevention insurance - “New Group Hospitalization Medical Health Insurance for Statutory Infectious Disease,” included in the group insurance coverage in 2022.
	Child Care Contribution	CDF subsidiaries have contracted respectively with external childcare centers to provide preferential childcare service for employees. We also sign contract with Hess Preschools and after-school care centers as well as other child-care institutions by offering NT\$1400 in discount for the registration fees with after-school care centers, NT\$500-1000 in discount towards the first month of monthly fees for every semester of English schools, 10% off registration fees with Guang Hwa Kindergarten, NT2000 waiver for after-school care, and donations of school supplies for EBC YoYo and M Riders Kindergartens.
	Employee Assistance Program	CDF Values the psychological health of employees and has provided permanent employees with EAP assistance program since 2018. Starting June 2022, the applicable objects of the program are expanded to non-permanent employees such as dispatched or contractual personnel. The program assists employees to deal with their personal (psychological, marital, parenting, and emotional) and work and life related (stress, communication, legal) difficulties, so that employees and partners can receive timely and professional consultation and assistance when faced with challenges.
Preferential Saving Deposit for Bank Employees		KGIB offers bank employees with preferential saving deposit credit with preferential interest rate. The interest is incurred monthly to help employees build wealth life.
Employee Welfare Trust Shareholding		The employee welfare trust shareholding was launched in 2022 to improve life stability of employees after retirement or resignation in the future and boost their financial health.
Child Care Benefits		We offer a maternity allowance up to NT\$20,000 per child to make contribution in resolving the crisis of declining birth rate and provide 20 breastfeeding rooms.

	2020			2021			2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. of Eligible Applicants	46	111	157	60	98	158	95	155	250
Number Applied	16	103	119	8	56	64	33	123	156
Number to be reinstated	24	86	110	24	109	133	33	103	136
Number reinstated	17	65	82	18	95	113	28	84	112
Reinstatement rate (%)	70.8	75.6	74.5	75	87.2	85	84.8	81.6	82.4
Number reinstated for more than 1 year in that year	15	85	100	14	64	78	16	80	96
Retention Rate for Reinstatement from Previous Year (%)	75.0	93.3	89.9	82.4	98.5	95.1	88.9	84.2	85.0

- Note:
- Eligible applicants in 2022 included the aggregate of employees asking for maternity leave and male employees applying for a maternity allowance only.
 - Reinstatement Rate = Number reinstated / Number to be reinstated
 - Retention rate for reinstatement from previous year = Number reinstated for more than 1 year in that year / Number reinstated from previous year (the reasons for retention less than one year after reinstatement could include the voluntary resignation and re-application for leave without pay).
 - CDF enhances the below two leaves effective from January 1, 2023.
 - ◆ Paid Maternity Leave : Maternity Leave is increased from 8 calendar weeks to 10 calendar weeks.
 - ◆ Paid Paternity Leave : Paternity leave is increased from 7 working days to 8 working days. This includes leaves for accompanying spouse to take prenatal exams.

Employee insurance

We offer employees with complete group insurance, including fixed-term life insurance, accident insurance, hospitalization/healthcare insurance, and cancer insurance; extending epidemic insurance into long-term group insurances that offer comprehensive protection. We also provide travel insurance for employees on business trips. Employees' dependents can also be enrolled in accident, hospitalization/healthcare, cancer, and other policies. At the same time, CDF takes care of the employees' family by providing injury health care, hospitalization health care and cancer insurance to spouses and children of employees, as well as providing preferential programs in injury and medical care for the parents of employee's spouses.

Retirement Plan

In accordance with the “Labor Standards Act” and “the Labor Pension Act” , we have formulated an “Employee Retirement Code,” make monthly pension contributions to employees' personal accounts maintained by the Labor Pension Supervisory Committee (hereinafter referred to as the Old System) and the personal account for pension fund (hereinafter referred to as the New System). Old System: Each year a statutory 2%~15% shall be set aside according to the actuarial report. Before the end of a fiscal year, the Company estimates the difference between the balance of the personal account and the total pension payable in the next year, and then makes up the difference. The retirement contributions are completely separated from the Company and not included in the financial statements. New System: 6% of labor insurance salary bracket to be set aside by law. At present, the new defined contribution plan applies to all employees except those who chose to apply with new pension plan. Please refer to the Company's “Financial Report - 33. RETIREMENT BENEFIT PLAN” for the amount of annual pension contributions. The Company developed the “Employee Retirement Standards” according to the Labor Standards Act and the Enforcement Rules of the Labor Pension Act. Employees of the Company are granted pensions according as employee retirement benefits according to the standards, which applies to the president, manager and general employees without additional severance pay or retirement benefit system.

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4.4.2 Labor-Management Relations

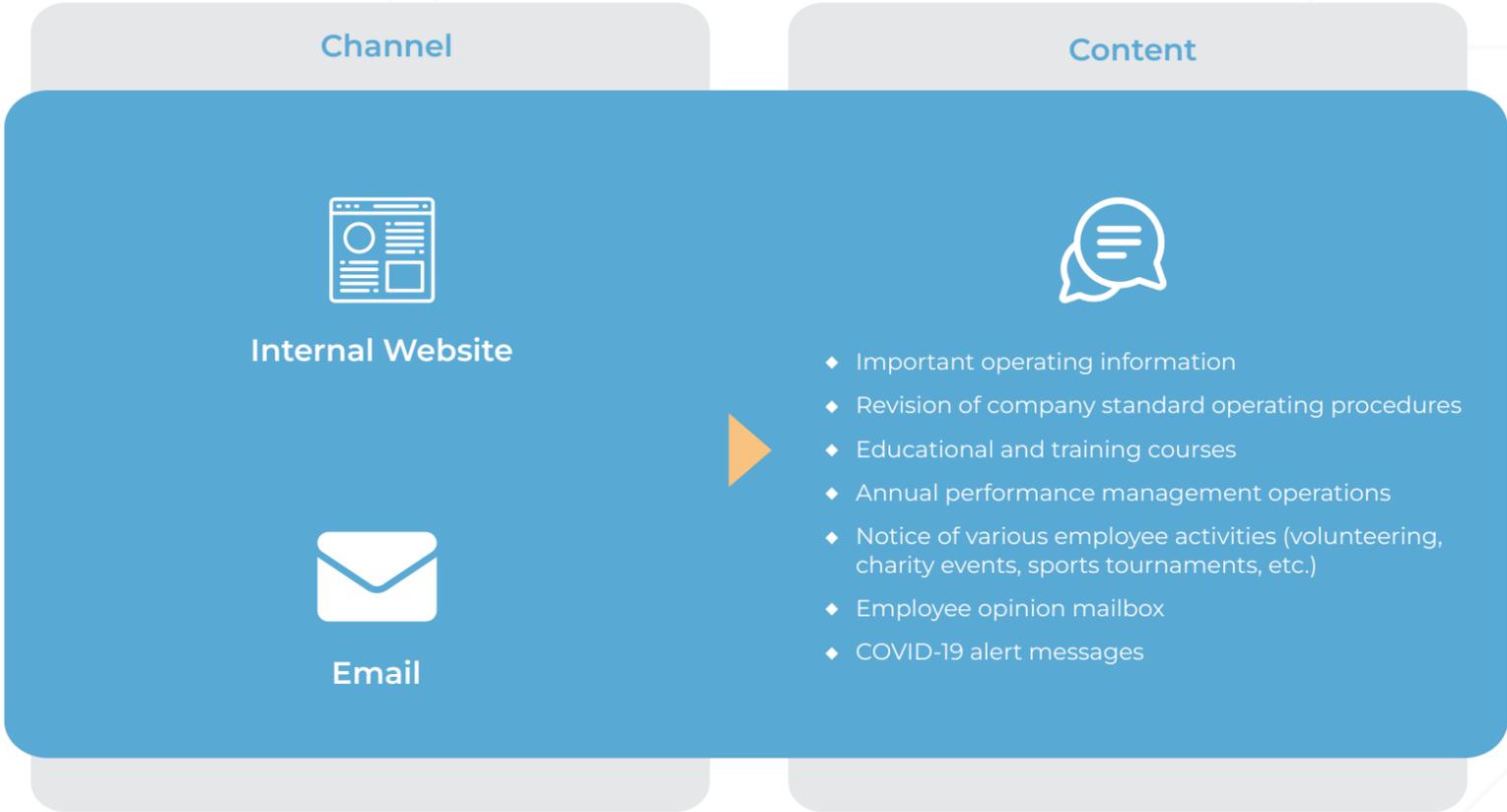
To enhance labor relations and strengthen collaboration between the employer and employees, we respect and communicate with labor unions in good faith, hold labor-management meetings on a regular basis, build a consensus between labor and management, and create mutually beneficial outcome and win-win goals for both sides. 50% of participants in a labor-management meeting are employee representatives. In 2022, there were 28 labor-management meetings held.

The corporate unions of CDF and its subsidiaries, and KGIS corporate unions have not proposed negotiation with group agreement and hence not signed the organization agreement.

The number of employees from KGIB participated in corporate union in 2022 accounted for 35% of all permanent employees. To protect the interests of labor and management, strengthen bilateral cooperation and improve work efficiency, KGIB renewed group reconciliation contract with corporate unions on June 21, 2022 and the validity for new contract is 3 years. Corporate unions also released goodwill by agreeing with member not joining the union to receive coverage for group reconciliation. Namely 100% of KGIB permanent employees are protected by group reconciliation agreement. Moreover, KGIB respects the content of group reconciliation for various labor operations while labor and management maintain unobstructed communication channel to keep labor-management harmony. The permanent employees of KGIB subject to the protection of group agreement account for 18.3% of the permanent employees of CDF Group.

The "Employee Complaint Procedure" is published on our internal website, which covers the organization or personnel responsible for handling complaints, scope of complaints, and complaint procedure as well as the responsible units, the complaint hotline, and fax number. Employee-related complaints and feedback are processed by dedicated personnel. All cases are investigated in a lawful and reasonable manner to ensure that employee complaints are handled in an appropriate manner. In 2022, no employee complaints were lodged.

Employee Communication Channel and Content



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After the conclusion of the 2022 United Nations Climate Change Conference (COP 27), the goal of net zero by 2050 has become a global consensus. CDF has also committed to the goal of “achieving net zero carbon emissions in its operations and management by 2030,” planning various decarbonization measures and renewable energy procurement projects, and promoting the recycling of water resources and waste through low-carbon operations, to create a sustainable future for the next generation.

Strategy, Targets and Progress

Strategy	2022 Goals	2022 Progress	Short-Term Goals 2023	Mid-term Goals 2024-2025	Long-Term Goals 2025-2027	
Low-Carbon Operation	<ol style="list-style-type: none"> Overall CDF water consumption to be reduced by 3%, compared with 2020. KGI Bank continues to promote “e-interactive statement” preferential activity to increase the utilization of credit card e-statement to 45% 	<p>Better than expected:</p> <ol style="list-style-type: none"> In 2022, CDF water consumption was 214.61 million liters, down 7.58%, compared with water consumption in 2020 KGI Bank upgraded the utilization of e-statement for credit cards to 48% 	<ol style="list-style-type: none"> Carbon reduction goals: CDF's annual reduction by 10% in GHG emission (Scope 1, 2) Expand environmental data inventory and verification: <ul style="list-style-type: none"> Expand the inventory and investigation scope of ISO 14064-1, increase at least one third of the overseas offices of KGIS, and all communication divisions of China Life Insurance Continue to pass the annual certification for ISO 14001, ISO 14064-1, and ISO 50001 Green Initiative <ul style="list-style-type: none"> Green restaurant certification Launch low-carbon diet through “no red meat 2-day monthly” campaign Promote beach cleaning activity and invites employees to make personal contribution to marine waste reduction and plastic reduction KGIS Dazhi Building participates in Taipei City Zero Carbon Emission Benchmark Award or other competitions 	<ol style="list-style-type: none"> Carbon reduction goal: <ul style="list-style-type: none"> CDF Headquarters building reaching carbon neutrality by 2024 Upgrade environmental data inventory and verification <ul style="list-style-type: none"> CL completes external offices verification by 2024 Continue to pass the annual verification for ISO 14001, ISO 14064-1, and ISO 50001 Continue to promote energy /resource consumption reduction plan Green Initiative <ul style="list-style-type: none"> Launch low-carbon diet through “no red meat 2-day monthly” campaign Promote beach cleaning activity and invites employees to make personal contribution to marine waste reduction and plastic reduction 	<ol style="list-style-type: none"> Carbon reduction goal: <ul style="list-style-type: none"> Reduce GHG emission by 20% by 2026 compared with 2021 (Scope 1, 2) CDF headquarters building continues carbon-neutrality based operation and continue to increase scope of carbon neutrality Upgrade environmental data inventory and verification <ul style="list-style-type: none"> Continue to pass the annual verification for ISO 14001, ISO 14064-1, and ISO 50001 Continue to promote energy / resource consumption reduction plan Green Initiative <ul style="list-style-type: none"> Launch low-carbon diet through “no red meat 2-day monthly” campaign Promote beach cleaning activity and invites employees to make personal contribution to marine waste reduction and plastic reduction 	
	<ol style="list-style-type: none"> With 2020 as the base year, the overall KGI Bank electricity consumption per branch as down 10% (equivalent to 5 carbon neutrality branches). Waste recycle rate ≥98%. Expand waste inventory coverage to 100% GHG inventory scope expands to KGIS and KGI Futures branch with 100% coverage Environmental management system ISO 14001 (CDF) and Energy Management System ISO 50001 (KGIS) continues to pass annual verification 	<p>Full completion:</p> <ol style="list-style-type: none"> With 2020 as the base year, the overall KGI Bank electricity consumption was down by 734.7 MWh, approximately down by 10% (equivalent to 5 carbon neutrality branches) Waste recycled (including the energy purpose after incineration) 662.86 tons, recycling rate ≥ 98% Waste inventory coverage reached 99.93% KGIS, KGI Futures and China Life Beijing Representative Office completed ISO 14064-1 GHG inventory with coverage scope reaching 99.99% (excluding overseas offices and China Life communication divisions) CDF competed ISO 14001 environmental management system annual verification, KGIS completed ISO 50001 energy management system annual verification 	<p>Partial Completion:</p> <ol style="list-style-type: none"> With 2020 as the base year, CDF's electricity consumption of 40,554.58 MWh was down 1.29%. With 2020 as the base year, CDF's carbon emission in category 1 and category 2 of 21,984.50 tons was down 2.37% 	<ul style="list-style-type: none"> Planning green power procurement 	<ul style="list-style-type: none"> Planning green power procurement 	<ul style="list-style-type: none"> Planning green power procurement
	<ol style="list-style-type: none"> With 2020 as the base year, CDF's electricity consumption and carbon mission were down 3% 	<p>Full completion:</p> <ol style="list-style-type: none"> CDF completed phase I green power procurement in 2022 and will procure 5,000 MWh green power per year over 5 years CDF consumed 444.14 MWh green power in 2022 	<p>Full completion:</p> <ol style="list-style-type: none"> CDF completed phase I green power procurement in 2022 and will procure 5,000 MWh green power per year over 5 years CDF consumed 444.14 MWh green power in 2022 	<ul style="list-style-type: none"> Planning green power procurement 	<ul style="list-style-type: none"> Planning green power procurement 	<ul style="list-style-type: none"> Planning green power procurement
Support Green Power	<ol style="list-style-type: none"> CDF drafted direct procurement of green power plant Draft the intermediate to long-term strategies of CDF's renewable energy management to annually increase the consumption of green power 	<p>Better than expected:</p> <ol style="list-style-type: none"> CDF's 2022 green procurement goal was NTD 135 million (up 3% compared with NTD 131 million in 2019). The 2022 green procurement amount was NTD 439 million, better than expected CDF and China Life have been awarded with Taipei City Department of Environmental Protection Green Procurement Award, EPA Green Procurement Award and MOEA Buying Power Award 	<ol style="list-style-type: none"> Promote green procurement Local procurement amount ratio reaching 80% Primary/new supplier signs “Letter of Undertaking regarding Sustainability for Suppliers” in ratio of 100% Continue to promote “Procedures for Supplier's Sustainability.” Encourage suppliers' own companies to promote ISO verification or product sales with ISO verification in energy conservation and carbon reduction 	<ol style="list-style-type: none"> Promote green procurement Local procurement amount ratio reaching 80% Continue to increase number of supplier evaluation and self-evaluation Primary/new supplier signs “Letter of Undertaking regarding Sustainability for Suppliers” in ratio of 100% Recognize excellent suppliers 	<ol style="list-style-type: none"> Promote green procurement Local procurement amount ratio reaching 80% Continue to increase number of supplier evaluation and self-evaluation Primary/new supplier signs “Letter of Undertaking regarding Sustainability for Suppliers” in ratio of 100% Recognize excellent suppliers 	
Sustainable Supply Chain	<ol style="list-style-type: none"> Promote Green Procurement 	<p>Full completion</p> <ol style="list-style-type: none"> In 2022, CDF increased a total of 274 new suppliers and primary suppliers signed “Letter of Undertaking regarding Sustainability for Suppliers” in a ratio of 100% Held the annual training and 60 people participated. An email was sent to 274 supplies after the conference to address ESG promotion and the content of keynote speech shared, with coverage 100% CDF continued to conduct supplier inspection in 2022 and promoted human right risk and environmental sustainability due diligence. 220 surveys were received, and the coverage was 80.3% Local procurement amount to overall procurement reaching 97.32% 	<ol style="list-style-type: none"> Promote green procurement Local procurement amount ratio reaching 80% Continue to increase number of supplier evaluation and self-evaluation Primary/new supplier signs “Letter of Undertaking regarding Sustainability for Suppliers” in ratio of 100% Recognize excellent suppliers 	<ol style="list-style-type: none"> Promote green procurement Local procurement amount ratio reaching 80% Continue to increase number of supplier evaluation and self-evaluation Primary/new supplier signs “Letter of Undertaking regarding Sustainability for Suppliers” in ratio of 100% Recognize excellent suppliers 	<ol style="list-style-type: none"> Promote green procurement Local procurement amount ratio reaching 80% Continue to increase number of supplier evaluation and self-evaluation Primary/new supplier signs “Letter of Undertaking regarding Sustainability for Suppliers” in ratio of 100% Recognize excellent suppliers 	

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5.1 Green Operation

5.1.1 Environmental Policy and Strategy

CDF Environmental Governance Mechanism

CDF established the "Environmental Management Working Group" in 2011, which was incorporated into one of the six main working groups of the "Sustainability Committee," a functional committee under the Board of Directors, and renamed as the "Environmental Sustainability Working Group" in 2015. The Sustainability Committee assigns CDF's senior executives to lead the representatives of subsidiaries, plan and implement CDF environmental policy of the whole group, and report the operation status to the Sustainability Committee.

Responsibilities:

1. Establish specific goals and practices in environmental protection, energy conservation and carbon reduction, actively promoting and jointly operating an environment of sustainable life.
2. Draft annual work plans, including energy conservation and carbon reduction plans, and short-, medium- and long-term environmental goals.
3. Promoted green procurement and major/new suppliers management.

To strengthen the top management's attention to environmental issues, CDF links its top management's compensation and incentives to their environmental performance, and evaluates environmental-related solutions. In the future, CDF plans to link all employees' compensation and incentives to their environmental performance to increase employees' willingness to participate and strengthen environmental management.

Environmental Commitments and Policies



Five major environmental commitments to formulate environmental sustainability policies

1. Full participation in energy and carbon conservation.
2. Protect the environment and cherishing resources.
3. Prevent pollution to comply with laws and regulations.
4. Communicate and reconcile to maintain friendly neighborliness.
5. Continue to improve for sustainable management.

CDF Headquarters Building and China Life Dunbei Building both were verified by ISO 14001 environmental management system and have been passing the re-evaluation each year to date (including the relocation to the new headquarter building in 2021). China Life Insurance was verified by ISO 14001 environmental management system in 2022.

CDF has set up goals for reducing 3% of GHG and power consumption between 2016 and 2021, which have been accomplished successfully. Moreover, CDF has set up new goals in 2021 with 2020 as the base year, and has in fact reduced GHG emission by 2.37% in 2022, compared with the base year. We continue to promote GHG reduction programs. In addition to upgrading the GHG inventory and verification coverage in Taiwan, we started planning and execution of GHG inventory and verification process in overseas offices in 2022. The new headquarters building and Beimen branch of KGIB installed the solar panel in 2022, jointly generating 82.22 MWh of green electricity, equivalent to the reduction of carbon emission 41.85tCO₂e. The additional 444.14 MWh green electricity purchased and used is equivalent to 226.07 tCO₂e.

CDF takes initiative in accomplishing the goals in "Accomplish carbon neutrality in headquarters building by 2024 and achieving net zero carbon emissions in its operations and management by 2030. In 2022, CDF signed the green electricity procurement contract and CDF will also purchase 5,000 MWh of green electricity over a period of 5 years, to eventually increase the utilization of green electricity. In particular, the headquarters building will purchase 2,000 MWh green electricity each year with an annual reduction of 1,018 tCO₂e, in addition to planning the phase II green electricity procurement plan in 2023.

Environmental Initiatives

We continue to promote environmental protection and we encourage CDF employees to take practical actions to participate in energy conservation and carbon reduction, to contribute to environmental sustainability.

1. Earth Hour

Since 2015, CDF had responded to this global environmental protection initiative for the 8th consecutive year, turning off lights at all locations in Taiwan for one hour. CDF exerts its positive influence and implements sustainability in conformance with its core strategy and value, and jointly protecting our planet. The long-term response to "turning off the lights for Earth Hour" aims to remind the public to face critical issues of climate changes and jointly protect our earth.

2. One day a month without red meat

KGIS has been promoting "one day without red meat" on the first Monday of each year for years. On that day, only cuisines with non-red meat, fish, chicken and duck will be prepared to overthrow people's stereotype on financial industry in ESG promotion. Employees not only can enjoy healthy and delicious meals but also implement energy conservation and carbon reduction, and thereby making individual contribution to the mitigation of climate impact. In 2022, a total of 7,701 persons participated, with an estimated reduction of about 9,090 tCO₂e.

