



中華開發金控
CHINA DEVELOPMENT FINANCIAL

2023

ESG REPORT

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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 14th ESG Report of the Company, which discloses the sustainability performance from January 1 to December 31, 2023.

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
KGI Life Insurance Co., Ltd.	KGI Life, KGIL
KGI Sercuruties Investment Trust	KGI SITE
China Development Foundation	CDF Foundation
KGI Charity Foundation	KGI Foundation

Note:
1. The environmental data in this report includes all offices in Taiwan and KGI Life Beijing Representative Office, and the KGI Securities Hong Kong and Singapore Branches.
2. 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").
3. 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)
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	
Internal Review	CDF follows the requirement of "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" 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 working groups under the Sustainability Committee. After submission to the Sustainability Committee, it received approval from the Board of Directors on July 19, 2024, and was subsequently disclosed and reported externally.	
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.	
Data Dimension	Certification Authority	Standards
Sustainability	Ernst & Young Global Limited (EY)	TWSAE No. 3000 of "Non-Historic Financial Information Audit or Approved Assurance Case" promulgated by Accounting Research and Development Foundation of the Republic of China
Finance	Deloitte & Touche (Deloitte)	International Financial Reporting Standards (IFRS)
Environmemt	British Standards Institution (BSI) SGS Taiwan Ltd. (SGS)	<ul style="list-style-type: none">ISO 14001: 2015 EMS International CertificationISO 14064-1: 2018 GHG Inventory StandardsISO 50001: 2018 Energy Management SystemISO 27001 Information Security StandardsISO 45001: 2018 Occupational Health and Safety Management System
Information Security	British Standards Institution (BSI)	ISO 27001: 2013 Information Security 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	The employee-related statistical data for this year has been adjusted due to variations in the calculation methods used in labor contracts, resulting in discrepancies from the data of the last year. Please refer to the notes in each table of Chapter 4 for details of specific adjustments.
Chapter 5 Low-Carbon Economy	The scope of the GHG inventory has been expanded to include the KGI Life Insurance communication offices in Taiwan, Beijing Representative Office, and the KGI Securities Hong Kong and Singapore Branches.

Contact Information



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

Chairman's Message

Promoting green finance and outlining the blueprint for low-carbon transformation

2023 was the hottest year on record. According to the "Annual 2023 Global Climate Report" released by the National Oceanic and Atmospheric Administration (NOAA), it surpassed all previous years since global records began in 1850, with an average temperature 0.15 degrees higher than the previous record set in 2016. This makes it the hottest year in human history.

In addition to climate change, inflation, and regional conflicts, there was also a global escalation in 2023. Subsidiaries of CDF are dedicated to expanding its business and promoting sustainable development. Despite unfavorable external conditions, the Group's earnings per share after tax reached NT\$1.13, showing a year-on-year growth rate of 16%. ROE also rebounded to approximately 8.0%. For four consecutive years, the Group has been included in both the DJSI World and the DJSI Emerging Markets. It ranks third globally and second in Taiwan within the insurance industry category in terms of overall score. Moreover, CDF has been recognized as one of the top 5% in the S&P Sustainability Yearbook Industries. Additionally, CDF has been the constituent of the FTSE4Good Emerging Market Index and FTSE4Good TIP Taiwan ESG Index for seven consecutive years.

CDF has always been dedicated to promoting sustainable development, with ESG deeply embedded in the company's culture. In terms of governance, there may still be market volatility in the next two years. The long-term credit rating and short-term rating for CDF by Taiwan Ratings are "twAA-" and "twA-1+" respectively, and the rating outlook is "stable". This rating continues to validate the Group's strong capital position. Additionally, we are constantly selected the constituent of TWSE Corporate Governance 100 Index by TWSE, TWSE RAFI® Taiwan High Compensation 100 Index, and TWSE RA Taiwan Employment Creation 99 Index, exhibiting CDF's achievement in corporate governance, employee care, talent appeal, and retention.

With regard to the environmental aspect, 2050 Net-Zero Carbon Emission has become a global goal in the fight against climate change. CDF is committed to achieving "carbon neutrality in its operations" by 2030 and "Total Portfolio Net-Zero Carbon Emission" by 2045. This makes it the first financial holding company in Taiwan to commit to achieving net-zero goals five years ahead of schedule. To achieve this, CDF has completed the second phase of green electricity adoption and supplied by 2023. Additionally, in November 2023, CDF hosted the ESG Green Impact Forum with Business Today. The Forum focused on how companies can implement green transformation and create sustainable and innovative business models in the face of climate change risks. To leverage its financial influence, CDF utilizes the "IMPACT - Impact Strategy" in collaboration with its subsidiaries. This strategy involves implementing green finance through Green Investment (I), Risk Management (M), Green Financial Products (P), Green Cross-industry Alliance (A), Sustainability-related Fundraising Consultancy (C), and Green Transition (T). In 2023, CDF's property invested a total of NT\$143.8 billion in six core strategic industries, with over 60% of the investment allocated to the green electricity and renewable energy sectors.

With regard to social aspects, CDF has been promoting the development of sustainable society to create positive and profound social influence. Recognizing the severe challenges faced by over 300 local towns and villages in Taiwan in recent years, including population outflow, an aging population, and declining birth rates, CDF launched the "Inclusion Program" in 2021. Through deep engagement with local communities and the provision of corporate resources, CDF also leverages the innovative capacity of social enterprises to assist in establishing sustainable support systems at the local level. This initiative aims to reduce the urban-rural gap and achieve the 7 SDGs of the United Nations. The "Inclusion Program" drives CDF and its colleagues to enter towns and villages, where they assist local revitalization teams in promoting support systems for vulnerable education, elderly care, and environmental symbiosis. By attracting human traffic, it also increases the income of regional revitalization teams and industries. In 2023, the Group's employees actively engaged in volunteer services in towns and villages throughout northern, central, and southern Taiwan, contributing a total of 102,238 volunteer hours for the year. This represents a growth of over 130% and sets a new record high. By integrating the resources of the Group, social enterprises, and regional revitalization teams, CDF will continue to promote the sustainable ecosystem of regional revitalization and become a solid support for sustainable development in Taiwan.

CDF eventually showed its performance in the promotion of sustainable development by entering the "Climate Leadership Award in the Taiwan Corporate Sustainability Awards (TCSA)," "TCSA - Talent Development Leadership Award" in 2023, and won the special award in Climate Change Leadership A- of Carbon Disclosure Project (CDP).

Looking ahead, CDF adheres to the "Five Sustainable Strategies": Corporate Governance, Intelligent Finance, Elite Talent Development, Low-Carbon Economy, and Co-Creation of Society. We are committed to enhancing corporate resilience in order to effectively address emerging challenges. Our annual ESG Report serves as a platform for sharing the progress and achievements of our various sustainability initiatives with our diverse stakeholders. We would like to express our sincere gratitude to our customers, employees, shareholders, and partners for their continuous support and encouragement. Moving forward, CDF will remain responsive to the changing times by implementing robust governance, environmental, and societal mechanisms. We will focus on executing our core strategies, ensuring long-term and steady development, and delivering more sustainable and inclusive financial products and services to our customers, shareholders, environment, and society at large.



Chairman 王銘陽

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2023 ESG Performance

Constituent of DJSI - World Index and DJSI - Emerging Markets Index for 4 consecutive years. The overall score is ranked the 3rd place in the global insurance industry and the 2nd place in the insurance industry in Taiwan. Recognized as the top 5% in S&P Sustainability Yearbook Industries.

Constituent of FTSE4Good Emerging Market Index and FTSE4Good TIP Taiwan ESG Index for 7 consecutive years.



Environmental

- ◆ Won the special award in Climate Change Leadership A- of Carbon Disclosure Project (CDP).
- ◆ Completed the CDF Group's Phase I green electricity implementation in 2023, procuring and using 5 GWh.
- ◆ Issuance of the 2022 TCFD Report and obtaining third-party assurance.
- ◆ Participated in the inaugural carbon emission trading on the Taiwan Carbon Solution Exchange by purchasing 3,000 metric tons of carbon credits.