(According to the survey conducted by National Geographic, the carbon emission per person for not eating red meat for one whole year is 430.9 tCO₂e and the carbon reduction per person per day 430.9 kgCO₂e / 365 days = 1.18 kgCO₂e, and hence the no-red-meat-day activity in 2022 reduced carbon by = 1.18 kgCO₂e x 7,701 persons = 9,087 kgCO₂e. Article website: https://lowestc.blogspot.com/2008/04/blog-post_18.htm)

3. Green Restaurant Certification

KGIS' employee restaurant not only passes the green restaurant certification from the EPA but also implements the spirit of sustainable development from daily diet. The specific actions include the implementation of garbage classification and kitchen waste recycling, not providing disposable tableware, emphasis on local ingredients and reducing unnecessary transport to lower carbon footprint. A diversity of meal options is designed using the vegetables in season, and daily estimations of the number of diners through on-leave system and counting remaining meal quantity are conducted to control the remaining portions of meals. These actions accomplish "reduction from the origin, local ingredients, and order by cherishing the food," so that employees not only enjoy healthier and more nutritious meals but can take actions in life to reduce carbon and care for the earth.

4. Employee walking competition

CDF exhibits vigorous vitality as the CDF cultural education foundation gathers the employees of subsidiary CDIB, KGIB, KGIS, and CL through a walking activity, so that employees maintain healthy by walking 10,000 steps during non-working hours. In April, 2022, 1,735 employees participated in the "CDF Walker" competition led by CDF. In particular, 68%, namely 1,100 employees, completed the goal of walking 10,000 steps per day in one month. The cumulative steps of all participating employees were 670 million steps and 494,793 kilometers, equivalent to circling the earth 12.3 loops and the reduction of 96 tCO₂e. The power of daily "walking" is expected to implement the CDF's goals in healthy and carbon-reduction life, thereby achieving the ESG goals of CDF.

5. Beach cleaning activities

KGIS employees voluntarily launch beach cleaning activities and this year. KGIS topped the first in domestic financial industry in terms of number of beach cleaning activities. KGIS encourages employees to constantly care for the environment and the disadvantaged. According to the EPA coastal clean beach adoption data, KGIS employees voluntarily launched 25 beach cleaning activities in 2022 and a total of 430 people participated, collecting and accumulating over 900KG of marine wastes. KGIS employees' footprints in beach cleaning from Waili of New Taipei City, Suao of Yilan, Qijing of Kaohsiung to Xiaoliuqiu of Pingtung, exhibiting the enthusiasm and action in protecting the coastlines.

6. Internal communication and promotion activities

Starting from itself, CDF promoted various energy saving and carbon reduction measures and activities to colleagues through internal letters from time to time, such as: Responded to issues such as World Earth Day, Environment Day, Lights Off Day, plastic reduction, paper saving, green procurement, taking public transportation, e-services, and resource recycling.

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5.1.2 GHG Management

The GHG generated from CDF operations mainly come from externally purchase electricity, operation of building facilities, and the gasoline and natural gas consumed by company cars. In the face of the crisis of global warming and climate change, CDF established the following milestones to effectively control the GHG emission and facilitate the formulation of carbon reduction goals:

- ◆ We have been conducting ISO 14064-1 GHG inventory and verification since 2016.
- ◆ We signed and supported the “Task Force on Climate-related Financial Disclosures (TCFD)” in 2018 (refer to 2.3.3 Climate Risk Management) to gradually establish a climate risk management mechanism.
- ◆ We introduced the “Internal Carbon Pricing (ICP)” system from 2020 onward.
- ◆ We completed the signing of the commitment “Science Based Targets initiative (SBTi)” on April 7, 2022. Using internationally recognized scientific methods, we intend to implement CDF’s goal of “Total Portfolio Net Zero Carbon Emissions by 2045” committed by CDF in 2021.

The “Total Portfolio Net Zero Carbon Emissions by 2045” announced by CDF adopts the 2020 GHG emissions as the base year. In 2022, our scope of inventory and verification already covered all domestic offices of our subsidiaries and China Life Beijing Representative Office, except for all the China Life communication divisions in Taiwan as well as all offices of domestic and overseas subsidiaries. The overall inventory and verification coverage also cover 99.99%, while identifying the other indirect emissions (Scope 3) of GHG emissions. Since CDF headquarters office has relocated to the new building in October, 2021, the scope of carbon inventory and verification executed in 2022 already deviated from the headquarters in 2020. Nonetheless in consideration of the “Total Portfolio Net Zero Carbon Emissions by 2045” taking 2020 GHG emission as the base year, CDF decided to still use 2020 as the base year. In 2022, Scope 1 & 2 GHG emissions were 21,498.50 tCO₂e and the per capita emissions was down by 7.75%.

In response to the domestic and international trends and regulatory requirement, CDF has been reporting the CDF planning (including overseas offices), execution of GHG inventory and verification process to the Board of Directors starting 2022 Q2.

	2022	2021	2020
Carbon Inventory and Verification Coverage	99.99%	99.27%	75.50%

Note: The scope of 2022 inventory and verification already covered CDF, all domestic and overseas offices of CDF subsidiaries, and China Life Beijing Representative Office, except for all the China Life communication divisions in Taiwan as well as all offices of domestic and overseas subsidiaries. Few employees of the internal units of China Life work at the communication division (external units) and are not included in the scope of inventory, and hence the coverage fell below 100%.

◆ 2022 Goals and Implementation Status of GHG Management

Goals	Implementation Plans and Measures	Implementation Status	Achievement Rate
<ul style="list-style-type: none"> ◆ Reduce GHG emissions by 3% compared with 2020 ◆ ISO 14064-1 GHG emissions inventory and verification coverage reaching 100% ◆ Pass ISO 14001 environmental management system verification and ISO 50001 energy management system verification 	<ul style="list-style-type: none"> ◆ Promoted energy saving and carbon reduction programs and evaluated the purchase of green energy ◆ Continued and expanded the scope of ISO 14064-1 GHG inventory and verification ◆ Promoted ISO 14001 and ISO 50001 annual verification process 	<p>Carbon reduction reached 2.37% in 2022</p> <ul style="list-style-type: none"> ◆ Conducted internal self-inventory pursuant to ISO 14064-1. CDF conducted internal self-inventory with coverage of 100% (excluding overseas offices and the domestic CL Communications Division) ◆ CDF Headquarters Building and Dunbei Building verified by ISO 14001 environmental management system; CDF headquarters building and KGIS Dazhi Building verified by ISO 50001 energy management system 	80%
Inventory of GHG emissions in Category 3 - 6 (Scope 3)	Identified and inventoried the GHG emissions of Category 3 - 6, including: 1. Business travel 2. Upstream transportation and distribution 3. Downstream transportation and distribution 4. Fuel and energy-related activities 5. Final disposal of operational wastes	Total GHG emissions of Category 3-Category 6 (Scope 3) were 6,445.31 tCO ₂ e	-

- Note:
1. The scope of inventory and verification starting 2022 covers all CDF offices and China Life Beijing Representative Office, excluding all domestic communication divisions of China Life and all offices of overseas subsidiaries.
 2. CDF Headquarters was relocated between October 2021 and July 2022. CDF incorporated the inventory in new and old buildings when conducting the GHG inventory in 2022, and hence the carbon reduction goal was affected with achievement rate only reaching 80%.

	2019	2020 (Base year)	2021	2022	2022 Goals	Achievement Rate	Compared with Base Year
Category 1 (Scope 1)	873.94	1,164.25	1,758.97	1,124.07	1,154.59	102.64%	-3.45%
Category 2 (Scope 2) (Market-based emission)	22,024.98	20,856.84	20,270.39	20,374.43	20,683.85	101.50%	-2.31%
Category 2 (Scope 2) (Location-based emission)	22,024.98	20,856.84	20,270.39	20,374.43	20,683.85	101.50%	-2.31%
Total Emission	22,898.92	22,021.09	22,029.36	21,498.50	21,838.45	101.56%	-2.37%
Per capita Emissions	2.83	2.68	2.42	2.47	2.66	106.98%	-7.75%
Inventory Coverage	97.80%	97.80%	99.27%	99.99%	100.00%	99.99%	2.24%
Verification Coverage	62.10%	75.50%	99.27%	99.99%	100.00%	99.99%	32.44%

- Notes:
1. We use ISO 14064-1:2018, GHG Inventory Protocol - Corporate Accounting and Reporting Standards, and GHG Inventory Registration Operation Guidelines as the GHG inventory method. GWP value is taken from the 2021 IPCC AR6 report; the emission factors are cited from the Greenhouse Gas Emission Coefficient Management Table version 6.0.4 published by EPA. The data were verified by fair third-parties, BSI and SGS.
 2. GHS types include: carbon dioxide, methane, nitrous oxide, HFCs, PFCs, SF6, and NF3.
 3. The emission factors for electricity are 0.509 (2020), 0.502 (2021) and 0.509 (2022) kgCO₂e/kWh.
 4. Per capita Emission = Total Emissions / No. of Permanent Employees in the scope of Inventory. (8,696 people in 2022)
 5. Inventory/verification Coverage = Number of permanent Employees in the scope of inventory / verification between 2019~2021 / Total CDF Permanent Employees; in consideration of frequent personnel turnover, the scope of inventory will cover all 146 domestic and overseas offices of the group, except for CL communication divisions (excluding the remaining overseas offices of subsidiaries in the inventory/verification scope), and all have passed the verification with a coverage reaching 100%. Inventory / verification Coverage = Number of permanent Employees in the scope of inventory/verification / Total CDF Permanent Employees (except for China Life, excluding the overseas offices, China Life does not include all external units). Only few employees of China Life internal unit work in the communication divisions (external units), which are excluded in the scope of inventory and hence the coverage falls below 100%.
 6. Achievement rate = - [(2020 actual usage - 2022 goal) / 2022 goal] + 1
 7. Taking consideration of the changes in the inventory scope, CDF included the “Goal reduction ratio of 3% compared to 2020” and estimated that the target value be achieved in 2022 = (2020 Total Emissions / 2020 Inventory Coverage Rate) x 97 % (expected to decrease by 3%) x Inventory Coverage Rate in 2022.
 8. The inventory scope of 2022 included 8 buildings (CDF HQ, Guochang Building, Nangang Software Park - 1F and 8F Offices, KGIS Dazhi Building, Taikai Building, KGIB Zhonghe Building, Chengdong Building, CL Dunbei Building), 72 branches of KGIS, KGI Futures Taikai Headquarters (including Taipei Branch) and 3 branches, 51 branches of KGIB, 2 branches of CDC FINANCE & LEASING, and 8 branches of CL and Beijing Representative Office. In particular, Guochang Building, Nangang Software Park - 1F Office, 2 branches of CDC FINANCE & LEASING, CDF Headquarters 7F Office and Beijing Representative Office were newly added to the scope of inventory in 2022.
 9. The operational control method is used as the method for consolidating the amount of greenhouse gases.
 10. The carbon emissions of Category 2 are location-based and generated from the use of electricity in office buildings and operation units.

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	2019	2020	2021	2022	2022 Goals
Category 3 to Category 6 (Scope 3)	864.46	6237.65	7164.27	6,445.31	6185.91

	2019	2020	2021	2022
Emissions	312.60	240.69	259.31	295.37
Scope of Statistics	97.80%	97.80%	99.27%	99.99%

Note:
1. The only transport owned by CDF are business vehicles.
2. Emission coefficients and Global Warming Potential (GWP) are adopted from version 3.0.0 of the GHG Inventory Registration Form of the EPA of the Executive Yuan and version 6.0.4 of the GHG emissions coefficient management table. If there are updated coefficients, the latest version is adopted.

Other Indirect GHG Emissions

CDF's operating scale continued to expand. To control the impact of business development on the environment, we conducted an inventory of other indirect GHG emission sources in 2020, identified opportunities for improvement and formulated response strategies through identification, analysis and evaluation processes to effectively reduce the possible impact of the operation processes on the environment.

Category 3 to Category 6 of GHG emissions in 2022 are 6,445.31 tCO2e, down by 718.96 tCO2e compared to 2021 (same inventory items). This is mainly due to the carbon emission generated by the reduction of package postal delivery and reduction of externally purchase energy from upstream transportation. To reduce GHG emissions from business travel, CDF upgrades various video conferencing equipment in meeting rooms and encourages video conferencing to replace business travel.

Internal Carbon Pricing (ICP) mechanism

CDF introduced ICP mechanism as a reference for assessing and managing the transition risk of climate change and as a reference for decision-making. We calculated the implicit cost of GHG emissions from operations through the Shadow Price, and expected to gradually introduce this system and to incorporate it into our internal management measures in the form of internal fees to change the company internal behaviors and improve the efficiency of energy consumption.

There were two main methods of ICP. First, we calculated the carbon price based on the actual purchase price of Taiwan Renewable Energy Certification (T-REC), which represented the current actual cost of carbon. Second, we predicted the future changes in carbon price based on the Network for Greening the Financial System composed of central banks and financial supervision agencies in major countries around the world for prediction of future changes in carbon price and conduct risk measurement and management.

CDF adopted the second method, which was more forward-looking to calculate the expected carbon price in 2045 in response to the goal of "Total Portfolio Net Zero Carbon Emissions by 2045". We used the Network for Greening the Financial System to estimate the change in carbon price in Taiwan through the "Comprehensive Evaluation Model". We also considered Taiwan's 2050 Net-zero policy and CDF's 2045 Net-zero goal, and using the "orderly transformation" scenario to estimate the carbon cost is NT\$ 10,083/ton (US\$347.7/ton), and calculated CDF's implicit cost of carbon emissions in 2021 as shown in the table below, which applies to all CDF offices in Taiwan.

	Total Emission (tCO2e)	Implicit Costs (NTD)
Category (Scope 1), Category 2 (Scope 2) - Own operation	21,498.50	216,769,376
Category 3 (Scope 3) Business Travel	170.02	1,714,311
Total	21,668.52	218,483,687

Category	Item	Emission	Percentage	Calculation	
Indirect GHG emission from transportation	Business Travel	Airplane	34.99	20.58%	Based on the carbon footprint calculator provided by the UN International Civil Aviation Organization (ICAO) to calculate for the current year.
		High speed rail	68.69	40.40%	Calculation based on the carbon footprint data of high-speed rail transportation services in 2020 provided by Taiwan High Speed Rail Corporation.
		Taiwan Railway	21.45	12.61%	Calculation based on the coefficient of Taiwan Railway Transportation Service (EMU) in Fu-Hsing Semi Express tariff published on Taiwan Railway website and the Carbon Footprint Information Platform of Taiwan EPA.
		Taxi	44.90	26.41%	Based on the data and mileage announced by the product carbon footprint calculation service platform in 2014 and 2015 of the Industrial Technology Research Institute of Taiwan.
	Subtotal		170.02	100.00%	X
	Upstream transportation and distribution	Purchased photocopying paper	2.78	60.39%	Based on the carbon footprint announced by the EPA, with the total weight of the items x shipping distance.
		Photocopier manufacturer warranty maintenance	1.82	39.61%	Based on the carbon footprint announced by the EPA, with distance from the manufacturer's office to each office building x the number of times x the carbon emission coefficient of the scooter.
	Subtotal		4.60	100.00%	X
	Downstream transportation and distribution	Sent money bills to the post office	0.01	0.00%	Based on the carbon footprint announced by the EPA, with the total weight of the items x shipping distance.
		Sent credit card and bills to the post office	0.26	0.02%	
Transportation of package delivery		1,591.12	99.97%		
Sent notice of shareholders' meeting to the post office		0.06	0.00%		
Sent cash dividend claim notice to the post office		0.08	0.01%		
Subtotal		1,591.53	100.00%	X	
Total		1,766.15	100.00%	X	
Indirect GHG Emissions from Products used by Entities	Fuel and energy-related activities	Upstream production of purchased energy including transportation (electricity)	3,530.49	96.25%	Based on the carbon footprint published by Taiwan EPA to calculate the carbon emission from production and transportation / distribution loss.
		Upstream production of purchased energy including transportation (diesel)	2.53	0.07%	
		Upstream production of purchased energy including transportation (gasoline)	81.68	2.23%	
		Upstream production of purchased energy including transportation (natural gas)	33.36	0.91%	
	Power consumption by external installation of ATM		19.90	0.54%	Based on the latest electricity emission coefficients announced by the Energy Bureau of the Ministry of Economic Affairs. Calculated per kWh. (power/1,000) x 24 (hours) x 365 (days).
	Subtotal		3,667.95	100.00%	X
	Final disposal of operational waste	Final disposal of waste (including incineration)	793.49	78.47%	Calculated based on the average monthly number of employees of CDF in 2022 x the daily general waste generation per person announced by the EPA x the working days in 2022 x the carbon emission coefficient of waste announced by the EPA.
Domestic garbage removal service		217.71	21.53%	Based on the carbon footprint announced by the EPA, with the total weight of the domestic garbage removal x shipping distance.	
Subtotal		1,011.20	100.00%	X	
Total		4,679.15	100.00%	X	
Total Other Indirect GHG emissions Coverage		6,445.31	100.00%	X	
			99.99%		

Note:
1. Category 3 was indirect GHG emissions from transportation; Category 4 was indirect GHG emissions from products used by the Company. Category 5 & 6 were identified as being of no significance, so no inventory was conducted.
2. Emission coefficients and Global Warming Potential (GWP, IPCC 6th Assessment Report - 2021) use version 3.0.0 of the GHG Inventory Registration Form of the EPA of the Executive Yuan and version 6.0.4 of the Greenhouse Gas Emission Coefficient Management Table.

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5.1.3 Energy Management

We actively developed feasible solutions to promote energy conservation and carbon reduction responded to green energy policies, reduced impact on the environment, and pursued sustainable and balanced development with the environment.

CDF has designed the CDF headquarters based on sustainable development since 2017. The headquarters were designed with seven evaluation indicators including planning amount of greening, base site water conservation, daily energy conservation, carbon dioxide reduction, waste reduction, water resource, and sewage/waste improvement, in addition to acquiring the golden candidate for green building certificate and the "Golden Green Building Mark" issued by the Ministry of the Interior in 2021.

In 2021, CDF moved to the headquarter building with golden-grade green building mark. The concepts of environmental-friendly and energy conservation and carbon reduction are incorporated into the base design and interior equipment design, fulfilling greening, water conservation and energy management and other elements.

◆ Base Greening:

Using partial ecological multi-level planting for greening, shaping the ecological city environment, provide possibility of biodiversity, alleviate the urban heat island effect and global warming crisis, which is expected to reduce 3,029 tCO₂e.

◆ Base Water Conservation Project:

Set up green land and garden soil with interception of water conservation, incorporate the permeability to manhole and permeability lateral gutter to connect with rainfall storage tank, preventing massive run-off to public sewer in times of torrential rain, thereby alleviating flood peaks in cities.

◆ Daily Energy Conservation Project:

Public space such as office, lobby, floors, and underground parking space are installed with high-performance LED lighting and electronic stabilizer, reducing energy consumption for lighting. Optimize building cover with energy-conservation design to automatically adjust the daylight angle through daylight tracking system, reducing daylight penetration rate, saving power consumption by air-conditioners. In the absence of daylight, the window shades will be automatically opened to introduce daylight and incorporate with daily control for peripheral lighting consumption.

◆ Air-Conditioner and Energy Conservation Technology:

The water chiller adopts multi-unit logistics and strategic automatic control while the air-blow power saving adopts variable-frequency stepless speed-changing, the water supply system adopts variable-frequency speed-change control, and the colling tower adopting wet ball approaching temperature control to connect with the central monitoring energy management system. The various equipment power records and control functions are integrated to balance, adjust the air-conditioning system, and validate the operation performance.

◆ 2022 Energy Management Goals and Implementation Status

Goals	Implementation Plans and Measures, Measures	Implementation Status
Reduce electricity consumption by 3% compared to 2020	<ul style="list-style-type: none"> ◆ Replace air-conditioning equipment and lighting fixtures with more environmental-protective, energy-conservation and highly efficient ones. ◆ Adjusted the power-consuming equipment's turning of/off time for the elevator, lighting fixture and water dispenser of headquarter building. 	<ul style="list-style-type: none"> ◆ The electricity saved through the energy conservation scheme was about 1489.92 MWh, which was equivalent to a reduction of 758.37 tCO₂e. ◆ The electricity consumption in 2022 was about 40,554.58 MWh (Equivalent to 145,996.49 GJ), which was reduced by 530.04 MWh (Equivalent to 1908.14 GJ) compared to 2020, approximately down 1.29%. The per capita electricity consumption was 4.66 MWh (Equivalent to 16.79 GJ), which was down 6.72% compared to 2020.
Increase renewable energy usage	<ul style="list-style-type: none"> ◆ Self-installed solar panel power generation. ◆ Green electricity procurement. 	<ul style="list-style-type: none"> ◆ Installed solar panels in the CDF HQ and the Beimen Branch of KGIB, with 82.22 MWh of green electricity generated in 2022, equivalent to a reduction of 41.85 tCO₂e. ◆ CDF purchased and used 444.14 MWh green electricity in 2022, equivalent to the reduction of 226.07 tCO₂e.
Pass ISO 50001 verification	<ul style="list-style-type: none"> ◆ Apply for ISO 50001 annual verification. 	<ul style="list-style-type: none"> ◆ CDF Headquarter Building and KGIS Dazhi Building passed ISO 50001 energy management system verification.

Note: In consideration of the "Total Portfolio Net Zero Carbon Emissions by 2045" taking 2020 GHG emission as the base year, CDF also uses 2020 as the base year for energy management.