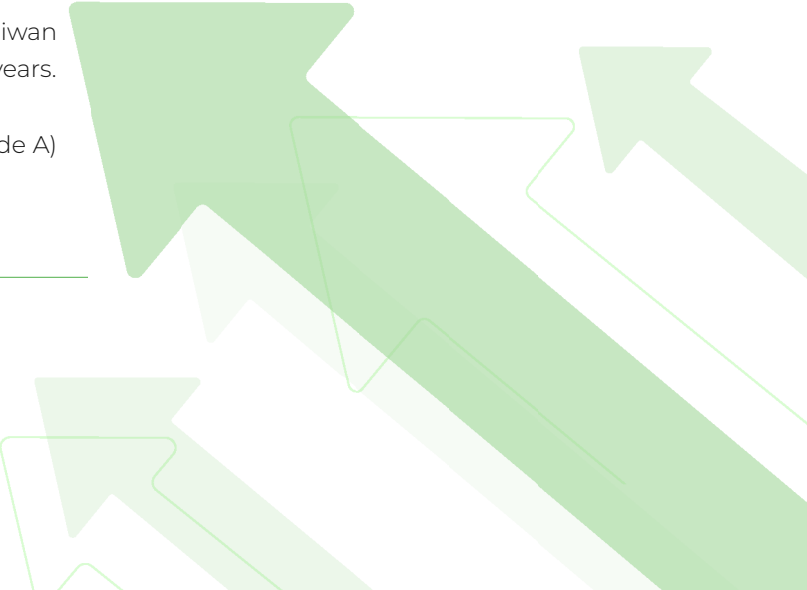
Social

- ◆ Won the "Taiwan Corporate Sustainability Awards" - Talent Development Leadership Award.
- ◆ Won the first prize of "Buying Power Social Innovation Products and Services Procurement Incentive Mechanism" held by the Ministry of Economic Affairs in 2023.
- ◆ The Regional Revitalization & Placemaking activity has been honored with the special award of the 2023 PwC's Sustainability Impact Awards.



Governance

- ◆ Constituent of TWSE Corporate Governance 100 Index by TWSE for 9 consecutive years, TWSE RAFI® Taiwan High Compensation 100 Index, and TWSE RA Taiwan Employment Creation 99 Index for 9 consecutive years.
- ◆ Won the "Taiwan Corporate Sustainability Awards (TCSA)" - Climate Leadership Award
- ◆ 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. Alan Wang, and the President and CEO is Mr. Paul Yang. Our shareholders are more than 820,000 shareholders. Our total consolidated assets are NT\$3.6 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 KGI Life Insurance as a wholly owned subsidiary of CDF through public acquisitions, cash and stock exchange in 2021. In July 2022, KGI SITE became one of the Subsidiaries. After then, we can provide sustainable financial solutions for stakeholders through life insurance, commercial bank, securities, investment trust, 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

Neither the top ten shareholders nor government institutions hold more than 5% of shares. (Please refer to 4.1.2 of CDF 2023 Annual Report).

Top 10 Shareholders in Shareholding Percentage	
Shareholder	Shareholding Ratio (%)
Bank of Taiwan	1.7
Norges Bank	1.35
Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Funds	1.25
Shin Wen Investment Co., Ltd	2.85
Videoland Inc.	0.89
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	1.29
Labor Pension Fund	1.65
iShares Core MSCI Emerging Markets ETF	0.84
Jing Hui Investment Co., Ltd.	1.07

Note: Base date is April 16, 2024

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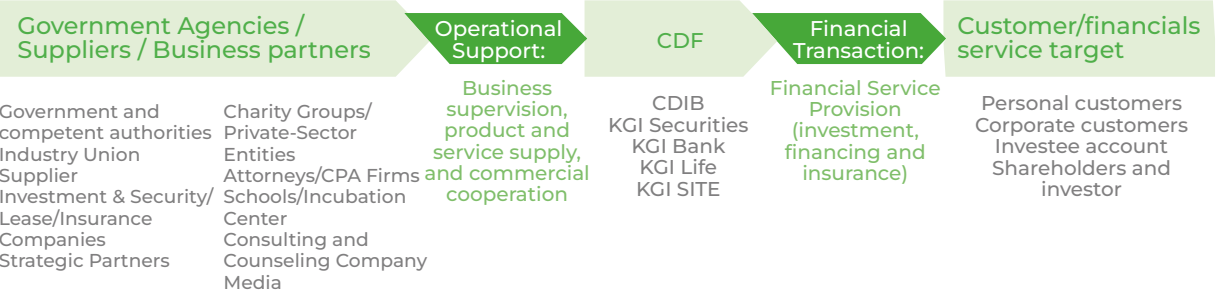
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Partners



Operating Performance

2023 Operating Performance of Subsidiaries			
Subsidiaries	2023 Key Operating Performance	Major Business	FY 2023 net income (TWD)
KGI Life	<ol style="list-style-type: none">The net worth increased by 39% yoy, reaching NT\$148.33bn in 2023Focused on high-value products; VNB margin up to 35.5% from 30.5% of the previous yearMaintain prudent investment management in a volatile market; Pre-hedging recurring yield up 11bps yoy to 3.86% in 2023	Commercial banking services such as deposit and lending, credit card, wealth management, consumer finance, corporate finance, financial transactions and foreign exchange	10,177,552
KGI Bank	<ol style="list-style-type: none">Annualized ROE of 8.26%; Wealth management income grew by 33%SME and personal loans grew 13% and 21% YoY in 2023SuYin KGI Consumer Finance's profits rose 143% YoY to RMB 389mn in 2023; post the capital injection, KGIB's stake has risen to 37.6%	Brokerage, wealth management, proprietary trading, underwriting, bonds, various derivatives and other securities businesses.	5,395,331
KGI Securities	<ol style="list-style-type: none">FY 2023 net income increased by 102% YoY, and overseas contribution increased to 14.6% from 11.3%Number 1 in ECM and DCM; brokerage market share increased from 10.4% to 11.1%Customer AUM up 31% YoY to NT\$443bn as of the end of 2023	Venture capital, equity investment and asset management businesses.	7,343,512 (Net income of asset management : 86,941)
CDIB Capital	<ol style="list-style-type: none">Annualized ROE of 7.6%Formed new partnerships for five new industrial funds or public utility project funds, expecting to increase our fee-paying AUM by NT\$19.6bnSelected 10 potential teams to pledge matching fund on NDC's Regional Revitalization Initiative to support micro and small businesses to energize local economies	Various businesses of life insurance, and used funds in line with laws and regulation.	2,155,387

Financial Performance

CDF net profit after tax for 2023 reached NT\$ 18.94 billion, with EPS of NT\$1.13.

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 Summary		Unit: NT\$ thousands;		
		2021	2022	2023
Total consolidated assets		3,458,639,948	3,537,148,350	3,648,212,053
Total consolidated liabilities		3,165,529,196	3,328,362,974	3,385,261,417
Consolidated shareholder equity		293,110,752	208,785,376	262,950,636
Consolidated net profit		192,278,170	95,317,153	39,552,047
Consolidated net profit after tax		47,099,475	16,389,187	18,948,119
Profitability	Consolidated ROA (%)	1.37	0.47	0.53
	Consolidated ROE (%)	15.05	6.53	8.03
	Consolidated net profit margin (%)	24.50	17.10	47.90
	EPS after tax (NT\$)	2.34	0.98	1.13
Retained economic value		28,165,358	2,234,340	19,775,079

Note:
1. Please refer to CDF 2023 Annual Report for details.
2.Economic value retained: 'direct economic value generated' less 'economic value distributed'. Direct economic value generated: revenues; Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments.

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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.

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1.1 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 Strategies			
Strategy	Implication	Action Plan	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 BODFulfill ethical management and embed in corporate cultureImprove risk management framework with emerging risks and assist subsidiaries in the adjustment planning of risk controls and mitigations	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 decision-making, and negotiate with investment and financing clientsFocus on "Digitalization, Mobility, and Cloud"industries. Strengthen the connection of international resources, and support local startup teams to go global.	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.	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	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.	1.1-1.4, 2.1-2.2, 4.5, 10.2-10.5, 17.16, 17.17

CDF promotes positive impacts on the economy, environment, and society, while also preventing negative impacts through its five sustainability strategies. Please refer to the respective chapters for more information on the measures and achievements related to each strategy.

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1.2 Sustainability Issue Management

1.2.1 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 2023, 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 industry to review and identify CDF's 8 major stakeholders (including shareholders and investors, employees, clients, community, investees, suppliers, government and competent authority, and media), and distributed questionnaires to internal and external stakeholders to gather their topics of concern and incorporate them into its sustainable development considerations.

2023 Communication with 8 Major Stakeholders					
Stakeholder	Purpose and Importance of Communication	Focus Topics	Communication Channel and Frequency		Communication Performance
 Shareholders / Investors	The support of shareholders and investors enhances the corporate value of the Company	<ul style="list-style-type: none">Corporate governance and ethical managementBusiness continuityMaintain shareholders' equityESG risks and opportunities in investment and financingUpgrade financial inclusion	<ul style="list-style-type: none">Irregular news releases / material information: timely disclosure / announcement via media in real-time / Market Observation Post System (MOPS) / announcement of important informationAnnual Shareholders' MeetingQuarterly domestic and international institutional investor conference, irregular analyst visits, conference calls, and forumsShareholder services and investor relations contact persons Tel.: +886 2 2763 8800 #1508 Email: ir@cdibh.com		<ul style="list-style-type: none">498 material information and announcements in Chinese and English1 shareholders' meeting to publish annual reportHeld 4 institutional investor conferences and participated in 3 external institutional investor conferences54 visits of corporate analysts and conference callsRegular communication through the contact personsCommunicated with foreign investors through online institutional investors and annual report in English
 Employees	Effective employee communication can enhance employee engagement and contribute to the goal of becoming the employer of choice for talent sustainability	<ul style="list-style-type: none">Customer private and personal data protectionCorporate governance and ethical managementOptimize service quality and customer relation managementCompetitive compensation and welfare	<ul style="list-style-type: none">Regularly conduct employee engagement surveys (once a year using online surveys, email, and meetings)Regular and irregular announcements and communications related to human resources policies / guidelines / practices / various employee activities (regular announcements have different frequencies depending on the theme and are communicated via email, internal website, or information sessions)Regular and irregular labor-management meeting / labor union communication (regular meetings held once every quarter, meeting) Human Resources Dept. Tel.: +886 2 2763 8800 Email: hr@cdibh.com		<ul style="list-style-type: none">Employee engagement survey: 42 emails and 2 meetings were conducted for communication purposes.Human resources policies / guidelines / practices / employee activities: 732 regular and irregular announcements and communicationsLabor-management meeting / labor union communication: 42 regular and irregular communication meetings were organized by the Group's related companies
 Customers	Customer support and trust contribute to the Company's revenue growth	<ul style="list-style-type: none">Customer private and personal data protectionCorporate governance and ethical managementRisk managementOptimize service quality and customer relation managementUpgrade service convenience through digital finance	<ul style="list-style-type: none">Irregular advertisement and social media24-hour service hotline, complaint hotline and website visitor message boardIrregular customer satisfaction surveyIrregular financial management workshops and seminars		<ul style="list-style-type: none">Facebook fans: KGI Bank has 114,000, experiencing a 29.5% increase in post reach. KGI Securities has 36,000 and has made a total of 359 posts. KGI Life Insurance has 43,000 and has seen a 25% increase in post reachLINE friends: 50,000 (+14%) of KGI Bank, 1,280,000 (+1.6%) of KGI SecuritiesCustomer satisfaction: 97.15% for KGI Bank. KGI Life Insurance telephone service satisfaction survey has an average score of 4 or above, reaching 99.2%. KGI Securities has a problem resolution rate from the first contact of 99.5%.Held 22 anti-fraud advocacy meetings, and 3,073 financial management workshops and seminars
			<div>KGI Bank Tel.: +886 2 2232 1296, 0800 255 777 Website: https://www.kgibank.com/</div>	<div>KGI Securities Tel.: +886 2 2389 0088 Website: https://www.kgi.com.tw/zh-tw</div>	
 Communities	Good relations with community can help increase the number of customers and enhance brand image	<ul style="list-style-type: none">Customer private and personal data protectionCorporate governance and ethical managementESG risks and opportunities in investment and financingOptimize service quality and customer relation managementUpgrade service convenience through digital finance	<ul style="list-style-type: none">Irregular forums and seminars organized by private associations and academic institutionsAll subsidiaries, CDF Foundation and KGI Charity Foundation serve as the contact channel to communicate with related community groups: Group Marketing Office Tel.: +886 2 2763 8800 Email: service.cdfh@cdibh.com		<ul style="list-style-type: none">The total number of volunteer hours is 102,238114 free online and offline lectures on innovation and entrepreneurship, with 1,948 persons involvedAnnual Public Welfare Day invites a total of 35 partner organizations

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2023 Communication with 8 Major Stakeholders				
Stakeholder	Purpose and Importance of Communication	Focus Topics	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">Customer private and personal data protectionCorporate governance and ethical managementMaintain shareholders' equityESG risks and opportunities in investment and financing	<ul style="list-style-type: none">Irregular participation in investee Shareholders' Meeting and Board of DirectorsIrregular roadshow to share with investeesIrregular visits to investeesSet up investee mailbox Finance Dept. Tel.: +886 2 2763 8800 Email: ir@cdibh.com	<ul style="list-style-type: none">KGI Life Insurance issues monthly investment reports that review the performance and operational status of invested companies. These reports are then submitted for review by senior executives. The monthly attention rate of the invested companies is 100%.KGI Life Insurance actively participates in Shareholders' Meetings of both domestic listed and OTC companies, ensuring a 100% participation rate within the legal framework.CDIB Capital Group attended a total of 136 Shareholders' Meetings of investee companies in person in 2023.CDIB Capital Group held 12 one-day startup Board of Directors
 Suppliers	Suppliers provide safe and environmentally friendly raw materials to assist CDF in stable operation	<ul style="list-style-type: none">Customer private and personal data protectionCorporate governance and ethical managementBusiness continuityOptimize service quality and customer relation managementUpgrade service convenience through digital finance	<ul style="list-style-type: none">Signing the "Letter of Undertaking regarding Sustainability for Suppliers"Irregular pre-bidding briefingIrregular supplier audit, evaluation, self-assessment, education and training, and distinguished supplier recognitionEstablish procurement mailbox and hotlineIrregular participate in the green procurement projects from time to time Operations and Corporate Services Dept. Mailbox Tel.: +886 2 2763 8800 Email: procurement@cdibh.com	<ul style="list-style-type: none">100% of major suppliers signed the "Letter of Undertaking regarding Sustainability for Suppliers" and the "Statement of Use of Personal Information"Held pre-bidding briefingsIrregularly conducted supplier audits, supplier evaluations, and supplier self-assessmentsConducted 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 competent authority policies have direct impact on the direction of our operation	<ul style="list-style-type: none">Corporate governance and ethical managementRisk managementUpgrade service convenience through digital financeUpgrade financial inclusionESG risks and opportunities in investment and financing	<ul style="list-style-type: none">Irregular participate in policy discussions and forumsIrregular visit the competent authoritySet up mailbox for government and competent authorities Compliance Dept. Tel.: +886 2 2763 8800 Email: cdf_cpl@cdibh.com	<ul style="list-style-type: none">Participated in discussions and forums from time to timeTop 6% to 20% in Corporate Governance EvaluationResponded to unscheduled audit to provide real-time information
 Media	Convey important information and performance through the media	<ul style="list-style-type: none">Risk managementCustomer private and personal data protectionUpgrade service convenience through digital financeSupply Co-Prosperity Sustainable Development	<ul style="list-style-type: none">Irregular press releaseIrregular press conferenceSetting up the media service mailbox Group Marketing Office Tel.: +886 2 2763 8800 Email: service.cdfh@cdibh.com	<ul style="list-style-type: none">333 regular press releasesHeld 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 identification of material topics annually. In 2022, the latest GRI standards was introduced to categorize sustainability issues into positive and negative impacts. Comprehensive assessments of the "degree of impact" and "likelihood of occurrence" of positive/negative impacts were conducted through internal questionnaire surveys. In 2023, further assessment questionnaire records were conducted for internal and external stakeholders. The Sustainability Committee distributed questionnaires to the eight major stakeholders through its six working groups. The questionnaire responses were considered to adjust the levels of positive and negative impact in 2022. This resulted in the final 2023 material topics impact matrix and ranking, which were submitted to the board-level Sustainability Committee for review and approval.

Analysis Procedures	Description	Consideration by Stakeholder and Expert Opinions
Defining impact	CDF adopts the 19 sustainability issues identified in 2022 as the basis and takes into consideration the industry material topics listed by SASB, DJSI, and other dimensions of international sustainability ratings. It also takes into consideration domestic regulations and trends, as well as the findings of internal due diligence investigations, to define 12 negative impacts and 12 positive impacts.	Based on the 2021 survey of the eight major stakeholders, the six working groups of the 2023 Sustainability Committee have reviewed and confirmed the following major stakeholders: Investors and shareholders, employees, clients, community, investees, suppliers, government and competent authorities, and media.
Stakeholder survey	The Sustainability Committee distributed questionnaires to the eight major stakeholders through its six working groups. The identification results of the impact of sustainability issues by both internal and external stakeholders were considered when adjusting the material topics.	