Energy Conservation Measures and Investment

Energy Conservation Measures	Investment Amount (NTD)	Energy Conservation and Power Consumption		Reduction of Carbon Emission (tCO ₂ e)
		(MWh)	(GJ)	
Replacement of air-conditioning equipment and lighting fixtures that are more environmentally friendly, energy-conservation and highly efficient	7,773,487	1,489.92	5,363.71	758.37
Green electricity procurement	2,564,889	444.14	1,598.89	226.07
Total	10,338,376	1,934.06	6,962.60	984.44

Note:

1. Calculation method of energy conservation: Power difference between old and new equipment (Watt) x number of hours of use in a year (hours) / 1,000; Power of energy saving measures (Watt) x number of hours of use in a year (hours) / 1,000; Power generation by solar panel in one year (kWh).
2. 1 MWh = 3.6 GJ
3. According to this GHG inventory result, each electricity generates 0.509 kgCO₂e.

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Energy Consumption

In 2022, CDF's energy consumption was 42,311.69 MWh. The main energy consumption was from office buildings and business units, accounting for 95.85% of the total consumption; the second was gasoline used in business vehicles. The 2022 energy density for per capital power consumption was 4.66 thousand kWh; the expenditure for purchased energy was NT\$ 164,693,801 in 2022.

	2020 (Base Year)	2021	2022	Compared with Base Year
Electricity	142,572,924	152,751,823	160,305,144	12.44%
Natural gas	931,468	747,991	729,250	-21.71%
Gasoline	3,198,387	3,138,798	3,560,192	11.31%
Diesel	39,387	122,017	99,215	151.90%
Total	146,742,166	156,760,629	164,693,801	12.23%
Inventory Coverage	97.80%	98.19%	99.99%	2.24%

Note: Inventory Coverage = No. of Permanent Employees within the Inventory Scope / No. of All Permanent Employees of CDF. Few employees within CL work in the communication division (external units) and hence not included in the scope of inventory. Therefore, the scope does not reach 100%.

Energy Consumption

	2019	2020 (Base Year)	2021	2022	2022 Goals	Achievement Rate	Compared with Base Year
Purchase Electricity (GJ)	148,020.80	147,904.63	145,365.33	144,101.60	146,677.91	101.76%	-2.57%
Renewable Energy / Electricity (GJ)	111.60	122.40	325.63	295.99	121.38	243.85%	141.82%
Purchase Renewable Energy / Electricity (GJ)	-	-	-	1,598.89	-	-	-
Total Electricity (GJ)	148,020.80	147,904.63	145,690.96	145,996.49	146,677.91	100.46%	-1.29%
Natural Gas (GJ)	3,411.97	2,975.18	2,585.09	2,327.51	2,950.51	121.11%	-21.77%
Gasoline (GJ)	4,130.18	4,189.29	3,374.45	3,878.64	4,154.54	106.64%	-7.42%
Diesel (GJ)	82.27	55.37	169.71	119.44	54.91	-17.5%	115.70%
Non-Renewable Energy Total Consumption (GJ)	155,645.23	155,124.48	151,494.59	150,427.19	153,837.87	102.22%	-3.03%
Total Energy Consumption (GJ)	155,645.23	155,124.48	151,494.59	152,322.08	153,837.87	100.99%	-1.81%
Per Capital Electricity Consumption (GJ)	18.31	18.00	16.00	16.79	17.85	105.94%	-6.72%
Per Capital Energy Consumption (GJ)	19.29	18.92	16.64	17.52	18.76	106.64%	-7.42%
Coverage	97.80%	97.80%	99.27%	99.99%	100.00%	99.99%	2.24%

	2019	2020 (Base Year)	2021	2022	2022 Goals	Achievement Rate	Compared with Base Year
Purchase Electricity (MWh)	41,116.89	41,084.62	40,379.26	40,028.22	40,743.86	101.76%	-2.57%
Renewable Energy / Electricity (MWh)	31.00	34.00	90.45	82.22	33.72	243.85%	141.82%
Purchase Renewable Energy / Electricity (MWh)	-	-	-	444.14	-	-	-
Total Electricity (MWh)	41,147.89	41,084.62	40,469.71	40,554.58	40,743.86	100.46%	-1.29%

Note:

- 1 MWh = 3.6 GJ; 1 GJ, 1GJ= 277.78 kWh; 1 kcal = 0.000004 GJ
- Conversed calorific value according to the "Emission Factor Table Version 6.0.4" announced on the Energy Bureau's website, with natural gas of 9,000 kcal/kWh (cubic meter), gasoline of 7,800 kcal/L, and diesel of 8,400 kcal/L
- The inventory scope of 2022 included 8 buildings (CDF HQ, Guochang Building, Nangang Software Park - 1F and 8F Offices, KGIS Dazhi Building, Taikai Building, KGIB Zhonghe Building, Chengdong Building, CL Dunbei Building), 72 branches of KGIS, KGI Futures Taikai Headquarters (including Taipei Branch) and 3 branches, 51 branches of KGIB, 2 branches of CDC FINANCE & LEASING, and 8 branches of CL and Beijing Representative Office. In particular, Guochang Building, Nangang Software Park - 1F Office, 2 branches of CDC FINANCE & LEASING, CDF Headquarters 7F Office and Beijing Representative Office were newly added to the scope of inventory in 2022.
- Taking consideration of the changes in the inventory scope, CDF included the "Goal reduction ratio of 3% compared to 2020" and estimated that the target value be achieved in 2022 = (2020 Total Emissions / 2020 Inventory Coverage Rate) x 97 % (expected to decrease by 3%) x Inventory Coverage Rate in 2022.
- Achievement rate = - [(2020 actual usage - 2022 goal) / 2022 goal] + 1
- Inventory Coverage: Number of permanent Employees in the scope of inventory/verification / Total CDF Permanent Employees (except for CL, excluding overseas office, CL does not include all external units). Few employees from CL work in the communication division (external units) and excluded from the inventory scope. Hence, the coverage does not reach 100%.
- Per capital consumption = total energy consumption / permanent employees within scope of inventory
- Since 2021, the renewable energy (electricity) is incorporated into power consumption.
- The renewable energy on the table consists of green electricity (including purchased and self-power generation by solar panel).

Renewable Energy Use

CDF has long supported the government's green energy policy, and followed the international trend to promote the development of renewable energy and the transition to low-carbon economy. In 2016 and 2017, CDF purchased 200 MWh of green energy from TaiPower. In 2019 and 2020, purchased 31 solar T-REC and 34 biomass T-REC from the National Renewable Energy Certification Center. In addition, CDF installed solar panels in the CDF HQ and the Beimen Branch of KGIB in 2020, with 90.45 MWh of green energy generated in 2021. Apart from the green power generated by the solar panels installed in the CDF HQ and the Beimen Branch of KGIB, CDF signed green power procurement contract with Chailease Group to purchase 5,000 MWh green power in 2022, for a period of 5 years. In 2022, a total of 444.14 MWh green power was consumed, equivalent to 226.07 tCO2e carbon emission and the green energy consumption is consistently increased.

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5.1.4 Water Resource Management

CDF attaches importance to the use of water resources, sets targets for water saving, and promotes various water-saving measures to reduce water consumption.

◆ 2022 Water Resource Management Goals and Implementation Status

Goals	Implementation Plans and Measures	Implementation Status	Achievement rate
Water consumption reduced by 3% compared to 2020	<ul style="list-style-type: none"> ◆ Adopted inductive device ◆ Adopted equipment with water-saving label ◆ Strengthened propaganda to colleagues to cherish water resources 	<ul style="list-style-type: none"> ◆ Water consumption was 214.61 million liters in 2022, which was down 7.58% and per capital water consumption down 12.64%, compared with 2020 	106.8%

CDF used water for daily work and air conditioning, and the water source was all from the local tap water plant, not from groundwater or rivers. The wastewater from the kitchen and pantry of the buildings was purified and discharged into the underground sewer buried by the government. The kitchen was equipped with oil-water separation facilities to reduce water pollution, and there was no leakage in 2022. Toilet urinals in the main office buildings adopted sensor-type water dispensers to effectively utilize water resources, and water-saving devices were also installed in the toilets and pantries to effectively regulate water resources. The equipment with the water-saving label was preferred for replacement. Rainwater recovery equipment was installed in CDF HQ in 2021 for lawn watering, with a design of rainfall storage and collection tank of 693.5 CBM, which is provided as toilettes and urinal flushing in the public bathroom on the 1st and 2nd floor of the building. The water is also used for irrigation on green plants, to effectively utilize water resources.

Water Withdrawal and Water Consumption

	2019	2020 (Base Year)	2021	2022	2022 Goals	Achievement Rate	Compared with base year
Total Consumption (Million Liter)	232.44	232.20	213.66	214.61	230.27	106.80%	-7.58%
Total Consumption (Million Cubic Meters)	0.23	0.23	0.21	0.21	0.23	106.80%	-7.58%
Per Capital Consumption	0.0288	0.0283	0.0235	0.0247	0.0280	111.91%	-12.64%
Carbon Emission (kgCO2e)	37.66	34.83	32.48	34.55	34.54	99.97%	-0.80%
Coverage	97.80%	97.80%	99.27%	99.99%	100.00%	99.99%	2.24%

Note:

1. CDF's water withdrawal was the same as its water consumption.
2. Water withdrawal comes directly from the Taiwan Water Corporation. According to WRI report, Taiwan is not a water-stressed area, and the total dissolved solids (TDS) are all ≤ 1,000 mg.
3. CDF does not have statistics on recycled water. Although the HQ is equipped with a rainwater recycling system, it is not yet possible to measure the recycling amount.
4. We calculate the CO2e generated from water withdrawal /consumption according to each CO2e from generating 1CBM of water, as announced by the Taiwan Water Corporation.
5. The inventory scope of 2022 included 8 buildings (CDF HQ, Guochang Building, Nangang Software Park – 1F and 8F Offices, KGIS Dazhi Building, Taikai Building, KGIB Zhonghe Building, Chengdong Building, CL Dunbei Building), 72 branches of KGIS, KGI Futures Taikai Headquarters (including Taipei Branch) and 3 branches, 51 branches of KGIB, 2 branches of CDC FINANCE & LEASING, and 8 branches of CL and Beijing Representative Office. In particular, Guochang Building, Nangang Software Park – 1F Office, 2 branches of CDC FINANCE & LEASING, CDF Headquarters 7F Office and Beijing Representative Office were newly added to the scope of inventory in 2022.
6. Taking consideration of the changes in the inventory scope, CDF included the "Goal reduction ratio of 3% compared to 2020" and estimated that the target value be achieved in 2022 = (2020 Total Emissions / 2020 Inventory Coverage Rate) x 97% (expected to decrease by 3%) x Inventory Coverage Rate in 2022.
7. Goal Achievement Rate = - [(2022 actual consumption - 2022 Goal) / 2022 Goal] + 1; Inventory coverage = No. of Permanent employees within inventory scope / Total CDF permanent employees (except for CL, excluding overseas offices, CL does not include all external units). Few employees from the internal units of CL work in the communication division (external units) and excluded from the inventory scope. Hence the coverage does not reach 100%.
8. Per capita water withdrawal / consumption = Total water withdrawal/consumption / Permanent employees in the inventory scope

5.1.5 Waste Management

Most of the waste generated by CDF's operations is generated by the internal and external office operations of CDF and consists of general household waste, which does not require special treatment not cause peripheral environmental contamination and odor if accumulated over a long period. Additionally, the classification and recycling of resources maximize the wastes. We strengthened the promotion of waste reduction and resource recycling and classification, encouraged our employees to implement waste recycling, and continued to expand the coverage of waste inventory.

◆ Waste Management Goals and Implementation Status

Goals	Implementation Plans and Measures	Implementation Status
Implementation of waste recycling statistics	<ul style="list-style-type: none"> ◆ Collect recyclable and non-recyclable waste data. ◆ Calculate recyclable waste ratio data. 	Total volume of recycled waste was 247.73 tons and the total volume of incinerated waste for energy use was 415.12 tons. These two accounted for 98.55% of the total waste.

Non-Hazardous Waste Statistics

Type	Item	2019	2020	2021	2022	2022 Goals	Achievement Rate	Compared with base year
Non-Recyclable / Recyclable	Recycled / Reuse Total Quantity	252.38	204.89	217.99	247.73	364.41	132.02%	20.91%
	Landfill Disposal	5.76	5.04	6.23	9.77	8.97	91.00%	93.86%
	Energy Purpose after Incineration	268.63	235.01	264.51	415.12	417.98	100.68%	76.64%
	Incineration	-	-	-	-	-	-	-
	Processing by Other Method	-	-	-	-	-	-	-
	Processing by Other Unknown Method	-	-	-	-	-	-	-
	Total Amount	274.40	240.05	270.74	424.90	426.94	100.48%	77.01%
	Total Wastes (Recycled + non-Recycled)	526.78	444.94	488.73	672.63	791.36	115.00%	51.17%
	Recycled + Energy Use After Incineration Ratio	98.91%	98.87%	98.73%	98.55%	-	-	-0.32%
	Coverage	51.90%	54.50%	99.27%	99.93%	100.00%	99.93%	83.36%

Note:

1. According to the Executive Yuan EPA' s 2021 Yearbook of Environmental Protection Statistics, the domestic average waste disposal method mainly consists of incineration for power generation (averaging 97.7% in nearly 3 years) and landfill (averaging 2.3% in nearly 3 years). The table calculates the incineration and landfill quantity according to this ratio.
2. Domestic incineration furnace has implemented power generation of thermal energy by incineration and hence all wastes from incineration shall be calculated as energy purpose after incineration.
3. The inventory scope of 2022 included 8 buildings (CDF HQ, Guochang Building, Nangang Software Park – 1F and 8F Offices, KGIS Dazhi Building, Taikai Building, KGIB Zhonghe Building, Chengdong Building, CL Dunbei Building), 72 branches of KGIS, KGI Futures Taikai Headquarters (including Taipei Branch) and 3 branches, 51 branches of KGIB, 2 branches of CDC FINANCE & LEASING, and 8 branches of CL and Beijing Representative Office. In particular, Guochang Building, Nangang Software Park – 1F Office, 2 branches of CDC FINANCE & LEASING, CDF Headquarters 7F Office and Beijing Representative Office were newly added to the scope of inventory in 2022.
4. The waste quantity data in offices other than the CDF and CDIB (including domestic subsidiaries) HQ building is estimated by the per capital waste quantity multiplied by the number of people in HQ building. The waste quantity data of KGIS (including domestic subsidiaries), except for offices outside the Dazhi Building, is estimated by the per capita waste deducting the kitchen waste of Dazhi Building multiplied by the number of people.
5. In consideration of the changes of statistics scope, the "goal down by 3% compared with 2020," the 2022 goals to be achieved are estimated = (2022 total emission / 202 inventory scope coverage) x 97% (estimated reduction 3%) x 2022 inventory coverage.
6. Goal Achievement Rate = - [(2022 actual consumption - 2022 Goal) / 2022 Goal] + 1; Inventory coverage = No. of Permanent employees within inventory scope / Total CDF permanent employees (except for CL, excluding overseas offices, CL does not include all external units). Few employees from the internal units of CL work in the communication division (external units) and excluded from the inventory scope. Hence the coverage does not reach 100%.
7. The wastes produced from CDF operations are non-hazardous wastes and the wastes does not become hazardous wastes or require special treatment.
8. CDF transports, recycled/reuse wastes through legitimately registered companies for disposal at the resource recycling plant registered with the government. Non-recyclable wastes shall be transported through legitimately registered companies monthly for disposal at the treatment agency or landfill registered with the government.

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Resource Management and Waste Reduction Measures

1. Establish standardized and consistent procurement principles to facilitate resource sharing, to reuse during unit adjustment, to reduce waste.
2. Use FSC certified environmentally friendly paper for printing business cards and annual reports, and purchased FSC or PEFC certified paper for photocopying.
3. To reduce waste of resources, we regular check and strengthen the management of CDF's fixed assets such as information equipment, office furniture and allocate idle assets for use.
4. Make good use of e-mail, electronic bulletin boards, and electronic document systems to replace paper documents and sign-off processes; use tablet computers for regular meetings instead of paper agendas; and offer online courses instead of classroom courses.
5. Rent copying machine with environmental protection label and controlled printing, set up double-sided or multi-page printing, recycle paper for reuse, save paper consumption, and use environmentally friendly consumables and recycle them after use.
6. Use glass or porcelain cups instead of paper cups, disposable tableware unavailable in the employee cafeteria, and encourage employees to use environmentally friendly chopsticks; No bottled water will be offered during events and encourage employees to bring their own water.

Promotion of Paperless

CDF continues to promote the paperless policy, moving toward paperless internal management process and external customer service.

◆ 2022 Paperless Management Goals and Implementation Status

Goals	Implementation Plans and Measures	Implementation Status
Promote paperless business	<ul style="list-style-type: none"> ◆ Promoted and provided online application services, mobile insurance purchase, business transactions and wealth management services ◆ Promoted electronic billing, electronic policy, and digital notice 	Reduced consumption of approximately 104 million sheets of A4 paper, which was equivalent to a reduction of 749.18 tCO2e
Promote paperless internal management	<ul style="list-style-type: none"> ◆ Optimization of internal operation procedure ◆ Promoted the electronic administrative system such as e-documents system and procurement system 	

Green Operation and Green Service Process Paperless Status

2022	CDF	KGIB	KGIS	CDIB	CL	Total
Sheets of A4 Paper Saved (thousand sheets)	5.68	92,276.12	3,205.38 (Saving 11,072 paper bags in addition)	1.24	8,374.43	103,862.85
Carbon dioxide equivalents (tCO2e)	0.04	664.39	24.45	0.01	60.30	749.18

Note:

1. According to the calculation of EPA Carbon Footprint Information Platform: the production of one pack of 500 sheets of 70g A4 paper will produce approximately 3.6 kgCO2e, and one sheet produces about 0.0072 kgCO2e; unbleached Kraft paper bag and sack paper bag each produces about 0.124 kgCO2e.
2. For green operation and green service procedures through paperless execution by KGIS and CL, refer to the respective ESG reports published.
3. The scope of KGIS paperless performance only includes the internal use of e-form and relevant process that save paper use.

Environmental Maintenance

CDF was committed to create a community environment, placed emphasis on regular environmental cleaning and disinfection (including garbage removal, and carpet and exterior wall cleaning) in all office buildings and business premises, and contacted the local village chiefs to help clean and disinfect the environment. Planted several types of plants on the corridors, terraces, and roofs around the main office buildings to beautify the environment.

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5.2.1 Supplier Management

In 2022, CDF has 274 (comparable to 279 suppliers in 2021) major suppliers (with a transaction amount of more than NT\$ 1 million), accounting for about 84.65% of the total purchase amount (slightly slower compare with 88.03% in 2021). We continue to strengthen sustainable supplier management, to convey CDF's concept of sustainable development, and jointly promote sustainable supply chain.

2022 New Practices	
Supplier Management Items	2022
Promote supplier sustainability management and paperless operations	<ol style="list-style-type: none"> 1. Consolidate "Supplier Human Right Due Diligence Survey" and "Supplier ESG Self-Evaluation Form" into "Supplier Human Right Risk and ESG Due Diligence Survey." 2. Continue to promote the goal of "Total Portfolio Net Zero Carbon Emissions by 2045" and expand to CDF supplier for response. 3. Continue to follow up the improvement of suppliers penalized last year and advocate the sustainable management measures with supplier through constant and paperless process.
Supplier management measures	<ol style="list-style-type: none"> 1. Renamed "Supplier Corporate Social Responsibility Implementation Guidelines" to "Procedures for Supplier's Sustainability," upgrading CSR and ESG to sustainable development, which appendix "Supplier Corporate Social Responsibility Commitment" was renamed to "Letter of Undertaking regarding Sustainability for Suppliers" to increase the prohibition of human trafficking, valuation of disadvantaged groups (such as dispatched workers, immigrants and aboriginals), and group reconciliation as well as other human right issues. 2. New incentives for suppliers to make commitment in acquiring the certification for ISO 14001, ISO 50001, and ISO 14064, or the sales with domestic and international certifications (i.e. ISO 14067...etc.). CDF supplier will need to sign the ESG commitment since 2017 and the commitment rate has been maintained at 100%. 3. The internal procurement units of CDF will hold periodic meetings each quarter to discuss and evaluate the supplier management and other measures with continuous improvement and upgrade, including unscheduled review on the content of "Letter of Undertaking regarding Sustainability for Suppliers" with continuous upgrade and improvement. 4. Recognition of best suppliers increases from 3 suppliers a year to 5 suppliers a year, adding one "Green Partner Award" and "Excellence Progress Award" to one supplier with public presentation. 5. New query function added to tender projects for checking if the supplier is on the government procurement blacklist or engaged in litigation cases with the judicial court. The supplier listed on the aforementioned government procurement blacklist and had litigation cases with CDF may not or shall be temporarily suspended of transaction, and the remaining supplier management measures shall continue processing.