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Analysis Procedures	Description	Consideration by Stakeholder and Expert Opinions
Assessing impact and prioritizing materiality	<p>In 2022, the 20 departments within CDF assessed and calculated two axes of "degree of impact" and "likelihood of occurrence" of 24 positive/negative impacts, and also took into account both physical and potential impacts as factors to generate the negative/positive material impact issue matrix.</p> <ul style="list-style-type: none">Degree of impact: We comprehensively evaluated the objects and significance of the impact generated by such issues, and if such impact could be mitigated or remedied by the management measures. Meanwhile, the negative impacts are incorporated in the adjustment factors. When the degree of impact was high, and even if the likelihood of occurrence was low, the materiality of the topic should still be adjusted. Positive impact was conducted comprehensive evaluation depending on the scale and scope of impact influence and likelihood of occurrence.Likelihood of occurrence: We took consideration of the number and frequency level of such impact generated in the past for comprehensive evaluation. <p>In 2023, CDF further conducted a materiality assessment of 24 positive/negative impacts by distributing questionnaires to both internal and external stakeholders.</p>	
Prioritizing and adjustment assessment results	After carefully considering the positive and negative impacts of stakeholders in 2023, we have adjusted the materiality priority of sustainability issues. The 19 material issues have been categorized into three levels: key, secondary, and other topics. We have also updated the 2023 materiality matrix and the ranking of material topics.	
Reporting and disclosing content	The material topics result was submitted to the Sustainability Committee for review and approval in March 2024. The ESG Report is compiled based on these material topics and discloses the strategies, targets, and implementation status of the sustainable development plan, which is regularly reported to the Sustainability Committee and the Board of Directors for performance monitoring.	

● Evaluation of Impact from Sustainability Issues

After evaluating the positive and negative impacts, the result analysis has been narrowed down to material topics with 9 key topics, 6 secondary topics and 4 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:

Material Topics		Negative Impact	Positive Impact
Key Topics (9 topics)	Corporate governance and ethical management	Corruption and bribery	-
	Risk management	Material risk incident	-
	Business continuity	Operation interruption or threat	-
	Optimize service quality and customer relation management	Customer complaint and dispute incident	Optimize service quality and maintain customer relation
	Customer private and personal data protection	Corporate and customer data leak	-
	ESG risk and opportunities in investment and financing	Environmental and social adverse impact caused by investment and finance	Implementation of sustainable finance
	Upgrade service convenience through digital finance	-	Upgrade service convenience through digital finance
	Upgrade financial inclusion	-	Upgrade financial inclusion
	Competitive compensation and welfare	-	Competitive compensation and welfare
Secondary Topics (6 topics)	Labor protection and workplace inclusion and equality	Infringement of workplace human right	Labor protection and workplace inclusion and equality
	Workplace safety and health	Occupation disaster and employee health damage	Promote health in workplace
	Management of influence caused by social changes	Adverse impact of social change incident	-
	Maintain shareholders' equity	-	Maintain shareholders' equity
	Social Participation and Supporting Disadvantaged Groups	-	Social Participation and Supporting Disadvantaged Groups
	Employment and training for diversity of talents	-	Employment and training for diversity of talents
Other topics (4 topics)	Climate Opportunities and Risks	Climate Risk Impact	Climate Opportunities and Business Potential
	Energy and resource consumption	Energy and resource consumption	-
	Waste management	Improper waste management	-
	Supply Co-Prosperity Sustainable Development	-	Supply Co-Prosperity Sustainable Development

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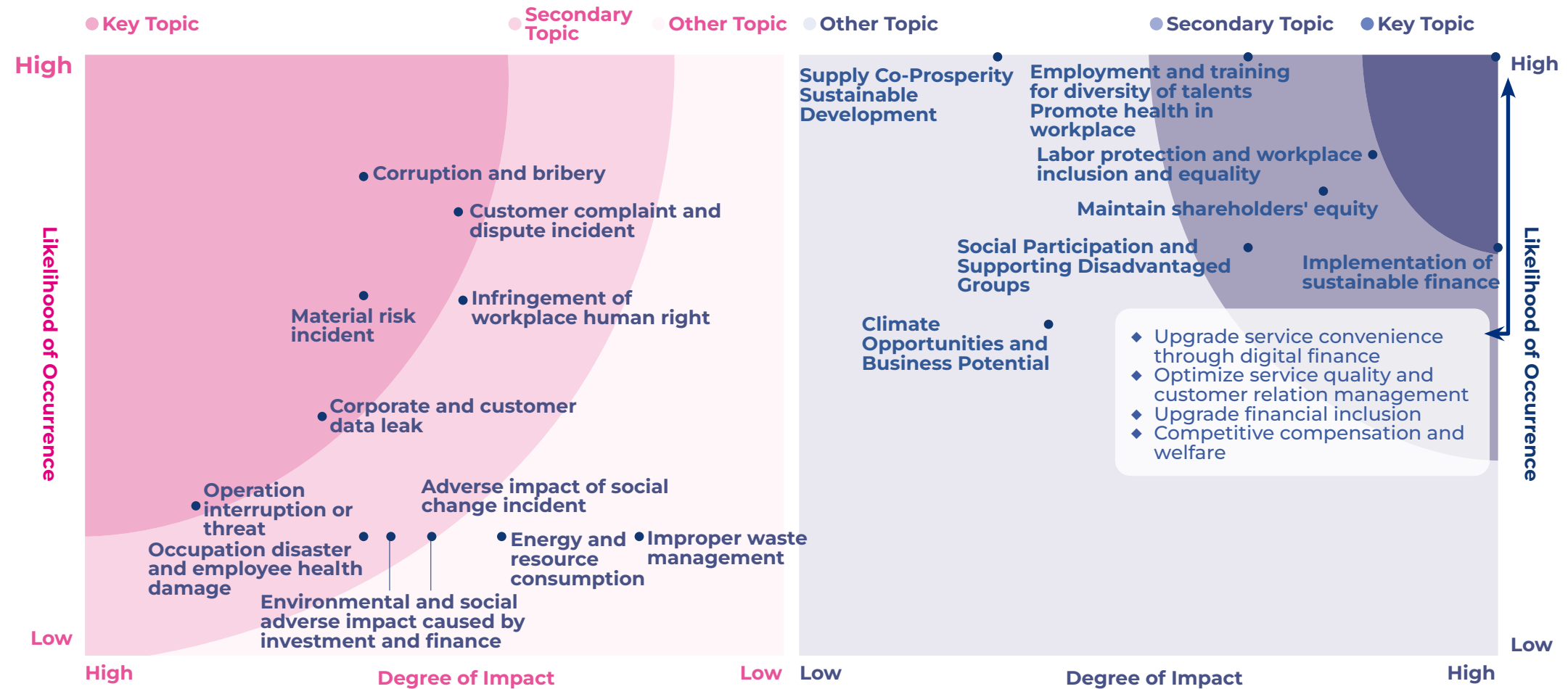
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● Material (ESG) Topics Matrix (Integration of Positive/Negative Impact)



● Sustainability Issue Adjustment

Based on the 19 material topics identified in 2022, incorporating diverse stakeholder perspectives in 2023, and considering stakeholders' positive/negative impact assessments on CDF across these material topics, the ranking of the 19 material topics has been adjusted. "ESG risks and opportunities in investment and financing" has been upgraded from a secondary topic to a key topic; "Labor protection and workplace inclusion and equality", "Workplace safety and health", and "Employment and training for diversity of talents" have been downgraded from key topics to secondary topics; and "Energy and resource consumption" has been moved from a secondary topic to a other topic.

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● The Value Chain Management Portion Impacted by Material Topics

To address various key topics, CDF has developed an assessment of the impact range. The assessment is based on international standards and guidelines, and it establishes effective management standards and objectives. It also includes measures to remedy actual impacts and mitigate potential impacts. These measures in each section are elucidated to facilitate stakeholders' understanding. Moving forward, CDF will continuously improve stakeholder engagement by obtaining feedback through appropriate communication channels to assess the effectiveness of its actions.

Key Material Topics	Influence on CDF	Physical / Potential Impact	Description of Impact	Scope of Value Chain for Key Topic Impact		GRI Topics	Corresponding Chapter
				Direct Impact	Impact Caused by Commercial Relation		
 Corporate governance and ethical management	Corporate governance and integrity management is the cornerstone of a robust management mechanism and the path to sustainability. Implementation of this topic can develop comprehensive legal compliance, financial and management mechanisms, improve the efficiency of operations and processes, reduce the risk of penalties, and save operating costs.	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 : Anticorruption 415 : Public policy 417 : Marketing and signs	1.2.2 Membership of Associations and External Initiatives 2.5.1 Framework and Principles of Ethical Corporate Management 2.5.2 Implementation of Ethical Corporate Management 2.5.5 Disclosure of Illegal Incidents
 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 causes material breach or management loss. Customers, shareholders and other stakeholders' rights and interests are infringed.	●	-	201 : Economic Performance	2.2 Risk Management 2.3.4 Climate Risk Management
 Upgrade 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 3.4.3 Quality Services Tailored to Customer Needs
 Customer private 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 to lead the leaks of customer data or enterprise-sensitive data could infringe on the rights and interests of related stakeholders.	●	●	418: Customer Privacy	3.4.2 Customer Privacy and Right Protection
 Business continuity	Under digital development trends, the risk management of internet attack is considerably important for assuring the continuous operation of business	Physical	【Economics / People】 Due to potential risks such as generative AI, network hacking systems, or human accidents, financial services may experience interruptions, financial markets may become unstable, businesses may struggle to secure financing, the general public may face difficulties accessing financial services, and the rights and interests of other stakeholders may be compromised.	●	●	418: Customer Privacy	2.4 Information Security 3.4.2 Customer Privacy and Right Protection
 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. Negative: Failure to effectively implement fair treatment or financial product claim petition mechanism overcomplex, poor service quality, non-transparent product information, reinforced marketing and business discrimination that result in customer complain and consumer disputes, infringing the rights and interests of customers.	●	-	Self-Defined Material Topic	3.4.3 Quality Services Tailored to Customer Needs 3.4.4 Customer Recognition
 ESG risks and opportunities in investment and financing	By engaging in investment and financing activities, funds are directed towards sustainable economic activities and companies, thereby enhancing overall economic resilience.	Physical	【Economics / Environment / People】 Positive: Through financing and investment activities, we can support economic activities that promote human rights, green initiatives, low carbon emissions, and climate adaptation by redirecting funds. This approach helps to reduce environmental issues and minimize resource consumption, ultimately enhancing overall economic resilience.	●	●	Custom Material Topics	3.1 Responsible Investment
 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	3.1.3 Responsible Investment Outcome 3.2.2 Sustainable Insurance Product 3.2 Implementation and practice of responsible banking
 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 401: Labor-Management Relation	4.4.1 Competitive Remuneration System 4.4.2 Employee Benefits that Bring Happiness

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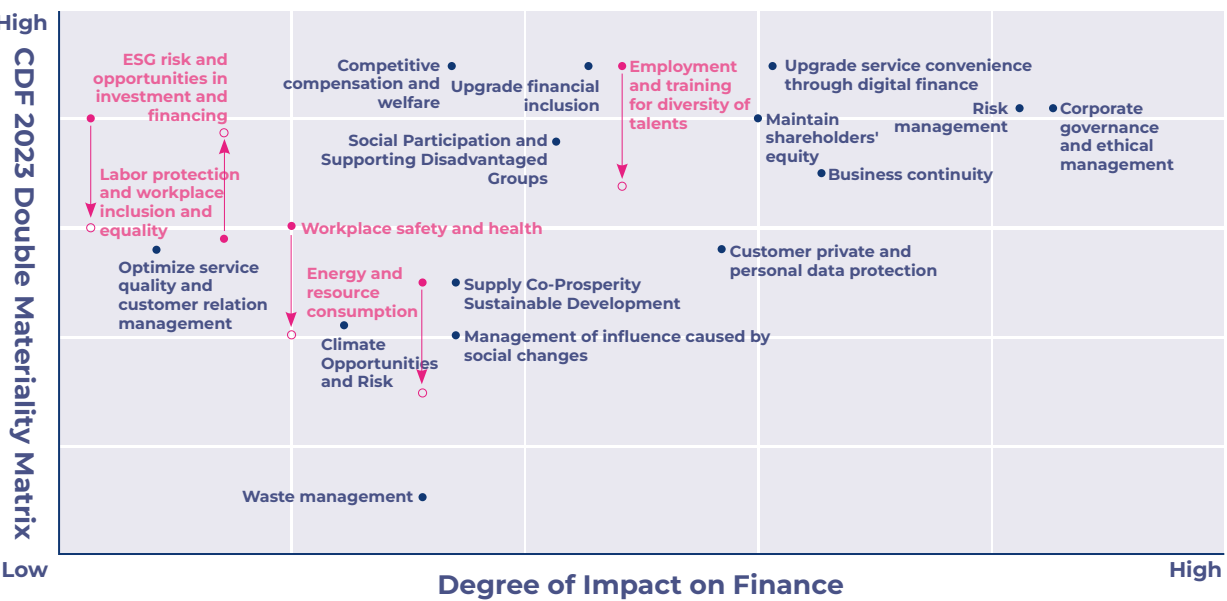
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● ESG Double Materiality Analysis

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.

In addition to double materiality, for material topics of concern to external stakeholders, quantitative value is also calculated through impact assessment analysis. This year, "Climate Opportunities and Risks" and "Upgrade service convenience through digital finance" were evaluated, creating an impact of NTD\$ 2,778.77 million and NTD\$ 1,216 thousand respectively. For detailed impact assessment indicator descriptions, please refer to Chapter 7.4.

● CDF 2023 Double Materialiy Matrix



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

Material Topics	Strategy	Evaluation Mechanism	Long-term targets 2028	Targets linked to executive compensation	2023 Execution
Corporate governance and ethical management	<ul style="list-style-type: none">Establish a culture and awareness of integrity management through regular education and trainingEstablish a clear reporting channel to implement corporate governanceGradually 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 yearsLegal 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">Continuously enhance the performance and functions of the Board of DirectorsRanked Top 5% of Corporate Governance Evaluation and been selected by the DJSI	The proportion of the Corporate Governance Officer's KPIs linked to relevant performance targets is 50%.	<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 mechanismBuild a sound risk management cultureStrengthen TCFD climate risk management mechanismIncorporate 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">Reviewing the midterm milestones for achieving net-zero carbon emission as part of business strategy adjustmentEnhancing the mechanism for digital climate risk management	The proportion of the Chief Risk Officer's KPIs linked to relevant performance targets is 45%.	<ul style="list-style-type: none">Please refer to "2.2 Risk Management"
Upgrade service convenience through 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 ecosystemTarget 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 opinionsConduct performance audit at the annual ESG Committee Customers' Right Group meeting and review plan for the next year.	<ul style="list-style-type: none">Continuing to deepen collaboration within the ecosystem by integrating the bank seamlessly into the customer journey, empowering ecosystem partners to deliver enhanced financial services and create greater customer value.Intelligent customer service is seamlessly integrated into digital touchpoints, offering simulated human assistance.Become the most recommended digital securities leading brand by customers	The proportion of the Chief Digital Officer's KPIs linked to relevant performance targets is 50%.	<ul style="list-style-type: none">Please refer to "3.4.1 Digital Finance"

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1.2.2 Membership of Associations and External Initiatives

To promote social inclusion and assist the government to improve the overall domestic economic environment, CDF participated in 50 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 2023, 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 Emissions

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 April 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 complying with gradual set the goal schedule for lowering and phase-out of coal and unconventional oil and gas of goal-related industries. Moreover, KGI Bank signed and joined the "Partnership for Carbon Accounting Financials (PCAF)" in February 2022, in order to actively introduce the international standards of investment and financing carbon emission management. KGI Securities signed the RE10x10 initiated by Greenpeace in 2023, committing to using renewable energy for more than 10% of Taiwan's total electricity consumption by 2025 and striving to achieve RE100 by 2050, in response to the United Nations Framework Convention on Climate Change's call for energy transition.

CDF ESG Forum Exerting Green Impact

To effectively utilize its financial influence, CDF hosted the "ESG Green Impact Forum" in November 2023. The forum focused on the theme of "Achieving Victory in the Global Sustainability Battle. Corporate Transformation and Innovation." Its objective is to examine how companies can implement green transformation and develop sustainable and innovative business models in the face of climate change risks, ultimately strengthening their global competitiveness.

CDF hosted the "ESG Green Impact Forum", which invited representatives from industry, government, academia, and expert consultants to share insights on future trends and accelerate the transition to a net-zero economy. The forum aimed to create a more resilient and sustainable environment by utilizing the "IMPACT - Impact Strategy", which focuses on Green Investment (I), Risk Management (M), Green Financial Products (P), Green Cross-industry Alliance (A), Sustainability-related Fundraising Consultancy (C), and Green Transition (T). The goal is to collaborate with subsidiaries to implement green finance initiatives.