Supplier Management Procedures			
Management Method	Pre-Screening and Evaluation	Management	Post-Tracking and Propaganda
Description of Management Procedures	Take consideration of the professional quality and actual performance when adding new supplier, and conduct ESG check and transaction risk assessment	<ol style="list-style-type: none"> 1. Incorporate environmental protection, labor's human right, energy conservation, carbon reduction, and ethical management clauses or content of propaganda to the tender instructions for tender projects, statement of affidavit documents for qualification documents, and e-procurement system order 2. Include ethical management and ESG clauses in standard clauses of the procurement contracts. If the supplier is at major fault of violation, our Company may terminate or cancel the contract by contract and may claim for compensation 	<ol style="list-style-type: none"> 1. Hold supplier evaluation after completing the project, followed by compiling and analyzing CDF annual supplier evaluation results 2. The procurement department of CDF shall hold communication and discussion meeting each quarter. The supplier management and green procurement will be based on material issues to regularly review and evaluate the supplier management with constant improvement 3. Hold the annual supplier ESG status check and analysis, and conduct the Supplier Human Rights Risk and ESG Due Diligence Survey to understand the ESG performance and hazard or penalty of the supply chain with analysis 4. Hold annual excellence supplier evaluation and recognition, supplier chain ESG related speech and propaganda
Related Documents	<ol style="list-style-type: none"> 1. Supplier registration application documents 2. "Letter of Undertaking regarding Sustainability for Suppliers" 	<ol style="list-style-type: none"> 1. Tender instructions and e-procurement system order 2. Procurement contract 	<ol style="list-style-type: none"> 1. Supplier evaluation form 2. "Supplier Human Rights Risk and ESG Due Diligence Survey" 3. CDF quarterly procurement meeting minutes 4. Supplier annual general meeting notice and ESG propaganda

◆ 2022 Supplier Sustainability Management Results

Goals	Implementation Plans and Measures	Results
Add supplier ESG and transaction risk assessment.	<ol style="list-style-type: none"> 1. New suppliers with first-time transaction in the amount over NTD500,000 will be required to sign the "Letter of Undertaking regarding Sustainability for Suppliers." 2. Check if the company engages in environmental hazardous situations, labor penalty, listed on the government procurement blacklist, and if the stakeholder of CDF, in addition to query for any green mark or ISO certification 3. New supplier shall be proposed by department in need, which shall be checked and evaluated by the applicant and secondary reviewer with signature. The procurement department shall retain the application documents, and evaluation and approval records 	125 new suppliers 100% complete the supplier evaluation and signed the " Letter of Undertaking regarding Sustainability for Suppliers ."
All principal suppliers are required to sign the " Letter of Undertaking regarding Sustainability for Suppliers " and "ESG Annual Follow-Up."	<ol style="list-style-type: none"> 1. Actively invite principal suppliers to sign the "Letter of Undertaking regarding Sustainability for Suppliers" and execute ESG educational training and propaganda 2. Conduct annual environmental hazardous situations, labor penalty, listed on the government procurement blacklist, and if CDF stakeholder in principal suppliers. Check for any green mark or ISO certification 	274 principal suppliers 100% completed supplier evaluation, 100% completed signing " Letter of Undertaking regarding Sustainability for Suppliers ."
Introduce "Human Rights, Environmental Sustainability Dimension" into Supplier Sustainable Management.	<ol style="list-style-type: none"> 1. Conduct "supplier human rights and ESG due diligence survey" in principal suppliers 2. Continue to advocate CDF's "Total Portfolio Net Zero Carbon Emissions by 2045" to all suppliers. 	<ol style="list-style-type: none"> 1. Principal suppliers are required to take self-evaluation scores (1~5 points, with 1 point being the worst and 5 points being the best) based on the multiple labor human rights and ESG agenda. The overall score is 4.60 points (supplier attention to human right agenda approximately 4.86 points, and overall ESG agenda score approximately 4.22 points), and the overall response rate approximately 80.3% (slightly higher than 78.5% in 2021) 2. 220 (approximately 80.3%) principal suppliers responded to "Total Portfolio Net Zero Carbon Emissions by 2045." 3. Only 1 of 274 principal suppliers (approximately 0.36%) has records of environmental protection penalty (fined according to Waste Disposal Act in the amount of NTD\$4,800, and none in 2021) and 21 companies with labor penalty records (approximately 7.66%)
Keep 80% of or more suppliers as local suppliers.	Purchase from local suppliers to reduce unnecessary waste and resource depletion in the product transportation process while promoting local economic development	Local supplier ratio 97.32% (compatible compared with the 98.43 in 2021)
Amount of green procurement up 3% compared with 2019.	Increase green procurement items and coverage, participate in government agency or external screening	<ol style="list-style-type: none"> 1. The 2022 CDF green procurement goal was NTD135 million (up 3% compared with the NTD131 million in 2019). The 2022 green procurement was NTD439 million, and meeting expectation 2. CDF and CL awarded by Taipei City Department of Environmental Protection with Green Procurement award, green procurement award from EPA, and MOEA Buying Power Award
Routinely conduct supplier evaluation and recognize best supplier implementing corporate sustainability.	Conduct annual supplier evaluation to evaluate the overall performance of suppliers in three stages. (Total of 5 grades, with A the best and E the worst).	Evaluated a total of 76 suppliers, including 8 Grade-A (best) companies, 59 Grade-B (better) companies, 9 Grade-C (average) companies, and no Grade-D or Grade-E companies. The overall evaluation score was 4.14 points, compatible to the 4.15 points in 2021

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2022 Principal Supplier Category Ratio and Labor Intensity Unit: NTD10 thousand (total procurement amount includes local suppliers and suppliers from other cities)

Supplier Category	Labor Intensity	No. of Suppliers	Ratio	Procurement Amount
Information Services	Intermediate to Low	110	40.15%	102,174
Others and Services	Intermediate to High	65	23.72%	60,375
Engineering	High	36	13.14%	33,439
Information Equipment	Intermediate	23	8.39%	21,364
Electronic appliance and equipment	Intermediate	6	2.19%	5,573
Restaurant and ingredients	High	12	4.38%	11,146
Paper and printed documents	Intermediate to High	7	2.55%	6,502
Transportation and telecommunication	Intermediate	13	4.75%	12,075
Office supplies	Low	2	0.73%	1,858
Total		274	100%	254,506

Sustainable Supply Chain Management

In 2022, CDF conducted "Supplier Human Rights and ESG Due Diligence" for principal suppliers (1-5 points, 1 point being the worst and 5 points being the best) to investigate the scores among permanent/contractual employees of suppliers and associates in the performance of concerned issues such as labor human rights, ESG, energy conservation and carbon reduction, and climate change. The overall suppliers' self-evaluation was excellent at 4.60 points.

Results of Human Rights Due Diligence in 2022

Item	Concerned Issues	Content	Permanent and Contractual Employees	Associates
1	Human rights and personal data protection	1. Prohibition of child labor and human trafficking, prevention of forced labor, protection for disadvantaged groups, and valuation of group reconciliation 2. Value personal data/privacy/information security, no employment discrimination, equality in promotion opportunity, avoid labor-management disputes or strikes	4.91	4.88
2	Healthy and safe workplace, and prevent operational risks	1. Build healthy and safe work environment, provide propaganda on sexual harassment prevention and compliant channel, and prevent accident and human rights infringement 2. Encourage the insurance of group insurance, fire insurance, product liability insurance, and public liability insurance, reduce risks and enhance endurance	4.85	4.81
3	Labor Standard Act and balance between work and life	1. Comply with labor and occupational safety and health act to ensure the salary in conformance with regulatory requirement and maintain the balance between work and life for employees 2. Appropriate labor pension reserve timely with adequate amount. Check for any labor penalty records during the self-evaluation period	4.88	4.84
4	Environmental protection, energy conservation and carbon reduction, and ISO certification	1. Respond to environmental protection, energy conservation and carbon reduction with actions and check for any environmental-protection related penalties during the self-evaluation period 2. Manufacture/sell products/services with domestic and overseas green mark or ISO certification 3. Specific measures reducing GHG emission (e.g. purchase green electricity, reduce consumption of water, electricity and paper, waste/cycling)	4.19	4.15
5	Response actions to climate change	Identify the possible opportunities and risks brought by climate changes on the corporate operation of the suppliers	4.39	4.32
Overall self-evaluations score				4.60

Note:
 1. Concerned issues refer to the main questions of the survey, and the employment discrimination includes "workplace discrimination," "same pay for same work," "group reconciliation" and forced labor includes "child labor" and "human trafficking."
 2. No child labor or incidents of using young workers in dangerous works has been found in entity offices and suppliers (including the types and locations), or use young workers to engage in dangerous work.

New Supplier Assessment

In 2022, CDF has a total of 125 new suppliers, and all new suppliers 100% are required to complete data check and transaction risk assessment. The inspection and content of evaluation includes professional quality, actual performance, tax filing and credit check, environmental hazards, labor penalty records, government procurement blacklist, and judicial court related litigations (criminal, administrative and penalties). Suppliers have all signed the "Letter of Undertaking regarding Sustainability for Suppliers" and documents regarding confidentiality, information security and personal data notice. Principal suppliers are assessed for human rights risks and environmental risks based on penalties.

◆2022 New Supplier Selection Criteria

-  Environmental conditions | Any record of environmental hazards?
-  Social and human rights conditions | Any labor penalty record?
-  Other Conditions | Listed on the government procurement blacklist?
Engaged in litigation with CDF or other litigation cases?
A stakeholder?
Signed the commitment?
A Local supplier?
ISO certified or has green label?
-  Ethical Management Statement | Confirmed and declared that there is no record of material breach of contract and lawsuits affecting goodwill.

◆ Ratio of New and Principal Suppliers Signing "Letter of Undertaking regarding Sustainability for Suppliers"

Year	2020	2021	2022
No. of New Suppliers	102	151	125
Signing Ratio	100%	100%	100%

Note: Unless there is an updated version, the suppliers do not need to re-sign. It will announce on CDF's website.

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In 2022, only few records of penalties in labor working hours and healthy and safe workplace from the overall evaluation of principal suppliers' labor human rights penalties received penalties from competent authorities. However, there was no material human right risk and forced labor in general.

Human Rights Risk Assessment of Principal Suppliers for the past three Year

Year of Identification Supplier Type/ Identification Scope	2020			2021			2022		
	Working Hours	Healthy and safe workplace	Workplace equality and no discrimination	Working Hours	Healthy and safe workplace	Workplace equality and no discrimination	Working Hours	Healthy and safe workplace	Workplace equality and no discrimination
Information Equipment and Services	3	0	None	7	0	None	3	0	None
Engineering	1	0		1	1		0	4	
Electronic appliance and equipment	0	0		0	0		1	1	
Others and services	10	4		14	2		12	1	
No. of suppliers penalized for the entire year	18			25			21		
Total no. of principal suppliers	300			279			274		
Percentage of labor penalties	6%			8.96%			7.66%		

Environmental Hazards of Principal Suppliers for the past three Years

	2020	2021	2022
Heavy Environmental Hazard	None	None	None
Moderate Environmental Hazard (Water Pollution Control Act)	1 information service company	None	None
Low Environmental Hazard (Waste Disposal Act)	1 information service company	None	None
Minor environmental hazard (Environmental Cleaning)	1 service company	None	1 service company
Number of suppliers penalized for environmental protection	3	0	1
Total number of principal suppliers	300	279	274
Percentage	1%	-	0.36%

Tracking Penalized Suppliers for Improvement in 2022

In 2022, CDF has a total of 125 new suppliers, and all new suppliers 100% are required to complete data check and transaction risk assessment. The inspection and content of evaluation includes professional quality, In 2022, only 1 supplier was penalized for environmental hazards, which was convenience store in violation of Waste Disposal Act and fined by New Taipei City Government Department of Environmental Protection in the amount of NTD\$4,800, facts clarified and improved, and no improvement was required. In 2022, there were 21 supplies penalized for labor hazards and CDF only found one channel company petitioned after tracking. The rest 20 suppliers have agreed to improve and draft the tracking plan. In 2022, the principal suppliers of CDF did not have any violation of material environmental hazard or labor human rights with suspension of right, termination or cancellation of cooperation.

The aforementioned new suppliers and principal suppliers of CDF have signed “[Letter of Undertaking regarding Sustainability for Suppliers](#)” with 100%. The content has stipulated “The Undersigned hereby agrees to comply with its own and CDF' corporate sustainable development and ethical management policy. Any violation or significant impact or material unethical conduct on the environment or society that have been investigated to be true, the undersigned shall agree for CDF to terminate or cancel the contract according to the contract. ” Moreover, the annual ESG educational training, ESG self-evaluation for, improvement by specified date, right suspension (suspension of transaction) by group companies, and contract termination and cancellation will avoid the negative impact caused by supplier on the environment, labor human right and society.

Supplier Engagement

In 2022, a total of 76 suppliers took the annual assessment and, there were 8 Grade-A best supplies, 59 Grade-B better suppliers, 9 Grade-C average suppliers, and no Grade-D or Grade-E suppliers. CDF selects the best suppliers of the year based on annual evaluation, due diligence, ESG self-assessment, environmental / labor penalties, green procurement, ESG and social charity care, and the level of contacts with CDF. After three stages of assessment, the list of best suppliers is described below, adding “Excellence Progress Award (Selection based on best score in 2022 than 2021) and “Green Partner Award (Selection based on the top list in 2022 green procurement amount) to publicly recognize and provide to the demand units for priority consideration/use.



Best Supplier (3 suppliers):
ARES Privacy Protector, LEADER DIGITAL TECHNOLOGY CO., LTD.,
ADVANCEDTEK INTERNATIONAL CORP.

Excellence Progress Award (1 supplier):
Systex Software

Green Partner Award (1 supplier):
Dimerco Data System Corporation

In addition, we have ESG publicity and the “[Personal Data Management Policy and Personal Data Notification Statement](#)” on our website, electronic procurement orders and tender instruction for tender cases, etc. We also set up communication channels such as a special mailbox for “CDF Procurement Management. ” On April 13, 2023, the 2022 “Supplier Sustainable Management and Best Supplier Recognition Event ” was held, with the following content:

1. 2022 excellent supplier award presentation and recognition.
2. Keynote speech on supplier human rights and ESG promotion, covering supplier human rights and occupational health and safety issues.
3. Supplier opinion exchange or ESG experience sharing.

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5.2.2 Responsible Procurement

In 2022, none of the CDF's suppliers has poor delivered quality or environmental hazards. We continue to promote the "Responsible Procurement Policy" with three key policies:



Green Procurement

Since 2016, CDF has responded to the government and the actual green procurement carried out grew from NT\$ 51.19 million in 2017 to NT\$ 439.44 million in 2022, with an increase in growth of more than 758%. The growth of green procurement is mainly because of the gradual increase in green procurement items (i.e. paper towels previously not adopted in green procurement are now comprehensively adopted to use paper with green mark products). Meanwhile, in 2022, the transactions amount with the suppliers of the four energy-saving and carbon-reduction related ISO certifications will be included in green procurement. CDF has been awarded by Executive Yuan EPA with "Green Procurement Appreciation Certificate" four years in a row and Taipei City Department of Environmental Protection with "Private-Sector and Group Green Procurement Plan Appreciation Certificate" five years in a row.

The 2022 CDF green procurement goal was NTD135 million (up 3% compared with the NTD131 million of 2019). The 2022 green procurement amount was NTD439 million and better than expected.

2022 Implementation Measures

Necessary Items for Green Procurement	Priority Items for Green Procurement
Server, PC, NB, monitor and other equipment that fully adopted Energy Star or green mark label.	Leasing vehicles with green mark label, and products with carbon reduction label for services.
Photocopying paper that are all paper products with FSC, PEFC and other green mark label.	Priority given to green building materials and water-saving labels for interior projects.
Leased photocopiers and their toner cartridges of assorted colors, and drum cartridges, and purchased printer toner cartridges with green mark label.	Priority given to equipment or electronic appliances with green mark label, energy conservation mark or energy star.
	Priority given to the consideration and incentive for suppliers or products and services acquiring energy conservation and carbon reduction related ISO certification (ISO 14001 environmental certification items, ISO 50001 energy management certification, ISO 14067 products carbon footprint certification, and ISO 14064 GHG inventory and verification.)

Green Procurement Performance

Unit: NTD10 thousand

	2020	2021	2022
Information Equipment	12,721	9,825	8,695
Information Supplies	2,221	1,737	1,857
Electronic Appliance	1,746	1,299	410
Building Materials and Lighting/ Construction Project	519	3,551	1,265
Paper/Printer and photocopier/Others	534	383	2,364
Transportation (leased gasoline/electric car, green label)	629	953	1,744
Transportation /High speed rail (carbon label)	485	278	618
The transaction amount with suppliers of the four energy-saving and carbon-reduction related ISO certifications	Not implemented	Not implemented	26,990
Total	18,855	18,026	43,944

Local Procurement Performance

Unit: NTD10 thousand

	2020	2021	2022
Procurement Amount of Local Suppliers	247,348	351,167	247,695
Procurement Ratio of Local Suppliers	84.6%	98.4%	97.32%

Note:

- Local suppliers refer to those with company registration in Taiwan.
- CDF recognizes important operation offices as all offices of CDF and subsidiaries in Taiwan.

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The Social Philanthropy Group of the Sustainable Committee is responsible for the corporate citizenship strategy of CDF, whereas the CDF Foundation, KGI Charity Foundation and all subsidiaries are devoted to creating maximum shared value for society stakeholders through joint efforts, with the goal of achieving a sustainable society. In 2021, CDF launched the "Inclusive Vision" project to connect with innovative energies of society and to promote the development of regional revitalization in Taiwan. With a mid to long-term plan for the next three to five years, CDF aims to bridge the urban-rural gap and achieve the United Nations' Sustainable Development Goals (SDGs), including: 1. End poverty in all its forms everywhere, 3. Ensure healthy lives and promote well-being for all at all ages, 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all, 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, 11. Make cities and human settlements inclusive, safe, resilient and sustainable, 12. Ensure sustainable consumption and production patterns, and 13. Take urgent action to combat climate change and its impacts.

The CDF "Inclusive Vision" project aims to understand the needs of local communities through the work of the Group's volunteers, and by cooperating with social enterprises, assist establishing local sustainable support system, in order to promote intergenerational collaboration, take care of the elderly, seek common good with the disadvantaged, and co-exist with the environment to become the solid support for sustainable Taiwan. In 2022, CDF sustains the support for quality social enterprises such as CAN Culture, Art and Nature, Plahan Symbiotic Community Hub, Happy Food, and Shuan Lian Pear Corporation, promoting regional revitalization in northern, central and southern Taiwan. CDF not only assists Taiwan Urban-Rural Sustainability Care Association under CAN Culture, Art and Nature to establish the first Regional Revitalization professional manager and talent incubation school in Taiwan and successfully trained eight distinguished Regional Revitalization managers but also repaired the chicken coops for elderly living in the tribes of Heping District Taichung City through the help of volunteers, assisting the tribes to create monthly productivity of 3,000 chicken eggs, moving towards the goal of financial independence for the elderly. Moreover, CDF launched the "Regional Revitalization Volunteer Tours" in 2022, leading employees to go into rural townships. The company not only provides volunteers but understands the goals and demand of local regional revitalization teams closely and starts thinking how to help regional development through conscious consumption and professional support in life to create a society with more sustainable development.



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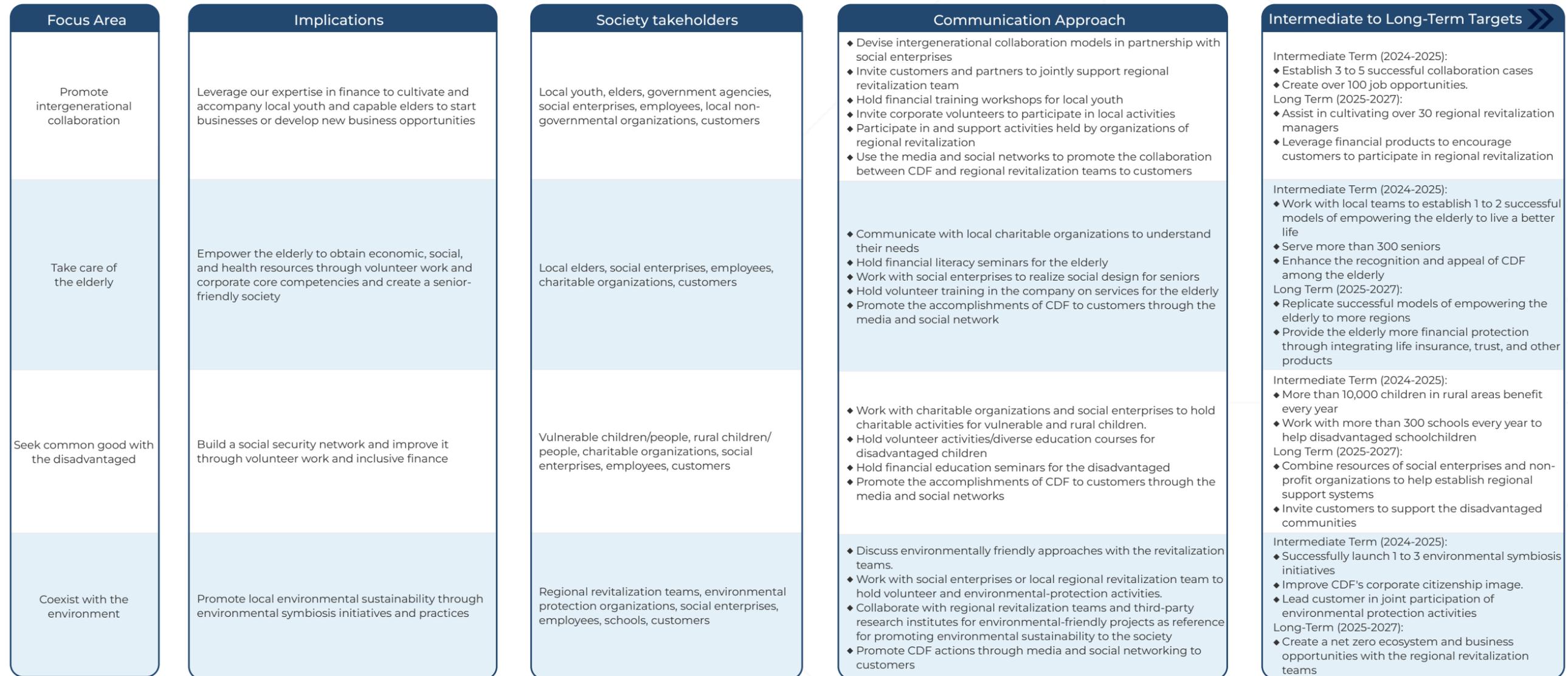
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Four Focus Areas of "Inclusive Vision"



Total Investments in Charitable Projects in 2022

Year	2020	2021	2022
Cash Contributions	NT\$92.81 million	NT\$99.72 million	NT\$101.08 million
Time: Employee Volunteering During Paid Working Hours	NT\$22.76 million 35,541 volunteer hours	NT\$36 million 44,471 volunteer hours	NT\$48.46 million 77,660 volunteer hours
In-kind Giving: Product or Service Donations, Projects/partnerships or Similar	NT\$44.05 million	NT\$5.8 million	NT\$4.08 million
Management Overheads	NT\$13.06 million	NT\$9.25 million	NT\$12.53 million

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Key Strategies and Goals

CDF's "Inclusive Vision" project utilizes the Company's core competencies and harnesses the power of volunteers across the industry to work toward seven of the United Nations' Sustainable Development Goals (SDGs) and to create shared value for stakeholders. In response to the unbalanced regional development Taiwan is facing, through the "Inclusive Vision" project, CDF is committed to the goals to promote intergenerational collaboration, take care of the elderly, seek common good with the disadvantaged, and coexist with the environment in order to support sustainable development in Taiwan.