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Annual Amount Invested for Participation in Trade Associations and Organizations			Unit: NT\$
	2021	2022	2023
Lobbying or interest representation	0	0	0
Local, regional or national political campaigns, organizations, candidates	0	0	0
Chamber of commerce or tax-exempt organization	11,894,659	12,533,477	18,717,526
Elections and referendums or similar	0	0	0
Total	11,894,659	12,533,477	18,717,526
Data Coverage	100%	100%	100%

Participation in Trade Associations and Organizations' Initiatives			Unit: NT\$
Initiative	Engagement	Amount Invested	
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 energy-based power-generation 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.	5,479,601	
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 inter-industry relations, and promote common interests. The Company participated in 5 related associations that advocate protecting investors, and held positions in 1 of them.	1,955,169	

Note: CDIB Capital Group joined the Taiwan Net Zero Emissions Association in 2023. The association's goal is to support businesses in achieving sustainable development in accordance with the United Nations SDGs. It advocates for net-zero emissions, carbon neutrality, responsible consumption and production, maintaining health, environmental preservation, the use of renewable energy, and social welfare. The association's mission is to promote a healthy, secure, and reliable environment.

Expenditure Amount of the Top Three Participating Trade Associations in 2023			Unit: NT\$
Organization	Types	Amount Invested	
The Bankers Association of the Republic of China	Industry/trade association	1,923,001	
Trust Association of R.O.C.	Industry/trade association	1,402,369	
International Swaps and Derivatives Association	Industry/trade association	1,337,120	

Associations Participated and Positions Held in 2023	
Organization	Position
The Bankers Association of the Republic of China ^(Note 1)	CDF is a Director
Life Insurance Association of the Republic of China ^(Note 1)	KGI Life Insurance is Deputy Director and Director
Securities Investment Trust & Consulting Association of the R.O.C. ^(Note 1)	KGI SITE is a Director
China Venture Capital and Private Equity Association (CVCA)	CDIB Capital Group is a Director
Taiwan Mergers & Acquisitions and Private Equity Council ^(Note 1)	CDIB Capital Group is a Director
Taipei Leasing Association, R.O.C.	CDC Finance & Leasing Corporation is a Director
Taiwan Venture Capital Association ^(Note 1)	KGI Venture Capital is a Director
Life Insurance Management Institute of the Republic of China	KGI Life Insurance serves as an Executive Supervisor
Taiwan Stock Affairs Association	CDF is a Director
Society for Financial Governance and Legal Compliance of the Republic of China	KGI Life Insurance is a Director
Taiwan Bio Industry Organization	CDIB Capital Management is a Director
Actuarial Institute of the Republic of China (Taiwan)	KGI Life Insurance is a Director
Taiwan Net Zero Emissions Association ^(Note 2) , Taipei Bills Finance Association ^(Note 2) , Taiwan Insurance Law Association ^(Note 2) , FinTech Space ^(Note 2) , ROC-USA Business Council ^(Note 2) , Chinese National Association of Industry and Commerce, Taiwan ^(Note 2) , Insurance Brokerage Association of Taiwan ^(Note 2) , Chinese International Economic Cooperation Association ^(Note 2) , The Bankers Association of Taipei ^(Note 2) , Monte Jade Science and Technology Association (Taiwan) ^(Note 2) , Trust Association of R.O.C. ^(Note 3) , Taiwan Corporate Governance Association ^(Note 3) , Institute of Financial Law and Crime Prevention ^(Note 3) , Taiwan Securities Association ^(Note 3) , SEMI, CHRMA, Taiwan Industrial Holding Association, Institute for Biotechnology and Medicine Industry, Cross-Strait CEO Summit, American Chamber of Commerce in Taiwan, Taipei Rent-A-Car Association, Securities Analysts Association, Chinese Taipei, 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, LIMRA, CW ESG, Association of Certified Fraud Examiners, Institute of Internal Auditors - Chinese Taiwan, Computer Audit Association, International Swaps and Derivatives Association (ISDA), Taiwan Placemaking Alliance, TDCC	Member

Note:
1. Initiative: Net-zero emissions and carbon neutrality
2. Initiative: Assisting the government in implementing financial policies and regulations
3. Initiative: Protecting investors

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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.



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Key Strategy, Targets and Progress						
Strategy	Objective	2023 Goals	2023 Progress	Short-Term Goals 2024	Mid-Term Goals 2025-2026	Long-Term Goals 2027-2028
Corporate Governance	Strengthen the functions of the Board of Directors	<ul style="list-style-type: none">Strengthen Board of Directors and organization operation efficiency with focus on the full play of Board of Directors functions<ol style="list-style-type: none">The governance and management mechanism of parent company and subsidiary shall comply with the conformity principleBuild the philosophy of sustainable finance into the organization and corporate culture to encourage subsidiaries to set up Sustainability Committee under the Board of DirectorsEstablish pre-communication mechanisms for the Board of Directors and Functional CommitteesAcquire Corporate Governance Evaluation and scores in DJSI:<ol style="list-style-type: none">The average attendance rate of Board members in person remains above 90%Comply with the statutory requirements for director training hoursComplete the internal assessment and external assessment of Board of Directors performanceAccording to the evaluation criteria, the composition of the Board of Directors and their respective functions are disclosedPublicly disclose Corporate Governance of the Compensation Committee's operation as well as resolving proposals	<ul style="list-style-type: none">Strengthen Board of Directors and organization operation efficiency with focus on the full play of Board of Directors functions<ol style="list-style-type: none">Completed the integration of the Corporate Governance structure and regulations between the parent and subsidiary companies. Additionally, Functional Committees have been established and operated within the subsidiary companies, ensuring consistency in accordance with the principle of consistencyThe subsidiaries, KGI Life Insurance, KGI Bank, KGI Securities, and CDIB Capital Group (four major companies of the Group), have all formed Sustainability Committees under the Board of DirectorsFinish the pre-communication mechanisms for the Board of Directors and Functional CommitteesAcquire Corporate Governance Evaluation and scores in DJSI:<ol style="list-style-type: none">The average attendance rate of Board members in person reaches 96%The Directors have completed training hours that exceed the legal requirements. The training courses also include a minimum of 6 hours dedicated to ESG topics.Complete the internal assessment and external assessment of Board of Directors performance, and get good scoresThe composition and diversity of the Board of Directors are disclosed on the official website, annual report, and ESG ReportThe Compensation Committee's agenda and resolutions were voluntarily disclosed in the 2022 annual report	<ul style="list-style-type: none">Enhancing Board of Directors' efficiency and functionality<ol style="list-style-type: none">Continuously enhance the functioning of various Functional Committees and enhance the decision-making quality of the Board of DirectorsEstablish pre-communication mechanisms for the Board of Directors and Functional Committees and enhance Corporate Governance and support Directors in fulfilling their dutiesAn advanced learning and development program has been designed to enhance the capabilities of Directors to provide curriculum content and study hours that surpass the requirements of the competent authorityAcquire scores in Corporate Governance Evaluation and DJSI<ol style="list-style-type: none">The average attendance rate of Board members in person above 90%Directors' training hours and content both exceed the legal requirements.Complete the internal assessment of Board of Directors' performanceDisclose Board of Directors composition and diversification function according to the scoring standardsDisclose the agenda and resolutions of the Nomination and Performance Evaluation Committee in the annual report	<ul style="list-style-type: none">Efforts in advocating Board of Directors 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 stockGradually establish a talent pool for Directors in order to enhance the composition of the Board of Directors and proactively implement a diversification policy	<ul style="list-style-type: none">Continuously enhance the performance and functions of the Board of DirectorsMaintain top 5% of Corporate Governance Evaluation ranking and listing in DJSI composition stocks
		<ul style="list-style-type: none">Establish regulations governing group climate risk managementOptimize climate risk management platform and integrate the group climate information and the carbon reduction trends as well as the follow-up of goal achievementConduct the third-party assurance for the TCFD ReportIntroduce Science Based Targets Initiative and carbon reduction programArrange climate risk management and courses to improve the professional knowledge in company members	<ul style="list-style-type: none">Issued the CDF Climate Risk Management Guidelines in June 2023Completed phase 1 - Standardization and visualization analysis platform for climate carbon emission data in the investment and financing positions of the GroupTCFD Report received a limited assurance report from the accountant in October 2023The Sustainability Committee completed the internal management targets in Q1 2024, following the Science Based Targets Initiative methodologyInviting professional consultants to deliver lectures on topics related to green finance and Net-Zero financeBy leveraging automated engineering to enhance productivity in data consolidation and optimize processes; implementing automated data quality check rules to improve data accuracy	<ul style="list-style-type: none">Continuous development of climate risk management tools and platformsIntroduce Science Based Targets Initiative and carbon reduction program, and pass the Science Based Targets Initiative reviewEstablish a marketplace for risk management data to enhance the effectiveness of risk management in subsidiaries	<ul style="list-style-type: none">Propose and implement climate-related information disclosure in accordance with IFRS S2Introduce sustainability taxonomy and carbon pricing to evaluate customer risks and factors of transactionDevelop professional in climate risk management and plan adequate teamwork	<ul style="list-style-type: none">Reviewing the midterm milestones for achieving Net-Zero Carbon Emission as part of business strategy adjustmentEnhancing the mechanism for digital climate risk management
		<ul style="list-style-type: none">Maintain the validity of the ISO 27001 certificate through third-party verificationHold 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 and review improvement status 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">Maintain the validity of the ISO 27001 certificate through third-party verificationHeld 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 operationScored over 95 on annual external information service security inspections with third-party platformsImplemented 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 completedKGI 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, as well as claims liabilities and self-paid expenses. The relevant evaluation results have been reported to the managementCDF implemented Business Continuous Management System; KGI Life Insurance acquired ISO 22301 international certificationProcessed VIRT related technology transfer and educational training related process. In 2022, VIRT completed 1 case of investigation and processing of information security incidentMonthly disclosure of information security key risk indicator (KRI) and report to the managementOngoing optimization and strengthening of KPI content	<ul style="list-style-type: none">Acquire ISO 27001:2022 new version certificationFrequency of operational continuity drills is once every half a yearScore over 92 on external information service security inspections with third-party platformsImplemented FFIEC's cybersecurity assessment tools (CAT) and methods in line with the Financial Cybersecurity ActionsPrepare budget for information security insuranceImplement the operational continuity management system. Subsidiaries receive ISO 22301 certificationTest 6 or more providers' external information service security on a third-party platformContinuously implement the information security incident notification and response management and evaluate the staff strength of the VIRTContinuously regularly disclosed information security key risk indicators (KRIs)Optimized the annual cybersecurity evaluation and standards for departments and subsidiariesStrengthen cybersecurity requirement in the supplier contractsPromote cybersecurity incident self-reporting action to employeesHold the cybersecurity month campaign and continue establishing peer cybersecurity awareness	<ul style="list-style-type: none">Score over 93 on external information service security inspections with third-party platformsExpand the content of the "cybersecurity assessment"Evaluate expansion of scope of information security insuranceImplement the operational continuity management system. Subsidiaries receive ISO 22301 certificationTest 8 or more providers' external information service security on a third-party platformFormulate supplier cybersecurity evaluation execution method	<ul style="list-style-type: none">Score over 94 on external information service security inspections with third-party platformsTest 10 or more providers' external information service security on a third-party platformApply for supplier cybersecurity evaluation

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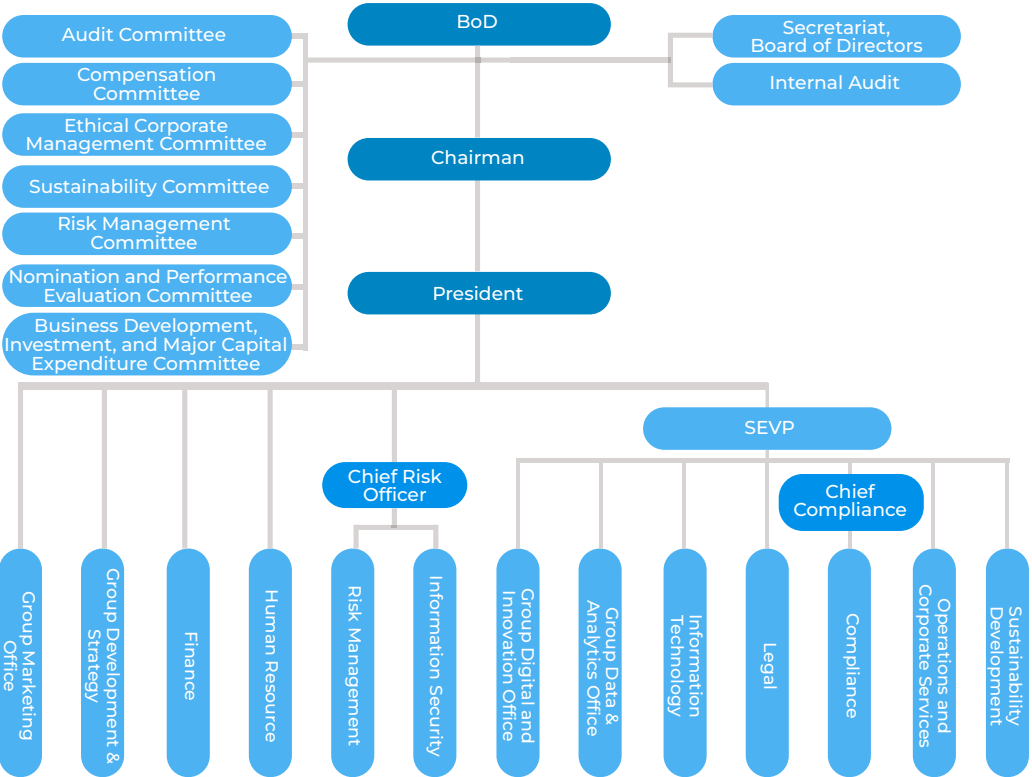
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2.1 Governance Framework

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 "Board of Directors (BOD)", which is responsible for leading and supervising CDF's operations and sustainable development. In order to improve the functions of Board of Directors and decision-making efficiency, the Company has established the Nomination and Performance Evaluation Committee, as well as the Business Development, Investment and Major Capital Expenditure Committee. There are 7 functional committees set up under Board of Directors. On June 30, 2023, the Board of Directors appointed Senior Vice President, Li-Chun Wang as the Corporate Governance Officer to oversee corporate governance-related matters. Additionally, the Company has established the "SOP for responding to requests from Directors" to assist directors in obtaining the information and support they need to perform their duties as directors and to enhance the effectiveness of the Board of Directors.

CDF Corporate Governance Framework



Note 1: Data dated March 31, 2024.

Note 2: The Functional Committee has the following main responsibilities and major regulations as follows:

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 annual financial report and semi-annual financial report.Review of the business report, distribution of earnings, or allocation of lossesMatters 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">Establishing and periodically reviewing the policy, system, standards, and structure of the performance evaluation and compensation of Board Directors (including the Chairman and Vice Chairman) and the managersPeriodically assessing and setting the compensation contents and structure of Board of Directors (including the Chairman and Vice Chairman) and the managersApproving on matters authorized by the Board of Directors	<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.The implementation of the sustainable development plan is submitted to the Board of Directors every year	<ul style="list-style-type: none">Charter of Sustainability CommitteeSustainable Development Guidelines
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 managementFor sources of material risks such as market, credit, operations and insurance, 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 managementResponsible for supervising and establishing the Company's risk management system framework and supervising the implementation of total risk managementRegularly 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">Ethical Corporate Management Committee Articles of incorporationEthical Corporate Management Best Practice PrinciplesCode of Conduct and Ethical GuidelinesRegulations Governing the Handling of Whistleblowing Cases on Illegal, Unethical, or Dishonest Conduct

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Committee	Primary Functions	Composition Rules and Important Regulations
Nomination and Performance Evaluation Committee	<ul style="list-style-type: none">Nominate directors of the CompanyReview the annual performance and nominate the Company's CEO, departmental heads, and Vice President with 15th ranking and seniorityReview and nominate the candidates for the directors and supervisors of the subsidiariesReview and recommend candidates for the Chairman, Vice Chairman, and CEO of the subsidiariesRe-audit the annual performance of the Chairman, Vice Chairman, and CEO of the Company and subsidiariesRe-audit the annual performance of the Company's departmental heads and approve the Vice President with 15th ranking and seniorityAudit the succession plan for CEO and departmental headsApproving matters authorized by the Board of Directors	<ul style="list-style-type: none">Nomination and Performance Evaluation Committee Articles of Incorporation
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

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 Board of Directors and elected at the Shareholders' Meeting.

To promote the sound development of the structure and functions of the Board of Directors, the "Corporate Governance Best Practice Principles" stipulates that the members of the Board of Directors should consider diversity and the independence of directors. The election and appointment of directors shall take into consideration the Company's operations, operation patterns, development needs, and response capacity for coping with impacts. Apart from prudently examining the directors with popular and necessary knowledge, skills, and qualities (including operation judgment 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:

- At least 1 director with experience in banking, securities/insurance and venture capital industries.
- The ratio of directors who also serve as executives of the Company or subsidiaries shall not exceed 1/3.
- At least one director of certified actuary or CPA.
- 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.
- 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 62 years old, and the average tenure is 4.3 years. Considering the independence of the Board of Directors, the proportion of independent directors exceeds one-third (37.5%), and their consecutive terms do not exceed three. There are 2 directors who also serve as executives (not exceeding one-third). Additionally, there are no spousal or close familial relationships among the directors. Furthermore, to implement diversity policies, the backgrounds and practical experiences of the Board members also align with the Company's diversity goals.