Promote intergenerational collaboration

CDF has long been devoted in startup investment, fostering startups, private equity, inclusive finance, and using relevant core competencies to empower startup youth, capable elderly and new talents with returning home for startups. CDF also provides resource platform to develop regional revitalization, revitalizing regional economy, and respond to the demand of potential customers.

CDF proposes the following action plans and targets accordingly:

1. Hold 100 start-up seminars and forecast forums every year, match startups and enterprises in partnership with CDF.
2. CDF plans to support the incubation of 10 local regional revitalization managers and provide in-depth support for 3-5 local revitalization teams every year.
3. Work with NPO to solve the educational issues for children of high-risk family.
4. Launch "Regional Revitalization Volunteer Tours" to lead employees to go into rural townships for services and experience the social innovation model in person.

The forementioned activities not only strengthen the corporate image of CDF in support of intergenerational co-creation, empower quality regional revitalization manager to help local regional revitalization teams with sustainable development but also expands CDF's brand recognition in regional revitalization field and create more opportunities for commercial collaboration.

Take care of the elderly

CDF leverages social innovations and combine the experience of subsidiary – China Life Insurance in long-cultivation of the elderly group, empowering elderly with the resources in finance, social and health, thereby improving the living quality and care resources for elderly, which also establishes a brand identity for elderly groups in a super-aging society. Employment participation empowers employees with the implementation of financial friendly services to people with dementia and elderly, which will help them understand how to sell related products and development of potential customer groups, in order to meet the SDGs, including 3 Ensure healthy lives and promote well-being for all at all ages, 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all, 11 Make cities and human settlements inclusive, safe, resilient and sustainable.

CDF proposes the following action plans and targets accordingly:

1. Assist the rural communities and aboriginal tribes to establish elderly care services.
2. Cooperate with social enterprises for the sales personnel of China Life Insurance to participate in one-day tours with senior policyholders.
3. Introduce courses or trainings promoting senior-friendly financial services to the subsidiaries of the group.
4. Work with social enterprises and welfare institutes to jointly promote the integration of home care, remote health care and smart technology for elderly care.

On one hand, CDF intends to help the disadvantaged and elderly in rural areas with financial independence and local settlement through the aforementioned activities, fulfilling corporate social responsibility but on the other hand helps highlight CDF's emphasis on treating customer fairly and customer service, increasing contacts with potential customers and thereby establish the brand image of building social care safety network, which may eventually bring business opportunities and potential partners.

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Seek common good with the disadvantaged

CDF responds to SDGs with specific actions, including 1 End poverty in all its forms everywhere, 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all, 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. CDF combines corporate volunteers and basic financial core business to improve financing concepts and financial knowledge on campus. Meanwhile, the investment through charity donations satisfies the need for disadvantaged groups such as rural, low-income households and visually impaired to acquire diverse information, basic service, adequate nutrition, and need for fund support.

CDF proposes the following action plans and targets accordingly:

1. Launch micro insurance each year and the number of valid policyholders exceed 50,000 people, which enhances the basic insurance protection of economically disadvantaged or persons with special ID.
2. Hold at least 10 financial seminars for rural or disadvantaged groups each year.
3. Publish posts about volunteer activities on Facebook, Instagram, LinkedIn and other social network media.
4. Donates in rural educational resources so that more than 10,000 children can benefit from the donation every year. Collaborate with schools to coordinate for disadvantaged children to receive nutritious food, develop special talents, study English, and receive emergency relief.
5. Raise funds for social welfare institutions with demands through the group resource assistance.
6. Care for diversity of disadvantaged groups, including but not limited to homeless, children in rural area, person with disability.
7. Launch anti-fraud volunteer projects to assist the public build anti-fraud knowledge.
8. Encourage group employees to participate in rural volunteer services from time to time.
9. Promote art education and activities in rural areas from time to time to eliminate the relevant resource gap.

CDF intends to upgrade the visibility of CDF in disadvantaged or specific groups, which indirectly establishes a profound relation with possible and potential customers in this issue of group. The cognition and appeal for CDF brand will develop inclusive finance related business opportunities.

Coexist with the environment

CDF upholds to the concept of “taking from the society and giving back to society” and is committed to develop green finance with actual performance, setting an example in advocating friendly environment, net-zero carbon reduction measures, expanding the influence of sustainable finance, and strengthen its corporate image of responsible finance, in correspondence with SDGs, including 11 Make cities and human settlements inclusive, safe, resilient and sustainable, 12 Ensure sustainable consumption and production patterns, and 13 Take urgent action to combat climate change and its impacts.

CDF proposes the following action plans and targets accordingly:

1. Collaborate with social enterprises to launch carbon reduction activities such as planting trees and cleaning the beach.
2. Assist local independent farmers with production and sales in Taiwan, and promote sustainable agriculture featuring environmentally friendly farming methods.
3. Continue to execute “Water Refill Program.” The water refills station reduces the wastes from disposable package of drinking water.

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6.1 Promote Intergenerational Collaboration

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CDF	Regional Revitalization Volunteer Tours	Encourage young people to return homeland and promote balanced development between urban and rural areas	Gather internal corporate strengths and use employee expertise and social skills in support of social invocation and local development	Regional revitalization team, disadvantaged groups	<ul style="list-style-type: none"> Expand CDF's brand awareness in the field of regional revitalization and create opportunities for business collaboration through actual participation Conduct strategic partnership with the four regional revitalization teams in north, central and south of Taiwan, and create new collaboration opportunities between CDF and regional revitalization teams through in-depth participation by employees 	<ul style="list-style-type: none"> Accompany 100 disadvantaged children with 3,000 volunteer hours Increase revenue and crowd for four collaborating regional revitalization teams
CDF	Assist CAN Culture, Art & Nature to further promote regional revitalization	Community education support system, parenting in vulnerable families	Support CAN Culture, Art & Nature to continue to nurture disadvantaged children in local communities; assist in replicating the successful models of CAN Culture, Art & Nature to other regions	Children from vulnerable families, social enterprises aiming to solve local education issues	<ul style="list-style-type: none"> Strengthen public identity to CDF brand through the publicity and excellent image of CAN Culture, Art & Nature Expand CDF's brand awareness in the field of regional revitalization and create opportunities for business collaboration through actual participation 	<ul style="list-style-type: none"> Assisted 50 children from high-risk families to develop skills and a positive attitude to life Encourage more companies to invest in regional revitalization and accelerate local development through establishing successful cases of linking corporate social responsibility with regional revitalization
KGIB	Donate to Small and Medium Enterprise Credit Guarantee Fund of Taiwan	Increase the funds of credit guarantee institutions of small and medium-sized enterprises (SMEs) and improve the financing and guarantees provided for SMEs so that SMEs can obtain financial assistance from banking institutions	Continue to promote the donation of funds for credit guarantees to help with the sound development of SMEs.	Domestic SMEs or startups	<ul style="list-style-type: none"> Under the guarantee of credit guarantee funds, KGI Bank can effectively manage and control the financing risks of SMEs; the total credit guarantee amount in 2022 was NT\$2,535,580,656, provided to a total of 5,644 cases 	<ul style="list-style-type: none"> Assist domestic SMEs or startups with insufficient collateral in improving their credibility and obtaining loans so as to help with the sound development of SMEs
CDIB Capital	Provide counseling for startup growth	Assist startups in obtaining relevant knowledge and market information on fundraising, operation, marketing...etc.	Continue to integrate domestic and international resources to support the cultivation of startups in Taiwan and assist startups in establishing themselves in Taiwan and in accessing overseas markets.	Startup companies	<ul style="list-style-type: none"> Discover potential startups and infuse resources and investments Held a total of 101 seminars on innovation and entrepreneurship in 2022, with a total of 2,076 participants; held a total of 12 one-day startup board meetings 	<ul style="list-style-type: none"> Assist social enterprises and entrepreneurs in solving problems encountered in the process of starting a business

Note: We also have the "CDIB Capital Innovation Accelerator Fund," which invests in early-stage startups, provides startup mentors, corporate resource matchmaking, community and media resources, and organizes various entrepreneurship courses to enable Taiwan startups to obtain the resources they need for growth. For the content of the Innovation Accelerator, please see 3.1.4 Social Products of Responsible Investment Outcomes.

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Make Positive Impact on Local Communities

Since 2021, CDF has been supporting the CAN Culture, Art & Nature and Taiwan Urban-Rural Sustainable Care Association, both founded by the young entrepreneur, Jeffrey Lin returning to Sanxia homeland. Apart from donating office furniture, CDF also provides constant volunteers to accompany children of vulnerable families. Sanxia District of New Taipei City is one of the regions in Taiwan with the highest drug population, where many social problems derived. In particular, inadequate educational resources contributed to the annual increase of children and young people crime rate in local area. The "Grass Book House" and "Grass Occupational School" founded by Taiwan Urban-Rural Sustainable Care Association have been providing after-school company of elementary school students and occupational skills training for youngsters, which has injected a renewed vitality to Sanxia. Starting from 2022, CDF has been assisting Taiwan Urban-Rural Sustainable Care Association to set up the first regional revitalization talent school in Taiwan, cultivating eight outstanding regional revitalization CEOs. CDF has also supported Grass Book House and Grass Occupational School to offer more diverse courses to the children and juveniles they look after, including culinary, ceramics, floral arts, and cycling around the island, helping approximately 50 children from vulnerable families to develop skills and establish a positive attitude in life.



CDF volunteers support Grass Book House through practical actions.

Regional Revitalization Volunteer Tours

CDF launched the "Regional Revitalization Volunteer Tours" since October, 2022 to collaborate with regional revitalization teams and take employees across Taiwan into townships, mountain and fields to provide volunteer services for regional revitalization teams. Meanwhile, these employees can experience local life and culture to support local sustainable development through real actions. From assisting Happy Food in Xue-Jia, Taiwan to build perches for the black-winged kites, repairing chicken coops for elderly in the tribes of Heping District in Taichung, accompanying rural children in Zuolan Township, Miaoli County to use agricultural wastes for co-creation of artworks, to assisting children of Grass Book House in Sanxia, New Taipei City to learn new skills, the employees could experience the problems faced by communities and the efforts of the revitalization teams at the front line of regional revitalization, as well as to generate recognition and support through actual participation. In three months, over 300 employees have participated in volunteer tours, generating nearly 3,000 hours of service hours and accompanying about 100 underprivileged children. The employees also repaired four chicken coops and built a chicken race track for elderly in the Taichung tribes. latter even became the key factor for the elderly to win the championship of the "2022 Chicken Race" and brought wonderful memories to the residents of the tribe. In 2023, CDF will continue to hold "Regional Revitalization Volunteer Tours" and will likely attract nearly 1,000 employees to co-create the positive impact on regional revitalization.



CDF volunteers build perches to support environmentally friendly farming methods.

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6.2 Take Care of the Elderly

Subsidiary/ Organization	Action Plan	Issues to be Addressed	Intermediate to Long-Term Targets (Intermediate: 2024-2025 Long Term: 2025-2027)	Stakeholder Groups	Business Benefit	Social Benefit
CDF	Promotion of self-supporting community for the elderly by CDF and Plahan	Elderly care and health promotion in a super-aged society	<ul style="list-style-type: none"> Build a successful model and replicate in other regions 	Elders and their families	<p>Establish the success model of "All in One" model for the tribes in Heping District, Taichung through supporting Plahan Symbiotic Community Hub to promote taking care of the elderly. Strengthen the understanding of employees for the elderly group and build the image of CDF caring for the elderly</p>	<ul style="list-style-type: none"> Assist disadvantaged elderly and persons with disability in tribes of Heping District, Taichung City to repair the chicken coops, compost facilities, and create monthly productivity of 3,000 eggs per month, eventually accomplishing the target of financial independence Support Plahan Symbiotic Community Hub to train 14 local caregivers, expanding the All-in-One elderly care model to extremely rural areas such as Lishan Tribe, helping 28 elderly to receive care and age in place Support the "All in One" model to be promoted in other counties and cities
China Life	Dementia-friendly initiatives	Aging population, super-aged society, dementia prevention and care, dementia financially-friendly	<ul style="list-style-type: none"> Intermediate Targets: Act as the "financial guardian of the elderly" and foster adoption of dementia friendly practices through comprehensive collaboration with professional organizations every year. Long-term targets: Put forward response plans for an aging society and advocate a dementia-friendly society 	Aging elderly, people with dementia and their families	<ul style="list-style-type: none"> Continue to strengthen employee service concepts and practices to implement the care and service details to aging and disadvantaged customers China Life introduced Taiwan Dementia Association and Aging Friendly Finance related courses in 2022 to enlighten office employees with consideration of elderly demand when designing the service process and environmental planning; the frontline customer service staff can learn to identify possible persons with dementia, understand the demand of persons with dementia and their families; The sales employees will provide more suitable services in the process accordingly. Nearly 1,100 office employees and sales employees have participated in the course Adopt the Action Report of Japanese Financial Institution Support for Elderly, published by Taiwan Alzheimer's Disease Association (TADA); continue to optimize service process and appeal in protecting the financial safety and rights/interests of the financially disadvantaged groups 	<ul style="list-style-type: none"> Cooperated with Taiwan Alzheimer's Disease Association to develop and produce 4,800 new preventive missing aids "emergency contact card and key chains," building a missing prevention guarding network through the distribution by police department, county/city dementia association offices and six major customer centers of China Life Exclusive sponsorship of the first "College/ University Dementia Solution Design Competition" to establish foundation for dementia-friendly while encouraging young generations to pay attention to the elderly dementia issues, exhibiting creativity through actions
China Life	Care for elderly in rural areas	Scarcity of resource in rural areas, low-income living alone elderly, elderly with physical disabilities lack of resource	<ul style="list-style-type: none"> Continue to upgrade the care services to aging groups, expanding China Life's social influence 	Disadvantaged elderly and persons with disabilities in rural areas	<p>Support the COVID-19 preventive supplies and care funding for disadvantaged elderly in Heping tribes in Taichung, upgrading the positive image of enterprises caring for disadvantaged elderly</p>	<ul style="list-style-type: none"> COVID-19 prevention supplies and care resources donated have benefited 410 disadvantaged elderly
China Life	China Life X DuoFu accessible travel services for the elderly/disabled	Aging population, super-aged society, travel equality, accessibility	<ul style="list-style-type: none"> Intermediate-term Targets: Provide accessible service solutions and environments and to safeguard the rights of physically/mentally disabled and elderly customers Long-term Targets: Continue to work with cross-disability service agencies and to jointly advocate accessible environments in Taiwan and establish the benchmark for accessibility for the disadvantaged in the financial industry. 	Policyholders and their family members	<p>China Life leads the industry to join hands with DuoFu Business, who specializes in accessible transfer, providing persons with physical/mental disability and elderly policyholders with value-added services; and formed strategic cooperation with "DuoFu Travel Agency" to design accessible tourism and advocate for tourism equality</p>	<ul style="list-style-type: none"> Cooperated with DuoFu Traveling Agency in 2022 to hold the "Fitness Travel" for elderly policyholder, with NPS reaching 92 points

Support Plahan to Establish a Mutual-aid Paradigm of Super-Aging Society

The tribes along Da-an River in Heping District, Taichung City is facing serious aging issues, whereas the aging population has exceeded 36%. The Plahan Symbiotic Community Hub is committed to promoting the practice of mutual-aid care service model in rural communities of the Heping district. Using healthy aging and the mutual-aid model as the core to design an innovative service model, Plahan not only successfully attracts tribal young people to return home and work but helps the elderly recover their focus and value in life. CDF has been supporting Plahan's innovative care model in Heping District since 2021. The Group's volunteers collaborated in the building of tribal art museum, which has now become the center for local elderly and children to interact and learn. In 2022, CDF cooperated with the social enterprise, Hen & Traveler to support the elderly in the tribe with raising chickens and selling chicken eggs. Numerous corporate volunteers have assisted the disadvantaged elderly to repair their chicken coops, helping generate monthly productivity of 3,000 eggs for the tribe, and the number is expected to reach 7,000 eggs by 2023. Following this path, the elderly of the tribes can eventually meet the target of financial independence, which establishes the mutually helping and symbiotic example of super-aging society.



CDF volunteers help the elderly fix the chicken coop roof.

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6.3 Seek Common Good with the Disadvantaged

Subsidiary/Organization	Action Plan	Issues to be Addressed	Intermediate to Long-Term Targets (Intermediate:2024-2025 Long Term: 2025-2027)	Stakeholder Groups	Business Benefit	Social Benefit
CDF	Volunteer service project	Lack of resources in rural areas, COVID-19 impact on volunteer recruiting	<ul style="list-style-type: none"> Intermediate-term: Increase volunteer service hours to an average of 6 hours per person per year Long-term: Achieve an average of 8 volunteer service hours per person per year 	Charitable organizations, social enterprises	<ul style="list-style-type: none"> Inculcate the corporate culture of giving back to the society Improve the corporate brand popularity 	<ul style="list-style-type: none"> In 2022, the total number of volunteer service hours reached 77,660 hours, up 75% compared with previous year, benefiting over 10,000 people
KGIS	"Toy Bank" volunteer services	Rural kindergartens and disadvantaged agencies lack of learning game aids	<ul style="list-style-type: none"> Call for volunteer to help with second-hand toy sorting, classification and cleaning, extending the value of toys by brining resources to rural kindergartens and disadvantaged agencies. 	Toy bank, children in rural areas	<ul style="list-style-type: none"> Improve corporate brand image 	<ul style="list-style-type: none"> In 2022, a total of 6 sessions of volunteer services were held, 150 people participated and the total volunteer service hours reached 648 hours.
KGIS	Food Bank Volunteer Services	Disadvantaged children lacking of resources in food and living supplies	<ul style="list-style-type: none"> Call for volunteers to assist food bank with packaging the rations, food, children's books...etc. to help the disadvantaged children. 	Food banks, disadvantaged children	<ul style="list-style-type: none"> Improve corporate brand image 	<ul style="list-style-type: none"> Total volunteer hours in 2022 reached 200 hours, assisting the packaging of 330 boxes of supplies
KGIS	Blood donation	Severe blood shortage during pandemic period	<ul style="list-style-type: none"> Intermediate to long-term: Encourage employees to donate blood with enthusiasm. 	Medical hospitals and clinics, patients receiving blood donation	<ul style="list-style-type: none"> Improve corporate brand image 	<ul style="list-style-type: none"> In 2022, three sessions of blood donation were held, including two in Taipei and one in Taichung City.
KGIB	KGI-Inside Charity Donation Platform	Higher transaction fees for donation via regular bank fundraising	<ul style="list-style-type: none"> Intermediate to long-term: Use "KGI Inside" open application program interface to provide open API, assisting social welfare institutes to effectively reduce transaction fees for donation. In the future, the services to the number of social welfare institutes will be expanded, using transaction fee waiver as incentive and the intention to donate and the total amount will increase, thereby helping more social welfare institutes with raising funds needed. 	Social-Welfare institute	<ul style="list-style-type: none"> Improve the corporate brand popularity 	<ul style="list-style-type: none"> In 2022, KGIB helped 42 social welfare institutes with fundraising of nearly 160,000 entries of donation and the amount exceeded NTD 200 million. The transaction fee for online transfer substantially reduced by 80%.

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KGIB	Volunteering activities at charity institutes	The institutes face personnel shortage in daily operations	<ul style="list-style-type: none"> Intermediate to long-term: Encourage employees to devote in volunteering services in order to help charity institutes with daily operation 	Charity foundations such as Andrew Charity Association and Eden Social Welfare Foundation	<ul style="list-style-type: none"> Support charity foundations' operation and improve CDF's corporate image 	<ul style="list-style-type: none"> Assisted Andrew Charity Association and Eden Social Welfare Foundation with promoting food bank packaging and video transcription. In 2022, the total volunteer hours were 311 hours
CDF Foundation	Nutrition 100 Program for rural children	Care for difficulty with rural school nutrition lunch, subsidizing inadequate nutrition for children of rural schools	<ul style="list-style-type: none"> Intermediate-term: Continue to search for schools in need from different counties/cities, using direct donation to subsidize the nutrition lunch sources for rural schools Long-term: Continue to care for rural lunch difficulties, helping 10,000 students each year 	Rural schools in ten counties/cities: Taichung, Yunlin, Chiayi, Pingtung, Hsinchu, Taoyuan, Changhua, Nantou, Yilan, and Kaohsiung.	<ul style="list-style-type: none"> Improve brand image 	<ul style="list-style-type: none"> In 2022, NTD5.26 million was invested. A total of 236 rural schools were subsidized for nutrition lunch, with a total of 11,744 students benefited
China Life	Social-minded Young CEO initiative	Insufficient funds for campus service clubs, low social participation of students	<ul style="list-style-type: none"> Enhance sustainable practices and expand the social influence of China Life Continue to sponsor colleges and universities to organize service activities and share the spirit of love and care 	College and university students, vulnerable people, and rural children	<ul style="list-style-type: none"> Improve the popularity of the China Life brand among young students 	<ul style="list-style-type: none"> Encouraged student clubs to hold two service activities in rural areas, indirectly affecting 354 community residents and rural children
CDF Foundation	Heritage 100 X Tutoring 100	Financial pressure of underprivileged college/university students, lack of educational resources for disadvantaged school students	<ul style="list-style-type: none"> Intermediate -term: Direct donation for subsidizing schools with establishing underprivileged scholarship to indirectly help more underprivileged students Long-term: Continue to support college/university students to upgrade in learning quality 	100 underprivileged college/university students, 100 disadvantaged school children	<ul style="list-style-type: none"> Improve brand image 	<ul style="list-style-type: none"> A total of NTD 4.62 million was invested in 2022 as 100 underprivileged university/college students who worked as on-campus tutoring volunteers for 100 hours, received scholarship 100 children benefited
CDF Foundation	Our Class Has Got Talent	Lack of funds to participate in extracurricular activities for junior high school and elementary school children from low-income families	<ul style="list-style-type: none"> Intermediate -term: Sponsor the faculty and learning fees for school children to participate in extracurricular activities Long-term: Assist economically disadvantaged students with development in diverse competence and continue to pay close attention to the education of junior high school and elementary school children 	Disadvantaged students of junior high school and elementary schools with strong potential.	<ul style="list-style-type: none"> Incubate social diverse talents and help economically disadvantaged students to receive confidence and affirmation while improving brand image 	<ul style="list-style-type: none"> In 2022, a total of NTD 1.57 million was invested to help students with potential in sports and dance in extracurricular activities. A total of 19 cases subsidized with 107 benefited

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CDF Foundation	Sponsorship of art programs at the National Theater and Concert Hall	Gap between urban and rural art education resources	<ul style="list-style-type: none"> Promote art education activities in northern Taiwan 	Students in northern Taiwan	<ul style="list-style-type: none"> Improve brand image and popularity 	<ul style="list-style-type: none"> Sponsored 456 students in northern Taiwan to enter the National Theater and Concert Hall for appreciation of art programs
CDF Foundation	Sponsored New Taipei City Regional Revitalization Microfilm competition	Art and education promotional events	<ul style="list-style-type: none"> Intermediate to long-term: Sponsor local art and cultural activities to support regional revitalization and bring opportunities and hope to communities 	Rural youths, senior high school and college/university students	<ul style="list-style-type: none"> Improve corporate brand image 	<ul style="list-style-type: none"> Invited 232 organizations and schools to participate in competition. A total of 66 groups submitted the work with 14 cases enlisted and 5 winning awards
CDF Foundation	CDF's Annual Charity Day	Difficulty for expanding business and establishing brand publicity for social welfare institutes and social enterprise	<ul style="list-style-type: none"> Intermediate – term: Invite more social enterprises and social welfare institutes to participate in Charity Day activities. Combine rural schools' plan of charity sale and helping rural students fulfill their dreams Long-term: Continue to enhance employees' participation and deepen the cooperation with social enterprises and social welfare institutes 	Social enterprise, social welfare institutes, rural school students	<ul style="list-style-type: none"> Improve corporate brand image and popularity Use KGIB online payment system to improve spending process and promote financial innovative services Use KGI credit card and enhance service identification 	<ul style="list-style-type: none"> Sponsored two sessions of charity events: a total of 2,058 people participated, creating NTD 3.3 million in revenue and helping social enterprises and social welfare institutes Encourage employees to practice "conscious consumption", acquaint with SDG issues, purchase to help rural schools raise funds and build social inclusion
KGI Charity Foundation	Love, Starting From Elementary School	Due to financial difficulties, underprivileged students are unable to attend school and develop skills	<ul style="list-style-type: none"> Intermediate to long-term: constant devotion and expansion of care region, assisting disadvantaged students in attending school, helping them grow up without worries 	Disadvantaged students	<ul style="list-style-type: none"> Improve corporate brand image 	<ul style="list-style-type: none"> Assisted underprivileged students in attending school and helped disadvantaged students develop special skills In 2022, a total of 185 schools and 469 students in various counties and cities were benefited, including New Taipei City, Taoyuan City, Pingtung County, Yunlin County, Nantou County...etc
KGI Charity Foundation	Let Love Flower	Lack of nutrition and lack of English learning resources for children from economically disadvantaged families in rural areas	<ul style="list-style-type: none"> Intermediate to long-term: Continue to care for disadvantaged students with nutritional supplements, balance the gap between urban and rural educational resources, and offer rural children the opportunity to learn English from an early age 	Disadvantaged students	<ul style="list-style-type: none"> Improve corporate brand image 	<ul style="list-style-type: none"> Provide nutritious breakfast and English learning for economically disadvantaged students living in rural areas; promote the healthy development of disadvantaged students and build a foundation for English learning. In 2022, a total of 90 schools were provided with assistance, amounting to a total of NT\$8.5 million

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KGI Charity Foundation	Emergent Aid Program	Financial aid and emergency funds for students and families that experience sudden hardship	<ul style="list-style-type: none"> ◆ Intermediate to long-term: Continue to care for vulnerable students and their families that experience sudden hardship to ensure their basic life needs are being met and difficulties are being overcome 	Disadvantaged students, families	<ul style="list-style-type: none"> ◆ Improve corporate brand image 	<ul style="list-style-type: none"> ◆ Helped the families of students who suffer from sudden hardship to overcome difficulties with emergency relief. 67 cases were assisted in 2022
KGI Charity Foundation	Christmas gifts recruiting for rural areas	Insufficient resources for rural children	<ul style="list-style-type: none"> ◆ Intermediate to long-term: Continue to care for school children in rural areas. Lead employees across Taiwan to care for the needs of school children in rural areas 	Disadvantaged students in rural areas	<ul style="list-style-type: none"> ◆ Send warm thoughts to children in rural areas with loving gifts at the end of each year, showing the spirit of caring for local areas. 	<ul style="list-style-type: none"> ◆ KGI Charity Foundation has been sending Christmas gifts to school children in rural areas for seven years, and its employees have served as volunteers to spread the spirit of common good. In 2022, a total of 615 love gifts were delivered to 12 rural schools with 244 volunteers participated
KGI Charity Foundation	Care Bread	Provide stable work opportunities and income for persons with physical and mental disability at shelter	<ul style="list-style-type: none"> ◆ Intermediate to long-term: Continue to lead employee to care for persons with disability at the shelter by stabilizing their life 	Persons with physical and mental disabilities	<ul style="list-style-type: none"> ◆ Improve corporate brand image 	<ul style="list-style-type: none"> ◆ In 2022, a total of NTD 924,000 in revenue was generated, which helped the shelter receive stable orders to provide work and stable income to persons with disabilities
KGIS	Help the blind read	Assist the visually impaired to solve problems or no reading	<ul style="list-style-type: none"> ◆ Intermediate to long-term: Continue to provide the visually impaired with sufficient learning and teaching resource, and improve the willingness of the visually impaired to participate in social activities through the ability to obtain information 	Visually impaired	<ul style="list-style-type: none"> ◆ Improve corporate brand image 	<ul style="list-style-type: none"> ◆ Assisted in proofreading more than 1,000 books with a total over 200,000 pages of e-books and audiobooks in 2022
KGIS	"Helping with used books" project	Solve shortage of learning resources for visually impaired	<ul style="list-style-type: none"> ◆ Intermediate to long-term: Cooperate with Taiwan Foundation for the Blind to encourage employee donate used books and convert them into charity donation to help visually impaired with improving their learning resource. 	Visually impaired	<ul style="list-style-type: none"> ◆ Improve corporate brand image 	<ul style="list-style-type: none"> ◆ Donated nearly 500 books in 2022

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KGIS	Help people with intellectual disabilities using invoices to gain more income	Persons with intellectual disability lack of learning and care resources	<ul style="list-style-type: none"> ◆ Intermediate-term: Donate at least 80,000 invoices per year to "Children Are Us Foundation" as the learning and care resource ◆ Long-term: Collect 120,000 invoices per year 	Children Are Us Foundation and persons with disability supported by the foundation	<ul style="list-style-type: none"> ◆ Improve corporate brand image 	<ul style="list-style-type: none"> ◆ Collected over 110,000 invoices in 2022
KGIS	"Pass down love for persons with intellectual disability" LINE sticker project	Persons with intellectual disability lack of resources	<ul style="list-style-type: none"> ◆ Make LINE stickers using paintings drawn by persons with intellectual disability. For each download, NTD1 will be donated to Yu-Cheng Social Welfare Foundation to provide various care for persons with intellectual disability 	Yu-Cheng Social Welfare Foundation and the persons with disability cared by the foundation	<ul style="list-style-type: none"> ◆ Improve corporate brand image 	<ul style="list-style-type: none"> ◆ In 2022, the amount of the LINE sticker download hit 1 million and NTD 1.14 million was donated
CDF Foundation	"Bread Love" program	Limited employment opportunities and income for persons with disabilities	<ul style="list-style-type: none"> ◆ Intermediate-term: Support Huakuang Social Welfare Foundation and Amazing Grace Deaf Bakery to achieve self-supporting targets ◆ Long-term: Provide long-term support to the stable operation of sheltered workshops 	Shelter for persons with physical and mental disability	<ul style="list-style-type: none"> ◆ Improve corporate brand image 	<ul style="list-style-type: none"> ◆ 373 employees participated, generating NTD 649,200 in revenue. Supported Huakuang Social Welfare Foundation and Amazing Grace Deaf Bakery to help students of physical and mental disability to learn independent living and skills training
China Life	Microinsurance promotion	Enhance basic insurance guarantees for economically disadvantaged persons	<ul style="list-style-type: none"> ◆ Provide goods or marketing promotion services suitable for economically disadvantaged persons or persons with certain identities 	Economically disadvantaged and certain groups of people who are eligible for microinsurance	<ul style="list-style-type: none"> ◆ Provide the economically disadvantaged people with basic insurance coverage 	<ul style="list-style-type: none"> ◆ The number of valid microinsurance policies in 2022: 92,631 people
China Life	Project for homeless support	Care and assist homeless groups with independence and surviving through difficulties	<ul style="list-style-type: none"> ◆ Intermediate-term target: Collaborate with homeless NGO to support homeless with settlement, training and returning to society ◆ Long-term targets: Through issues concerning homeless, bring corporate influence into full play to remove the negative stigma on homeless people 	Homeless people	<ul style="list-style-type: none"> ◆ Becoming one of the few insurance companies paying attention to the homeless not only improves the public perception of brand image but strengthens the performance on fair customer treatment evaluation ◆ Those disadvantaged and homeless people could become China Life's potential customers once they change life situation 	<ul style="list-style-type: none"> ◆ Provided nearly 120 homeless people with CNY end-of-year meals ◆ Provided homeless with frozen food and preparation packs with uninterrupted meals during CNY ◆ Donated 405 quick screening kits and disinfection pandemic supplies to strengthen the shelter of homeless with pandemic prevention measures; additionally, 5 homeless persons received accommodation fees for preventive isolation

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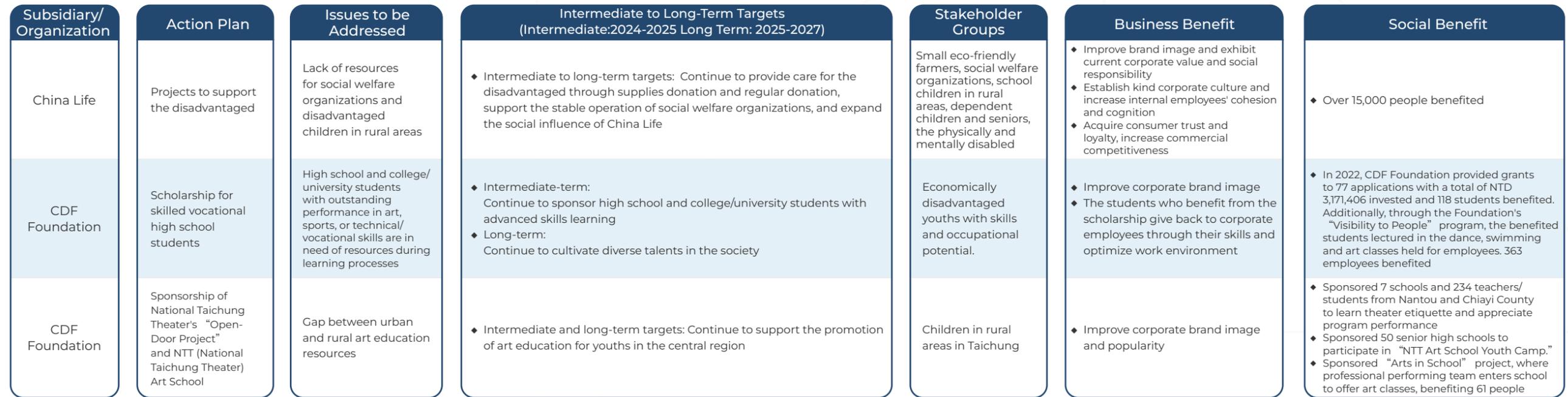
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Volunteer Service Project

In 2021, CDF launched the "Inclusive Vision" project and, through volunteer work and its financial expertise, CDF has been participating in local social services profoundly. In 2022, CDF launched the "Regional Revitalization Volunteer Tours" to encourage employees with perceiving the development of regional revitalization in person at rural townships. The participation by employees continues to intensify the emotional ties with the land. The Group's total volunteer hours in 2022 reached 77,660 hours, hitting a record-high over the years and was up 75% compared with previous year. China Life Insurance, a CDF subsidiary, launched the "Love to Go Volunteer Team" in 2012 and has been encouraging employees to give back to the society and to incorporate empathy cultivated through volunteer activities into the workplace and life. Due to the impact of the COVID-19 pandemic, many physical volunteer activities have been suspended. To alleviate the impact on social welfare organizations, China Life Insurance has worked with social welfare organizations to develop and create innovative online volunteer opportunities, such as scanning books with mobile phones to provide online books for the visually impaired to read or telling stories via video conferencing to interact with rural or disadvantaged children. These online volunteer services take care of pandemic-prevention concurrently. KGI Securities invited its employees to form teams and clean the beach, protecting Taiwan coastline and marine ecology. In 2022, KGI called a total of 430 volunteers to participate in 25 beach cleaning events in 8 counties/cities, with the accumulative collection of marine wastes exceeding 900 KG, whose traces cover Wangli of New Taipei, Suao of Yilan, Qijing of Kaohsiung to Xiaoliuqi of Pingtung. Furthermore, KGI Bank has also launched the "Protecting Your Wealth" anti-fraud volunteer project where volunteers serve as lecturers, helping nearly 6,000 people across Taiwan build knowledge about fraud prevention to protect their and their families' properties.

	2020	2021	2022
Volunteer Service Hours	35,541	44,471	77,660
Charity Investment Amount	NT\$92,810,000	NT\$99,720,000	NT\$101,080,000

Note:

- The scope of calculation for charity investment amount is based on the cash investment amount of each project, and does not include the converted value of in-kind donations.
- The calculation of volunteer service hours includes the total hours on weekdays and holidays.

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Microinsurance

In response to the government's policy on promoting microinsurance, China Life offers micro accident insurance for economically disadvantaged or persons with specific identity through affordable premiums for the economically disadvantaged groups. The basic security and coverage is provided to avoid severe impact on the family finance during accident and provide the timely financial care for vulnerable families.

Moreover, China Life takes initiative in collaboration with bank channels, government agencies and private-sectors to jointly promote microinsurance services to everyone in need, thereby implementing inclusive finance and promoting equality of financial services to everyone.

In 2022, China Life received revenue from microinsurance premium for the whole year exceeded NTD18 million, benefiting over 90,000 people. To help more economically disadvantaged receive coverage, China Life Insurance companies and supports the public through insurance so they can survive through different stages in life. Insurance can indeed stabilize the society by maintaining the normal operation of life.

In 2022, China Life worked with Kaohsiung City Government to provide microinsurance coverage to approximately 11,000 people in low- and middle-income households and people with physical and mental disability. Moreover, China Life collaborates with Tainan City government and Tainan City Chao Hsing Social Welfare Foundation to expand the underwriting scope from "low- and middle-income households" to "people with minor and intermediate level of physical/mental disability."

Financing Classes for the Elderly

China Life intends to become the "financial guardian of the elderly" by establishing the "senior company volunteer group." The group collaborates with local aging institutes in promoting elderly fraud prevention charity events. In 2022, 10 sessions were held to help about 340 rural and tribal residents and disadvantaged elderly with the upgrade in basic insurance knowledge, thereby eliminating the urban-rural gap and prevent the elderly from being frauded.

Apart from physical activities, the "aging school" website specifically designed for elderly is a pioneering act in the industry. The elderly can learn about important financial knowledge and concept of saving principal and fraud prevention from the website, without the restriction of time and space. The website is designed with easy-to-understand language, big fonts, image description, and incorporated with the website magnifying function for elderly to read easily. The aging financial security manual and the anti-fraud sticker-posts are released for availability at customer centers all over Taiwan and the aging or disadvantaged related institutes. Nearly 10,000 anti-fraud gadgets were distributed to remind the elderly for fraud attention, which not only enhances their knowledge in insurance but also guard the elderly's financial security.

Social-minded Young CEO Initiative

In 2022, China Life sponsored a total of 2 college/university service clubs and served 354 rural and disadvantaged children and residents. China Life collaborates with university/college students to devote in charity services, which developed their care for society and capacity in service learning. In the meantime, China Life also sponsored the students to launch the programs including "Friendly environment," "educational empowerment," "supporting disadvantaged," and "promoting concepts of finance and insurance" with specific service activities. China Life intends to unite the strengths of the public to inject more positive and stable force to the society.



The soccer team of Yilan Senior High School

Scholarship for Skilled Vocational High School Students

CDF Foundation sponsors the "Scholarship for Skilled Vocational High School Students" to cultivate underprivileged art, sports and vocational students with excellent academic performance, assisting young students to bring their talents into full play and incubate the potentially professional skills. The application for scholarship comprises private/public and vocational senior high school students accredited by the Ministry of Education, and who have Republic of China identity, university/college (including graduate institute and master programs) underprivileged and outstanding students of arts, sports, and skills, aim to help distinguished under privileged students complete their study with success, improve skills, and become skill experts in employment workplace, who can turn around and give feedback to the society.

CDF Foundation has sponsored 77 applications and 108 students. The superior performance of students receiving scholarship includes:

1. International junior tennis player Yu-Yun Li studying at National Tainan First Senior High School (18 years old) has accumulated 17 Junior National Tennis Championships as of November, 2022, who also participated in the Billie Jean King Cup on behalf of Taiwan. She currently ranks first in female ranking in Taiwan and 37th place in junior world ranking.
2. National Taiwan Sport University Yi-Xuan Zhuo (22 years old) and Yi-Cen Zhuo (21 years old) received the 2022 championship from ITF double games. This was the seventh championship of Yi-Xuan Zhuo and the 22nd of Yi-Cen Zhuo. Moreover, the Zhuo's sisters are currently ranked 800th in female adults worldwide, who are continuing in progress.
3. Yilan Senior High School soccer team returned to glory in 15 years, receiving the 2022 National Soccer Cup.
4. New Taipei Municipal AnKang High School Weightlifter Guang-Lin Chen (17 years old) won the championship of the 2022 National High School Games – Senior High School Weightlifting Female 55KG and selected the 2022 Columbia Weightlifting athlete.

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China Life	Purchase vegetables and fruits in harvest to donate to social welfare institutes, assisting the local independent farmers in Taiwan with production and sales.	Climate change leads to imbalance of agricultural sales and difficulty	<ul style="list-style-type: none"> Intermediate to long-term targets: Consolidate the place of origin and demand from social-welfare institutes to create win-win situation and exhibit the influence of China Life in value chain 	<ul style="list-style-type: none"> Local farmers Disadvantaged children and elderly taken care by social welfare institutes 	<ul style="list-style-type: none"> Improve environmental and sustainable common good and positive image for caring the disadvantaged in enterprise 	<ul style="list-style-type: none"> Over 1,900 disadvantaged children and elderly benefited
KGIS	Set up independent farmer product purchase platform for employees and support independent farmers					
China Life	Water Refill campaign	Waste reduction, plastics reduction	<ul style="list-style-type: none"> Intermediate targets: Reduce the wastes resulted from the use of disposable bottled through "Water Refill" campaign Long-term: Address the public with more attention on plastic waste issues 	Citizens and tourists around the Water Refill Stations	<ul style="list-style-type: none"> Bring the influence of China Life on environmental initiative into full play to create the win-win situation for economy and environmental ecology 	<ul style="list-style-type: none"> Equivalent to reducing 16,225 plastic bottles used in 2022, total carbon reduction 1,508.96 kg
KGIS	"Clean beach together" volunteer activity	Increasing severe marine pollution	<ul style="list-style-type: none"> Intermediate to long-term targets: Call employees to form team from time to time to clean the Taiwan coastlines, protect Taiwan coastlines and marine ecology 	General public	<ul style="list-style-type: none"> Boost charity image of enterprise guarding the environment 	<ul style="list-style-type: none"> Completed 8 countries/cities with 25 sessions of beach cleaning activities in 2022. The marine wastes accumulated from collection exceeded 900kg, totaling 430 volunteers and 1,720 volunteer hours

Water Refill Campaign

China Life is the only insurance company among those who support the Circular Economy & Carbon Reduction 100+ initiative. In 2022, China Life continued supporting the "Water Refill" campaign, which combined the water refill station action of sustainable environment and social innovation as a response accordingly. In response to reducing bottle wastes, China Life has set up water refill stations in touristic areas in Taipei, New Taipei City, Hualian and Taitung, where bikes pass by. The "Water Refill" App offers shared drinking water map with locations that encourage citizens and tourists to find the free water dispenser and enjoy the clean drinking water to replace the disposable bottled water and recall the public's awareness for plastic wastes. The "Water Refill" APP builds a fun and interesting water drinking experience through information technology, creating a new circular and economic business model of "product as a service," and thereby reduce plastics and lower carbon emission. The APP brings the influence of China Life Insurance on environmental initiatives by creating a win-win situation in economic and environmental ecology. The water refill stations supported by China Life reduced 16,225 waste bottles in 2022 with a total carbon reduction reaching 1,508.96 kg, equivalent to the carbon absorption by 125.75 trees in one year.



The sticker on the water dispenser



The sticker at the Water Refill station

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Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product related information to new and returning customers	FN-IN-270a.1	3.4.2 Customer Privacy Rights and Protection	79~82
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Complaints-to-claims ratio	FN-IN-270a.2	3.4.4 Customer Recognition	86~88
Description of approach to informing customers about products	FN-IN-270a.4	3.4.2 Customer Privacy Rights and Protection	79~82
Total invested assets, by industry and asset class	FN-IN-410a.1	3.1.2 Investment Composition and Risk Analysis	64~65
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Net premiums written related to energy efficiency and low carbon technology	FN-IN-410b.1	China Life Insurance and other subsidiaries under CDF do not operate property insurance business, and hence this indicator is not applicable.	NIL
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Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	FN-IN-450a.3	(1) China Life Insurance under CDF is a member of the life insurance industry, and individual contracts of policyholders have a low correlation with environmental risks, hence this indicator is not applicable. (2) 3.2.2 Sustainable Insurance Risk Management	70~71
Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	FN-IN-550a.1	China Life Insurance currently has the potential total risk exposure of non-centrally cleared derivative financial products, and does not have centrally cleared derivative financial products and the position of acceptable collateral issued to the central clearing position. Please refer to "China Life Insurance Co., Ltd. Financial Statements for The Years Ended 31 December 2021 and 2020 With Independent Auditors' Report " p.39 & p.52.	NIL
Total fair value of securities lending collateral assets	FN-IN-550a.2	Total fair value 0	NIL
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(1) Number of cases and (2) total amount of investment and loans incorporating integration of ESG factors by industry	FN-IB-410a.1	<p>(1) Underwriting: NT\$ 167,549 thousand; (2) Advisory: NT\$18,186 thousand; (3) Securities Trading: 0; Total Income 0 thousand</p> <table border="1"> <caption>Top 10 Underwriting Cases by Industry</caption> <thead> <tr> <th>Industry Type (TICS)</th> <th>No. of Cases</th> <th>Amount (NT\$ Thousand)</th> </tr> </thead> <tbody> <tr><td>26 Electronic Components and Spare Parts</td><td>5</td><td>6,826,484</td></tr> <tr><td>27 Computer and Peripherals</td><td>2</td><td>3,348,726</td></tr> <tr><td>30 Automobile Spare Parts Manufacturing</td><td>2</td><td>1,759,453</td></tr> <tr><td>31 Other Transportation Modes</td><td>2</td><td>4,295,400</td></tr> <tr><td>52 Cargo Forwarding</td><td>2</td><td>776,651</td></tr> <tr><td>64 Financial Services</td><td>5</td><td>12,035,500</td></tr> <tr><td>26 Electronic Components and Spare Parts</td><td>5</td><td>6,826,484</td></tr> <tr><td>27 Computer Peripherals</td><td>2</td><td>3,348,726</td></tr> <tr><td>Total Number of Sustainable Development Equity Underwriting Cases</td><td>18</td><td>29,042,213</td></tr> <tr><td>Total Number of Full-Equity Underwriting Cases</td><td>34</td><td>37,529,798</td></tr> <tr><td>Ratio of Sustainable Development Cases</td><td>53%</td><td>77%</td></tr> </tbody> </table> <table border="1"> <caption>Top 10 Financial Advisory by Industry</caption> <thead> <tr> <th>Name of Sub-category</th> <th>Amount (NT\$ Thousand)</th> </tr> </thead> <tbody> <tr><td>Optoelectronic materials and components manufacturing</td><td>1,850</td></tr> <tr><td>Semiconductor Manufacturing</td><td>770</td></tr> <tr><td>Other professional, scientific and technological service</td><td>200</td></tr> <tr><td>Automobile Manufacturing</td><td>1,500</td></tr> <tr><td>Other Financial Services</td><td>9,866</td></tr> <tr><td>Air Transportation</td><td>1,760</td></tr> <tr><td>Pulp, paper and paper product manufacturing</td><td>1,500</td></tr> <tr><td>Semiconductor Manufacturing</td><td>540</td></tr> <tr><td>Steel and iron manufacturing</td><td>100</td></tr> <tr><td>Income from Financial Advisory and Counseling Services related to Sustainable Development</td><td>18,186</td></tr> <tr><td>Total Income from Financial Advisory and Counseling Services</td><td>70,835</td></tr> <tr><td>Ratio of Sustainable Development Cases</td><td>26%</td></tr> </tbody> </table>	Industry Type (TICS)	No. of Cases	Amount (NT\$ Thousand)	26 Electronic Components and Spare Parts	5	6,826,484	27 Computer and Peripherals	2	3,348,726	30 Automobile Spare Parts Manufacturing	2	1,759,453	31 Other Transportation Modes	2	4,295,400	52 Cargo Forwarding	2	776,651	64 Financial Services	5	12,035,500	26 Electronic Components and Spare Parts	5	6,826,484	27 Computer Peripherals	2	3,348,726	Total Number of Sustainable Development Equity Underwriting Cases	18	29,042,213	Total Number of Full-Equity Underwriting Cases	34	37,529,798	Ratio of Sustainable Development Cases	53%	77%	Name of Sub-category	Amount (NT\$ Thousand)	Optoelectronic materials and components manufacturing	1,850	Semiconductor Manufacturing	770	Other professional, scientific and technological service	200	Automobile Manufacturing	1,500	Other Financial Services	9,866	Air Transportation	1,760	Pulp, paper and paper product manufacturing	1,500	Semiconductor Manufacturing	540	Steel and iron manufacturing	100	Income from Financial Advisory and Counseling Services related to Sustainable Development	18,186	Total Income from Financial Advisory and Counseling Services	70,835	Ratio of Sustainable Development Cases	26%	NIL
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Investment and loan status of ESG factors	FN-IB-410a.2	<p>Total number of investment cases incorporating the integration of ESG factors: 285 cases. Total value NT\$50,187,379 thousands</p> <table border="1"> <caption>Top 10 Investments by Industry</caption> <thead> <tr> <th></th> <th>Total Cases</th> <th>Total Value of Investments (NT\$ Thousand)</th> </tr> </thead> <tbody> <tr><td>Financial Service Industry</td><td>44</td><td>17,636,359</td></tr> <tr><td>Public Administration and National Defense; Compulsory Social Security</td><td>11</td><td>7,372,441</td></tr> <tr><td>Petroleum and Coal Products</td><td>9</td><td>3,809,132</td></tr> <tr><td>Electricity and Gas Supply</td><td>14</td><td>3,623,174</td></tr> <tr><td>Securities, Futures and Financial Assistance Industry</td><td>9</td><td>3,600,810</td></tr> <tr><td>Other Financial Service Industry</td><td>6</td><td>1,767,087</td></tr> <tr><td>Plastic and synthetic rubber material manufacturing</td><td>3</td><td>1,609,278</td></tr> <tr><td>Semiconductor Manufacturing</td><td>19</td><td>1,278,284</td></tr> <tr><td>Other electronic component manufacturing</td><td>10</td><td>1,123,813</td></tr> <tr><td>Telecommunication</td><td>4</td><td>920,712</td></tr> </tbody> </table>		Total Cases	Total Value of Investments (NT\$ Thousand)	Financial Service Industry	44	17,636,359	Public Administration and National Defense; Compulsory Social Security	11	7,372,441	Petroleum and Coal Products	9	3,809,132	Electricity and Gas Supply	14	3,623,174	Securities, Futures and Financial Assistance Industry	9	3,600,810	Other Financial Service Industry	6	1,767,087	Plastic and synthetic rubber material manufacturing	3	1,609,278	Semiconductor Manufacturing	19	1,278,284	Other electronic component manufacturing	10	1,123,813	Telecommunication	4	920,712	NIL																													
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Description of approach to incorporation of ESG factors in investment banking and brokerage activities	FN-IB-410a.3	<p>Method for incorporation with investment banking and brokerage activities KGI Securities not only conform to the reporting or application related regulations to the competent authority when underwriting cases, KGIS will communication with the counseled company actively in advance to examine if the counseled company disclose its ESG implementation accordingly, the issues related to material environmental protection incident and related fines, and the valuation of improvements. The measures will integrate the concept of sustainability transformation into the counseling procedures and such specific measures include:</p> <ol style="list-style-type: none"> Supervise the counseled company with promotion and emphasis on sustainable development and encourage the company to fairly express its promotion of sustainable development implementation in prospectus. Validate the ESG implementation progress of the counseled environmental Issues: <ul style="list-style-type: none"> Environmental Issues: Establish and execute applicable environmental management system, improve efficiency with energy use, evaluate climate change related risks and opportunities, GHG inventory and management, water resource consumption inventory and management, and waste production inventory and management. Social Issues: Human rights protection, employee welfare measures, employee safety and work environment, employee training, consumer protection and customers' rights and interests, supplier management. Corporate Governance: The composition and responsibilities of Board of Directors, Director election, division of work for corporate internal responsibility, communication channel with stakeholders, and information disclosure. <p>The equity underwriting business processed by KGI Securities will require the completion of relevant checklist from Taiwan Securities Exchange (hereinafter referred to as "TWSE") and Taipei Exchange (hereinafter referred to as TPEX) to verify that the corporate operation, financial status and corporate governance of the underwriting cases do not have risk issues. Starting 2023, further evaluation of the implementation of sustainable development for the underwriting cases is conducted, including environmental issues – energy use, climate change, GHG emission, water resource and water management; human rights issue- human rights protection, employee welfare measures, occupational safety and health measures, customer rights and interest and supplier management policy, and the execution of evaluation on issues involving material environmental protection incidents, and the KGIS can process the equity underwriting business if the evaluation does not show any relevant risk.</p>	NIL
Description of approach to incorporation of ESG factors in investment banking and brokerage activities	FN-IB-410a.3	<p>Specific implementation method for incorporation with enterprise practices KGI Securities not only conform to the reporting or application related regulations to the competent authority when underwriting cases, KGIS will communication with the counseled company actively in advance to examine if the counseled company disclose its ESG implementation accordingly, the issues related to material environmental protection incident and related fines, and the valuation of improvements. The measures will integrate the concept of sustainability transformation into the counseling procedures and such specific measures include:</p> <ol style="list-style-type: none"> Supervise the counseled company with promotion and emphasis on sustainable development and encourage the company to fairly express its promotion of sustainable development implementation in prospectus. Validate the ESG implementation progress of the counseled company from different dimensions: <ul style="list-style-type: none"> Environmental Issues: Environmental Issues: Establish and execute applicable environmental management system, improve efficiency with energy use, evaluate climate change related risks and opportunities, GHG inventory and management, water resource consumption inventory and management, and waste production inventory and management. Social Issues: Human rights protection, employee welfare measures, employee safety and work environment, employee training, consumer protection and customers' rights and interests, supplier management. Corporate Governance: The composition and responsibilities of Board of Directors, Director election, division of work for corporate internal responsibility, communication channel with stakeholders, and information disclosure. <p>The equity underwriting business processed by KGI Securities will require the completion of relevant checklist from TWSE and TPEX to verify that the corporate operation, financial status and corporate governance of the underwriting cases do not have risk issues. Starting 2023, further evaluation of the implementation of sustainable development for the underwriting cases is conducted, including environmental issues – energy use, climate change, GHG emission, water resource and water management; human rights issue- human rights protection, employee welfare measures, occupational safety and health measures, customer rights and interest and supplier management policy, and the execution of evaluation on issues involving material environmental protection incidents, and the KGIS can process the equity underwriting business if the evaluation does not show any relevant risk.</p>	NIL
Description of approach to incorporation of ESG factors in investment banking and brokerage activities	FN-IB-410a.3	<p>Supervision method for incorporating ESG elements KGIS incorporates ESG related indicators in the investment evaluation procedures for equity investment business and bond investment business as the reference for investment decision-making:</p> <ol style="list-style-type: none"> Corporate stocks spot investment business compliance responsible investment policy adopts the ESG evaluation indicator from domestic and foreign renowned assessment institution MSCI, Sustainalytics, and Taiwan Corporate Governance Evaluation System to regularly review the ESG related risk information of investments. If the investment conforming to one of the following indicators: 1. ESG Rating of MSCI, ranked between AAA~BB; 2.ESG risk rating of Sustainalytics, ranked between 0~30; 3. Taiwan Corporate Governance Evaluation System, ranked between top 5%~80%, evaluated as no material risk. On contrary, the investment is evaluated high ESG risk with setup of investment limit. If the investment does not have ESG indicator score, it is deemed as investment with high ESG risk. Any exception will require the description of reason and investment quota which will be approved before processing. The bond investment business involving the investment evaluation of equity product in domestic centralized market refer to the sustainability report disclosed through MOPS for TWSE companies at corporate governance zone, corporate ESG information supplemented with the rating or scoring issued by domestic and foreign ESG rating institutions on TDCC website (including the domestic corporate governance evaluation results). CDF will conduct the overall evaluation for the significant ESG risk on the investment targets that could result in the materially adverse impact on the shareholder's equity or corporate value, based on the domestic ESG fines and penalty information acquired by CDF. The evaluation of foreign bond investment collects related information through Bloomberg database, including the issuer or Bloomberg recognized bond collected funds used in reducing environmental damage, environmental protection, prevention of climate change, and other green bonds creating environmental sustainability, upgrade social welfare, funding low-income or disadvantaged groups, the social bonds that prevent the disadvantaged groups from continuous marginalization, or the sustainability bond consolidating the aforementioned purposes and goals, followed by adopting Bloomberg provided bond icon to identify the investment targets in conformity with ESG. 	NIL

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		<p>The impact of corporate recognition of ESG trends on general industries and specific industries</p> <p>Green Bonds: KGI Securities offers 12 sustainability bonds in 2022: Including 8 green bonds, 2 social responsibility bonds, 1 sustainability bond, 1 sustainability linked bond, total underwriting amount was NT\$8.28 billion, up 124% compared with the NT\$3.7 billion in 2021.</p> <p>Green fundraising: KGI Securities issued 773 put/call warrants and the warrants of green energy related investment in 2022. Moreover, KGI Securities acted as the provider of flow for 5 ESG or green energy related ETFs and 11 participatory brokers.</p>	NIL
Description of approach to incorporation of ESG factors in investment banking and brokerage activities	FN-IB-410a.3	<p>Perspective on the incorporation of ESG factors in evaluation and influence on the enterprise</p> <p>KGIS incorporates ESG related indicators in the investment evaluation procedures for equity investment business and bond investment business as the reference for investment decision-making:</p> <ol style="list-style-type: none"> Corporate stocks spot investment business compliance responsible investment policy adopts the ESG evaluation indicator from domestic and foreign renowned assessment institution MSCI, Sustainalytics, and Taiwan Corporate Governance Evaluation System to regularly review the ESG related risk information of investments. If the investment conforming to one of the following indicators: 1. ESG Rating of MSCI, ranked between AAA~BB; 2.ESG risk rating of Sustainalytics, ranked between 0~30 ; 3. Taiwan Corporate Governance Evaluation System, ranked between top 5%~80%, evaluated as no material risk. On contrary, the investment is evaluated high ESG risk with setup of investment limit. If the investment does not have ESG indicator score, it is deemed as investment with high ESG risk. Any exception will require the description of reason and investment quota which will be approved before processing. The bond investment business involving the investment evaluation of equity product in domestic centralized market refer to the sustainability report disclosed through MOPS for TWSE companies at corporate governance zone, corporate ESG information supplemented with the rating or scoring issued by domestic and foreign ESG rating institutions on TDCC website (including the domestic corporate governance evaluation results). CDF will conduct the overall evaluation for the significant ESG risk on the investment targets that could result in the materially adverse impact on the shareholder's equity or corporate value, based on the domestic ESG fines and penalty information acquired by CDF. The evaluation of foreign bond investment collects related information through Bloomberg database, including the issuer or Bloomberg recognized bond collected funds used in reducing environmental damage, environmental protection, prevention of climate change, and other green bonds creating environmental sustainability, upgrade social welfare, funding low-income or disadvantaged groups, the social bonds that prevent the disadvantaged groups from continuous marginalization, or the sustainability bond consolidating the aforementioned purposes and goals, followed by adopting Bloomberg provided bond icon to identify the investment targets in conformity with ESG. 	NIL
Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-IB-510a.1	2.5.5 Disclosure of Illegal Incidents	54
Description of whistleblower policies and procedures	FN-IB-510a.2	2.5.4 Compliance	52~54
(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory	FN-IB-510b.1	2.5.4 Compliance	52~54
Number of mediation and arbitration cases associated with professional integrity (including duty of care) by party	FN-IB-510b.2	2.5.5 Disclosure of Illegal Incidents	54
Total amount of monetary losses as a result of legal proceedings associated with professional integrity (including duty of care) by party	FN-IB-510b.3	2.5.5 Disclosure of Illegal Incidents	54
Description of approach to ensuring professional integrity (including duty of care) by party	FN-IB-510b.4	2.5.1 Framework and Principles of Ethical Corporate Management	50
Global Systemically Important Bank (G-SIB) score, by category	FN-IB-550a.1	CDF is not one of G-SIB so this index is not applicable.	NIL

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Accounting Metrics	Indicator Code	Corresponding Chapters	Page
Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities.	FN-IB-550a.2	<p>1. Capital Adequacy Planning: In accordance with the Company's "Risk Management Policy", in order to effectively manage the risks related to the Company's operations, and to strengthen the Company's competitive advantages and industry development strategies, the Company prudently controls the capital adequacy ratio and maintains a minimum legal ratio that complies with the requirements of the competent authority. The above is to maintain sufficient capital to support the risks arising from operations, and to balance risk control and business development through capital allocation, effectively allocate resources, and achieve the goal of optimal capital allocation.</p> <p>In terms of capital planning and adequacy management procedures, when preparing the annual budget, the company uses the company's strategic planning, risk policy, and total resources as the basis for business departments to formulate budget performance goals, strategic priorities and risk capital allocation to achieve Company strategic goals and effective management of companywide risks. The company's financial department regularly conducts stress tests to monitor the overview of the capital adequacy ratio to comply with the requirements of the competent authority and internal regulations, and reports to the competent authority on a monthly basis. And based on the stress test results, analyze the impact of each business RAROC or business on capital adequacy to achieve optimal capital allocation. The company has also established an internal capital adequacy ratio early warning indicator.</p> <p>When the overall risk capital and resources of the company are insufficient due to the overheating of the market business, the capital adequacy ratio will fall below the early warning indicator, and the risk capital of each business department will be redistributed according to the stress test results. When necessary, relevant business departments may be convened to discuss and adjust the capital allocation of each unit.</p> <p>In addition, in order to understand the market risk tolerance level of trading positions, Risk Management department will regularly perform stress tests to measure the profit and loss impact of extreme changes in market risk factors in the investment portfolio, so as to understand the possible impact on the profit and loss of the business investment portfolio.</p> <p>The Company's stress testing adopts historical scenario analysis and self-designed scenario analysis, and the test results are regularly reported to the Company's Risk Management Committee and Board of Directors.</p> <p>Assuming that the company's inventory on December 30, 2021 remains unchanged, the self-created simulation scenario shows that the stock price index of each country will fall by 15%, the yield curve will rise in parallel by 100bps, the exchange rate of each foreign currency will depreciate against the Taiwan dollar by 10%, and each commodity index will fall by 25% (under the expected profit and loss in the worst scenario), the estimated loss of the company's trading position is approximately NT\$2.105 billion.</p>	NIL
Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	FN-IB-550b.1	2.1.4 Remuneration Policy	27~28
Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	FN-IB-550b.2	2.1.4 Remuneration Policy	27~28
Disclosure of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	FN-IB-550b.3	<p>The fair value of the company's assets and liabilities belongs to the Level 3 evaluation process, which is in accordance with the "Key Points of Asset Evaluation" set by the company. If the product transaction could not acquire fair value or have active market, the relevant department will evaluate the reasonableness of the fair value and the accounting department will record entry according to the evaluation results.</p> <p>Besides some financial instruments are evaluated by the long-term investment evaluation management system, business units use appropriate evaluation methods or models to estimate fair value according to the evaluation methods in the system. For the remaining financial instruments, because the Company has obtained the relevant qualifications to adopt the sensitivity analysis (Delta-Plus) method for the option under the advanced calculation method of the self-owned capital adequacy ratio of securities firms. If these financial instruments use the financial product evaluation model for calculating capital adequacy ratio and other statutory ratios, they must also follow the "Key Points of Model Management" stipulated by the company. If the business unit has new transaction requirements for the financial product evaluation model, the business unit shall submit an application for the new transaction of the model (including parameters) to Risk Management Department and provide relevant documents. Risk Management Department will go through approval process including the verification and approval procedures of models and parameters in accordance with regulations, and notify the information unit, model development and use unit, audit unit, accounting department, financial management department and management department of the results. If the model verification result is "passed", the relevant units will incorporate it into actual business operations, or build the model into the information system to ensure that the calculation method used across departments and products is consistent with the model and data. Risk Management Department will also review the model every quarter. If there is no change in the model in the current quarter, it will only review the correctness and applicability of various parameters, and report to TWSE and TPEX for the previous quarter "Business Use Model Management Job Self-Checklist". In addition, the investment real estate held by the company is not measured by fair value. According to the International Financial Reporting Standards and the Financial Reporting Standards for Securities Firms, etc., the information of its fair value must be disclosed in the financial report, and its fair value level is Level 3 and fair value refer to the external appraisal report.</p>	NIL
Number and value of underwriting, advisory, securitization transactions	FN-IB-000.A	Bond underwriting: 123 cases, income from bond underwriting: NT\$121,893 thousand. Financial consultant & IPO lead counseling case n/a case, NT\$70,835 thousand.	NIL
Number and value of proprietary investments and loans by sector	FN-IB-000.B	285 cases NT\$ 50,187,379 thousand	NIL
Number and value of market making transactions in fixed income, equity, currency, derivatives, and commodity products	FN-IB-000.C	Fixed Income: 0 case, transaction amount NT\$0 Stock: ETF market maker: 164 cases / NT\$55,616,273 thousand, Stock Market Maker: 72 cases / NT\$67,044 thousand Currency: Non-market maker Derivatives: Stock Future: 158 cases / NT\$12,770,241 thousand, Call Warrants: 14,901 cases / NT\$109,877,098 thousand Commodity Product: None	NIL

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INDEPENDENT ASSURANCE OPINION STATEMENT

CHINA DEVELOPMENT FINANCIAL 2022 ESG REPORT

The British Standards Institution is independent to China Development Financial Holding Corporation (hereafter referred to as China Development Financial in this statement) and has no financial interest in the operation of China Development Financial other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of China Development Financial only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by China Development Financial. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to China Development Financial only.

Scope

The scope of engagement agreed upon with China Development Financial includes the followings:

1. The assurance scope is consistent with the description of CHINA DEVELOPMENT FINANCIAL 2022 ESG REPORT.
2. The evaluation of the nature and extent of the China Development Financial's adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000 AS v3 sustainability assurance engagement.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the CHINA DEVELOPMENT FINANCIAL 2022 ESG REPORT provides a fair view of the China Development Financial sustainability programmes and performances during 2022. The sustainability report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the China Development Financial and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are correctly represented. The sustainability performance information disclosed in the report demonstrate China Development Financial's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that China Development Financial's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top level review of issues raised by external parties that could be relevant to China Development Financial's policies to provide a check on the appropriateness of statements made in the report
- discussion with managers on China Development Financial's approach to stakeholder engagement. Moreover, we had sampled 1 external stakeholder to conduct interview
- interview with 25 staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of materiality assessment process
- review of key organizational developments
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports
- review of the findings of internal audits
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits
- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced
- review of supporting evidence for claims made in the reports
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018)

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and sustainability performance information as well as GRI Standards is set out below:

Inclusivity

In this report, it reflects that China Development Financial has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the China Development Financial's inclusivity issues and has demonstrated sustainable conduct supported by top management and implemented in all levels among organization.

Materiality

The China Development Financial publishes material topics that will substantively influence and impact the assessments, decisions, actions, and performance of China Development Financial and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the China Development Financial's materiality assessment process and management and performance. In our professional opinion the report covers the China Development Financial's material issues.

Responsiveness

China Development Financial has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the China Development Financial is developed and continually provides the opportunity to further enhance China Development Financial's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the China Development Financial's responsiveness issues.

Impact

China Development Financial has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. China Development Financial has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within an organization. In our professional opinion the report covers the China Development Financial's impact issues.

Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, China Development Financial and BSI have agreed upon to include in the scope. In our view, the data and information contained within CHINA DEVELOPMENT FINANCIAL 2022 ESG REPORT are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing, and confirmation.

GRI Sustainability Reporting Standards (GRI Standards)

China Development Financial provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, including the disclosures of applicable economic, environmental, and social information, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the China Development Financial's sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

This ESG report is the responsibility of the China Development Financial's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Statement No: SRA-TW-789038
2023-06-23

Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Ni-Hu Dist., Taipei 114, Taiwan, R.O.C.

A Member of the BSI Group of Companies.

Peter Pu, Managing Director BSI Taiwan

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English Translation of a Report Originally Issued in Chinese

Independent Accountant's Limited Assurance Report

To China Development Financial Holding Corporation

We have been engaged by China Development Financial Holding Corporation ("CDF") to perform a limited assurance engagement, to report on CDF's selected sustainability performance information ("the Subject Matter") for the 2022 Sustainability Report ("the Report").

Selected Information and the Applicable Criteria
Regarding the Subject Matter and the applicable criteria ("Criteria"), please refer to appendix A.

Management's Responsibility
The CDF management's responsible for preparation of the Report according to the rules of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies ("the Rules") and applicable criteria, including referencing to GRI Standards issued by Global Sustainability Standards Board. The CDF management is responsible for selecting the Criteria, and for presenting the Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Our Responsibility
Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with Standards of Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation in Taiwan. These standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a limited assurance report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

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Our Independence and Quality Control
We are in conformity with related independence and other ethics requirements in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which basic principles are integrity, objectivity, professional competence and due care and professional behavior.

We are in conformity with Standard on Quality Control 1 "Quality Control for Public Accounting Firms" to establish and maintain a sound system of quality control, including code of professional ethics, professional standards and those written policies and procedures in applicable regulations.

Description of procedures performed
Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with CDF's key personnel to understand the process for collecting, collating and reporting the subject matter during the reporting period;
- Executing analytical procedures for selected information; Collecting and assessing other supporting documentation and obtaining management representation letter; When necessary, testing documentation on a sample basis;
- Tested, on a sample basis, underlying source information to check the accuracy of the data; and
- Reading CDF's Sustainability Report to confirm with the consistency of the indicators in Sustainability Report which contribute to the selected information.

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Limitations
Non-financial information contained within the Report are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also assurance engagements are based on selective testing of information being examined. Any internal control is subjected to limitations. Consequently, it is not possible to detect all existing material misstatements whether resulting from fraud or error.

Conclusion
Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the subject matter, in order for it to be in accordance with the Criteria.

Ernst & Young
June 15, 2023
Taipei, Taiwan, Republic of China

Statutory Auditor:
The reader is advised that the assurance report has been prepared originally in Chinese. In the event of a conflict between the assurance report and the original Chinese version or difference in interpretation between the two versions, the Chinese language version reported shall prevail.

Appendix A:

No.	Chapter	Content Title	Selected Information	Applicable Criteria	Other Description
1	2.4	Information Security	CDF has formulated and published the "Information Security Management Policy" on the company website to maintain the overall corporate information security, strengthen the security management of information assets, and assure the confidentiality, integrity and availability of all information assets, so as to maintain the sustainable management of the CDF. These policies, applicable to all information operations, information assets, and information users, including permanent employees, temporary employees, visitors, and vendors having business dealings with the Company (including their employees and temporary employees), stipulate that all of the aforesaid users should maintain, retain, use, and manage the Company's information assets in line with policies in relation to information security.	Information Security Policy	Appendix 1-3 of article 4 of the Rules Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.
1	2.4.5	Early Warning, Response and Handling of Information Security Event	According to CDF's "Notices for Information Security Event Reporting and Response Process", there were no incidents of computer viruses or computer lacking that seriously damaged the rights and interests of customers or affected normal operations in 2022. The statistics of relevant cybersecurity incident are as follows: (1) 0 case of cybersecurity incident. (2) 0 case of cybersecurity incident involving loss of customer's data. (3) 0 customer was affected by cybersecurity incident. (4) NT\$0 in financial loss related to cybersecurity incident.	Notices for information security event reporting and response process and details on cybersecurity incident in 2022.	
2	3.3.2	Implementation and Promotion of Responsible Bank	For micro-businesses with smaller revenue, KGI Bank assesses target customers systematically and grants micro loans quickly based on their credit ratings and standard operating procedures. Small and micro business financing in 2022: Balance: NT\$1,772 million	Loan related policy, details on loan balances and number of cases	Appendix 1-3 of article 4 of the Rules Number and amount of loans outstanding

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No.	Chapter	Content Title	Selected Information	Applicable Criteria	Other Description
			Number of cases: 806 Note: "Small and micro enterprises" are defined as enterprises whose annual revenue has not exceeded NT\$500 million in the most recent two years.		qualified to program designed to promote development of small business and communities.
	3.3.2	Implementation and Promotion of Responsible Bank	Continue to cooperate with government policies to promote the development of cultural and creative industries and build a social environment with rich cultural and creative connotations. KGI Bank combines government resources with the assistance of the SME Credit Guarantee Fund to provide various financing services for the cultural and creative industries to meet the needs of corporate customers. Funds required for stage development. Cultural and Creative Industry Loan in 2022: Loan balance: NT\$5,572 million Number of cases: 154	Loan related policy, details on loan balances and number of cases.	
	3	6.3	China Life intends to become the "financial guardian of the elderly" by establishing the "senior company volunteer group". The group collaborates with local aging institutions in promoting elderly fund prevention charity events. In 2022, 10 sessions were held to help about 340 rural and tribal residents and disadvantaged elderly with the upgrade in basic insurance knowledge, thereby eliminating the urban-rural gap and prevent the elderly from being stranded.		Details on number of participants and activities in financial literacy initiatives provided to the disadvantaged without adequate banking services.
	4	3.2.2	China Life actively responds to the government's promotion of inclusive financial policies, so that disadvantaged groups can also enjoy micro-insurance protection. In addition, China Life has been relaxed to "elderly or their family members who meet the provisions of the Elderly Welfare Law and receive living allowances for the middle- and low-income elderly (65 years old)". Therefore the group aforementioned can also apply for micro-		Insurance policy, insurance brochure and details on insurance product of year 2022.

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No.	Chapter	Content Title	Selected Information	Applicable Criteria	Other Description
			injury insurance, receiving basic safety protection, to avoid sudden accidents have a serious impact on the family economy. Moreover, China Life actively cooperates with banks, government agencies and non-governmental organizations to jointly promote micro-insurance services, extending insurance protection to every corner that needs care. To provide more coverage for the disadvantaged groups, China Life expanded the scope of protection and promoted micro-insurance through insurance premium donation, accompanying and supporting the public with insurance, in order to survive through the different stages in life while the insurance can truly bring its function of stabilizing the society into full play. In 2022, China Life collaborated with Kaohsiung City to provide micro-insurance coverage for 11,000 low-income household and persons with physical and mental disability who met the prerequisites. Moreover, China Life collaborated with Tainan City Government and the Tainan Private Chaosing Social Welfare Charity Foundation to expand from "those with low to intermediate income households" to "those with minor and medium level of physical and mental disability (including)".		to create benefits for the environment or society.
			Microinsurance in 2022: Number of beneficiaries: 92,633 Premium Income: NT\$18 million Number of cases: 745 cases		
	3.3.2	Implementation and Promotion of Responsible Bank - Green Credit	KGI Bank uses its financial influence to support the energy transformation including energy conservation, energy creation, energy storage and intelligent system integration with credit business, responds to the government's promotion of energy independence and promotes the development of emerging green energy industries, promotes the research and development of green energy technology industries, and assists solar energy. The upgrade of green energy industries such as		Details on green credit and financing projects of renewable energy power generation year 2022.

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No.	Chapter	Content Title	Selected Information	Applicable Criteria	Other Description																				
			photovoltaics, wind power generation, fishery and electricity synthesis, and water resource recycling will create green employment opportunities for local areas. Green Credit Balance (Joint Credit Information Cases) as of 2022/12/31 is NT\$16,060 million. The financing of renewable energy power generation projects that KGI Bank participated in in 2022 are as follows:																						
			<table border="1"> <thead> <tr> <th>Case Name</th> <th>Estimated device capacity</th> <th>Expected annual carbon reduction</th> <th>Credit Balance in 2022</th> </tr> </thead> <tbody> <tr> <td>Shinde Energy</td> <td>120MW</td> <td>82 thousand tons</td> <td></td> </tr> <tr> <td>Sunmy Park Power</td> <td>130MW</td> <td>94 thousand tons</td> <td>NT\$1 million</td> </tr> <tr> <td>ShanTzu City Project</td> <td>150MW</td> <td>108 thousand tons</td> <td>NT\$24 million</td> </tr> <tr> <td>Total</td> <td>400MW</td> <td>284 thousand tons</td> <td></td> </tr> </tbody> </table>	Case Name	Estimated device capacity	Expected annual carbon reduction	Credit Balance in 2022	Shinde Energy	120MW	82 thousand tons		Sunmy Park Power	130MW	94 thousand tons	NT\$1 million	ShanTzu City Project	150MW	108 thousand tons	NT\$24 million	Total	400MW	284 thousand tons			
Case Name	Estimated device capacity	Expected annual carbon reduction	Credit Balance in 2022																						
Shinde Energy	120MW	82 thousand tons																							
Sunmy Park Power	130MW	94 thousand tons	NT\$1 million																						
ShanTzu City Project	150MW	108 thousand tons	NT\$24 million																						
Total	400MW	284 thousand tons																							
	3.3.2	Implementation and Promotion of Responsible Bank - "Giving You A Hand" Revolving Personal Loan Project	To support young people to start their own businesses and develop their talents, KGI Bank has launched the "Giving You A Hand" Revolving Personal Loan project since 2018, targeting those with vocational certificates, disadvantaged low-income households, or plan proponents of crowdfunding platforms, to provide loan preferential projects to assist its stable career development and solve its operational turnover problems. The "Giving You A Hand" Revolving Personal Loan Project offers lower interest rates than secured mortgages, encouraging young people and new entrepreneurs to obtain capital through legal financial channels. In 2020, we launched the COVID-19 Epidemic Prevention Discount Project to help those holding technical and vocational certificates affected by the pandemic to obtain funds through fast application		Details on each insurance products or services of year 2022																				

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No.	Chapter	Content Title	Selected Information	Applicable Criteria	Other Description
			processes and preferential prices. In 2022, there were 299 applicants, and among which, 164 applications were successful, representing a success rate of 55%. Because taxi drivers cannot provide proof of fixed income, it is difficult to obtain traditional financial services. If there is a need for capital turnover, they often can only resort to underground financing channels. Based on the concept of practicing financial inclusion, KGI Bank has joined hands with the leading Taiwanese taxi fleet in the domestic transportation industry since July 2017 to proactively provide micro-credit services for taxi drivers, solving the problem of unstable income due to occupational characteristics of drivers in the past and unable to provide bank credit information or provide salary slips and other relevant financial proof, resulting in the inability to contact the bank and establish credit records and other issues. Using the big data database of the Taiwan Convoy, the "taxi driver credit scoring model" is constructed, and the data such as driver service evaluation, award record, passenger load and other data was included in the credit score. Drivers can score well because of passenger service evaluation, receive credit points for high passenger numbers. In 2022, there were 267 applicants, and among which, 83 applications were successful, representing a success rate of 31%.		
	3.3.2	Implementation and Promotion of Responsible Bank - Financial Inclusion - Taxi Driver Loan	KGI Bank, in cooperation with Open Air Anction and PChome Pay, launched the "Big Data Loan for Open Air Auction Seller", which uses API (application programming interface) technology to simplify the application and review process of e-commerce sellers. Basic information and payment records shorten the time for sellers to fill in the application materials, and can apply online. After the application, funds can be allocated to sellers within one day, allowing sellers to immediately use funds to prepare payment for goods and expand the scale of operations, solving the problem that e-commerce		

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No.	Chapter	Content Title	Selected Information	Applicable Criteria	Other Description
			sellers cannot provide traditional financial resources. This project won the 2021 Digital Times "Bronze Award for Best Product Innovation" and the "Digital Inclusion Award" of the Business Times "Digital Finance Awards", which is the best recognition of KGI's commitment to the practice of financial inclusion. In 2022, there were 2,295 applicants, and among which, 378 applications were successful, representing a success rate of 25%. During the period of epidemic alert in 2021, the demand for delivery services has greatly increased, attracting many full-time or part-time people to enter the delivery service industry. However, when funds are often needed, it is difficult to obtain loans from banks because there is no proof of income. Therefore, KGI Bank launched the "Quick Repayment for Delivery Personnel" project, which allows senders of delivery remuneration to replace traditional financial documents and helps delivery partners obtain preferential loans by applying for small loans online. In 2022, there were 1,366 applicants, and among which, 549 applications were successful, representing a success rate of 42%.		
	3.3.2	Implementation and Promotion of Responsible Bank - Financial Inclusion - Delivery Person Loan	KGI Bank actively uses professional financial tools as the support for social welfare organizations. As of 2022, KGI Bank has been estimated to manage 7 public welfare trust funds with a total management amount of more than NT\$29.39 million. We aim to help individuals or legal persons implement their social welfare goals, and assist in social welfare affairs and account management.		
	3.3.2	Implementation and Promotion of Responsible Bank - Financial Inclusion - Charitable Trust Product	In order to fulfill the responsibilities of financial institutions in assisting social services, KGI Bank has launched integrated service solutions such as dedicated salary transfers, demand deposits, and donation platforms for schools and foundations. In addition to assisting non-profit organizations in serving the public, KGI Bank has also increased the opportunities for non-profit organizations to increase		

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No.	Chapter	Content Title	Selected Information	Applicable Criteria	Other Description
		organizations	their income. Campus Payroll Transfer Service Project: Serving 1 school and 14 kindergarten Foundation Payroll Transfer Service Project: Serving 8 foundations		

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Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2022 of

China Development Financial Holding Corporation

No. 135, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan

has been verified in accordance with ISO 14064-3:2006 as meeting the requirements of

ISO 14064-1:2018

Direct emissions: 83,1708 tonnes of CO₂e
 Indirect emissions: 1,414,3165 tonnes of CO₂e
 Direct emissions and indirect emissions: 1,497,472 tonnes of CO₂e

Authorized by: *[Signature]*

Stephen Pao
 Knowledge Deputy General Manager
 Date: 30 May 2023
 Version 1

TOP56A-15-6 2207
 SGS Taiwan Ltd.
 No. 136-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District, New Taipei City 24503, Taiwan
 T (02) 22993279 F (02) 22994953 www.sgs.com

This Statement is not valid without the full verification scope, objectives, criteria and findings available on the Statement. Page 1 of 1

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Opinion Statement

Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: China Life Insurance Co., Ltd. 中國人壽保險股份有限公司
 3-4-5-6-7F, 臺灣
 No. 135, Dunhua N. Rd., 台北市
 Songshan Dist., 松山區
 Taipei City 105-106 南京路135號
 Taiwan 105405

Holds Statement No: GHGEV 785486

Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with the China Life Insurance Co., Ltd. for the period from 2022-01-01 to 2022-12-31 was verified, including direct greenhouse gas emissions 2,115,731 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from purchased energy 7,039,829 tonnes of CO₂ equivalent.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor used for electricity for the year 2022 is not published by Taiwan government so far, the emission factor used for electricity is 0.589 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emissions estimation.

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

For and on behalf of BSI: *[Signature]*
 Managing Director BSI Taiwan, Peter Pu

Originally issued: 2023-04-24 Latest Issue: 2023-04-24 Page: 1 of 4

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This Statement is not valid without the full verification scope, objectives, criteria and findings available on the Statement.

Statement TW23/00116GG

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2022 of

KGI Bank

No. 135, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan

has been verified in accordance with ISO 14064-3:2006 as meeting the requirements of

ISO 14064-1:2018

Direct emissions: 245,4663 tonnes of CO₂e
 Indirect emissions: 8,429,9433 tonnes of CO₂e
 Direct emissions and indirect emissions: 8,675,410 tonnes of CO₂e

Authorized by: *[Signature]*

Stephen Pao
 Knowledge Deputy General Manager
 Date: 28 April 2023
 Version 1

TOP56A-15-6 2207
 SGS Taiwan Ltd.
 No. 136-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District, New Taipei City 24503, Taiwan
 T (02) 22993279 F (02) 22994953 www.sgs.com

This Statement is not valid without the full verification scope, objectives, criteria and findings available on the Statement. Page 1 of 9

Statement TW23/00178GG

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2022 of

KGI Securities

No. 700, Mingshui Road, Zhongshan Dist., Taipei City 100, Taiwan (R.O.C.)

has been verified in accordance with ISO 14064-3:2006 as meeting the requirements of

ISO 14064-1:2018

Direct emissions: 542,3888 tonnes of CO₂e
 Indirect emissions: 11,379,9954 tonnes of CO₂e
 Direct emissions and indirect emissions: 11,921,484 tonnes of CO₂e

Authorized by: *[Signature]*

Stephen Pao
 Knowledge Deputy General Manager
 Date: 25 May 2023
 Version 1

TOP56A-15-6 2207
 SGS Taiwan Ltd.
 No. 136-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District, New Taipei City 24503, Taiwan
 T (02) 22993279 F (02) 22994953 www.sgs.com

This Statement is not valid without the full verification scope, objectives, criteria and findings available on the Statement. Page 1 of 13

Statement TW23/00177GG

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2022 of

KGI Futures

13F, No. 2, Sec. 1, Changong S. Rd., Zhongzheng Dist., Taipei City 106, Taiwan (R.O.C.)

has been verified in accordance with ISO 14064-3:2006 as meeting the requirements of

ISO 14064-1:2018

Direct emissions: 41,5608 tonnes of CO₂e
 Indirect emissions: 653,4399 tonnes of CO₂e
 Direct emissions and indirect emissions: 694,947 tonnes of CO₂e

Authorized by: *[Signature]*

Stephen Pao
 Knowledge Deputy General Manager
 Date: 25 May 2023
 Version 1

TOP56A-15-6 2207
 SGS Taiwan Ltd.
 No. 136-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District, New Taipei City 24503, Taiwan
 T (02) 22993279 F (02) 22994953 www.sgs.com

This Statement is not valid without the full verification scope, objectives, criteria and findings available on the Statement. Page 1 of 4

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Certificate of Registration

OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM - ISO 45001:2018

This is to certify that: KGI Securities Co., Ltd. 凱基證券股份有限公司
 KGI Futures Co., Ltd. 凱基期貨股份有限公司
 No. 700, Mingshui Rd., 臺灣
 Zhongshan Dist., 中區
 Taipei City 104451 南京路700號
 Taiwan 104451

Holds Certificate No: **OHS 745145**
 and operates an Occupational Health and Safety Management System which complies with the requirements of ISO 45001:2018 for the following scope:
 提供證券及期貨之金融服務。
 提供證券及期貨之金融服務。

For and on behalf of BSI: *[Signature]*
 Chris Chung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2021-05-19 Effective Date: 2021-05-19
 Latest Revision Date: 2021-06-04 Expiry Date: 2024-05-18

Page: 1 of 2

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Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2013

This is to certify that: China Development Financial Holding Corporation (Building D) 8F, No. 19-3, Sanzhong Rd., Nangang Dist., Taipei City 115601, Taiwan

Holds Certificate No: **IS 720679**
 and operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2013 for the following scope:
 The provision of (1) development, operation and maintenance of information system, network and server room management and other supporting activities for China Development Financial Holding Corporation within IT Department; (2) management of related information security activities for China Development Financial Holding Corporation within Information Security Department.
 This is in accordance with the Statement of Applicability dated 23 September 2022.

For and on behalf of BSI: *[Signature]*
 Michael Lam - Managing Director Assurance, APAC

Original Registration Date: 2019-12-19 Effective Date: 2022-12-19
 Latest Revision Date: 2022-11-07 Expiry Date: 2025-12-18

Page: 1 of 2

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