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	KGI Life	KGIB	KGIS	CDIB Capital
Board M:F ratio	8 : 0	6 : 3	5 : 3	6 : 2	7 : 3

Note: Data dated March 31, 2024.

Avoidance of Conflict of Interest

The Company's "Board Meeting Rules" 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.

Furthermore, to implement the management of part-time directors, the Company's "Corporate Governance Best Practice Principles" 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.

Please refer to the Company's Shareholders' Meeting 2023 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							Holding concurrent positions in no more than 3 other companies	Independence of external director
				Basic Criteria				Director Competence											
				Nationality	Gender	Age		Industry experience		Professional Knowledge/ Skills									
						40-60 years (inclusive)	61 years (inclusive) old & above	Financial Industry	Other Industry										
Chairman	Alan Wang <small>(Note 7)</small>	Non-executive director	5 years and 6 months	R.O.C.	Male		✓	ABC	D	FGHIJKL								✓	✓
Former Chairman	Su-Kuo Huang(Retired on April 9, 2024)	Non-executive director	1 year and 6 months	R.O.C.	Male		✓	BC	-	FGHIJKL			✓		✓			✓	✓
Vice Chairman <small>(Note 8)</small> (Natural Person Director)	Paul Yang	Non-executive director	14 years and 11 months	R.O.C.	Male	✓		ABC	D	FGHIJL						✓	✓	✓	✓
Director	Stefano Paolo Bertamini <small>(Note 9)</small>	Execute Director	3 years and 5 months	U.S.A.	Male	✓		ABC	D	FGHIJKL			✓	✓	✓		✓	✓	N/A
Director	Lionel de Saint-Exupéry	Execute Director	4 years 6 months	France	Male	✓		AC	D	FGHIL						✓	✓	✓	N/A
Director	Hung-Yi Hsiao	Non-executive director	1 year and 9 months	R.O.C.	Male	✓			E	FGHIJKL								✓	✓
Independent Director	Tyzz-Jiun Duh	Non-executive director	4 years and 10 months	R.O.C.	Male		✓	A	DE	FGIKL	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Shih-Chieh Chang	Non-executive director	1 year and 9 months	R.O.C.	Male		✓	ABC	E	FGHIJL	✓	✓	✓	✓	✓		✓	✓	✓
Independent Director	Wei Chung	Non-executive director	1 year and 9 months	R.O.C.	Male		✓	ABC	D	FGHIL	✓	✓	✓	✓	✓			✓	✓
Note: <div>1. Data dated March 31, 2024.<div>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</div><div>3. Concurrently serving in other company positions means serving as a director (including independent director) or supervisor of a TWSE/TPEX listed company; are in compliance with relevant laws and regulations</div><div>4. The independence of external directors is determined based on the definition of independent directors in the S&P DJSI. Directors must meet at least 4 out of the following 9 criteria, with at least 2 out of the first 3 criteria. According to this definition, the Company has 6 independent directors, including the Chairman and Vice Chairman who are also non-executive directors and independent directors. (Please refer to the 2023 Shareholders' Meeting Annual Report for the standards adopted by local regulations)<div><div>(1) The director must not have been employed by the company in an executive capacity within the last year.</div><div>(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.</div><div>(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.</div><div>(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.</div><div>(5) The director must not be affiliated with a significant customer or supplier of the Company.</div><div>(6) The director must have no personal services contract(s) with other companies or a member of the senior management of other companies.</div><div>(7) The director must not be affiliated with a not-for-profit entity that receives significant contributions from the Company.</div><div>(8) The director must not have been a partner or employee of the Company's outside auditor during the past year.</div><div>(9) The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent.</div></div></div><div>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 do not apply</div><div>6. The directors of the Company do not have any spousal or immediate family relationships within the second degree, which is more favorable than the provisions stated in Article 26-3, Paragraph 3 of the Securities and Exchange Act</div><div>7. Alan Wang assumed the role of Chairman of the Company on April 26, 2024</div><div>8. Paul Yang resigned from his position as Vice Chairman of the Company and immediately assumed the role of CEO on April 26, 2024</div><div>9. Steve Paolo Bertamini resigned from the position of CEO of the Company on April 26, 2024</div></div>																			
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 of Directors Operations

Board of Directors Operation Performance

Board of Directors meeting is convened at least once every quarter. A total of 17 Board of Directors meetings were convened in 2023, with an average attendance of 96% for personal attendance by directors.

CDF's "Board of Directors Performance Self-evaluation Questionnaire" and "Board of Directors Member Self-evaluation Questionnaire" include the level of activeness of directors attending the Board of Directors 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 remuneration 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 of Directors operations which are implemented according to the law, the details are disclosed in the annual report.

Regular Meeting Overview			
Reporting Dept.	Frequency	Hierarchy	Description of Report
Finance Management Dept.	Monthly	Board of Directors	Operation performance
	Annually	Board of Directors	Implementation of tax affairs management
Risk Management Dept.	Quarterly	Board of Directors Risk Management Committee	Risk implementation status and material risk related information.
Compliance Dept.	Semi-Annually	Board of Directors Audit Committee	Implementation of compliance operations
	Annually	Board of Directors Audit Committee	Assessment results of implementation of compliance system by all departments and subsidiaries
	Annually	Board of Directors BOD Ethical Corporate Management	Report on ethical corporate management execution (including unethical conduct risk evaluation results)
Internal Audit Dept.	Semi-Annually	Board of Directors Audit Committee	Audit operation comprehensive report
	Annually	Board of Directors Audit Committee	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
Legal Dept.	Annually	Board of Directors	Material proceeding cases handling status.
Sustainable Development Dept.	Monthly	Board of Directors	Subsidiaries' Board of Directors meeting minutes summary of subsidiaries
	Quarterly	Board of Directors Sustainability Committee	Execution of Treating Customer Fairly
	Annually	Board of Directors Sustainability Committee	Sustainable development annual plan and execution
Sustainable Development Dept. and Legal Dept.	Annually	Board of Directors	Intellectual property management plan and annual execution status
Group Marketing Office	Annually	Board of Directors	Annual donation execution
Operations and Corporate Services Dept.	Quarterly	Board of Directors	GHG Inventory and verification operation planning and execution
Information Security Dept.	Annually	Board of Directors	Information security plan and implementation report

Functional Committees Performance

To enhance the quality of board decision-making, strengthen corporate governance, and improve the functions of the Board of Directors, the CDF has established seven Functional Committees under the Board of Directors. These committees include the Audit Committee, Compensation Committee, Sustainability Committee, Risk Management Committee, Ethical Corporate Management Committee, Nomination and Performance Evaluation Committee, and Business Development, Investment and Major Capital Expenditure Committee. The Board of Directors aims to use these fully equipped Functional Committees to assist in the deliberation of important agenda items related to the economy, environment, society, risk, ethical corporate management, business development strategies, significant equity investments, capital expenditures, and expense-related projects.

2023 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
Composition of Members ^{Note}	All independent directors	All independent directors	Chairman, Director and CEO, along with all Independent Directors	Director and CEO, along with all Independent Directors	Chairman, Director and CEO, along with all Independent Directors	Vice Chairman, 1 Director, and 1 Independent Director	Vice Chairman, Director and CEO, 1 Director, and 2 Independent Directors
Number of members ^{Note}	3	3	5	4	5	3	5
Proportion of Independent Director ^{Note}	100%	100%	60%	75%	60%	33%	40%
NO. of Meetings held	14	8	3	4	2	10	6
Average Actual Attendance Rate	100%	100%	100%	95%	100%	97%	97%

Note: Data dated March 31, 2024.

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Board of Directors 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. CDF enlist independent institutions or external experts and scholars in conducting external evaluation at least once every three years.

Internal Performance Evaluation Dimensions

Self-evaluation of Board of Directors' performance	Self-evaluation of Board of Directors 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. Understanding of director duties and functions	B. Understanding of functional committee duties and functions
C. Composition and structure of the Board of Directors	C. Involvement in the Company's business activities	C. Improving the functional committee's decision-making quality
D. Election of directors and their continuing education	D. Management of internal relations and communication	D. Composition of the functional committee, and election and appointment of committee members
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."

The results of the 2023 self-evaluation of internal performance of the Board of Directors were submitted to the Board of Directors' report on January 31, 2024. The self-assessment scores for each aspect ranged from 4.43 to 5, all rated as Good (4) or Excellent (5), indicating the overall effectiveness of the Board of Directors. Specifically, the evaluation of the Board of Directors members' contribution to sustainable operations (ESG) received a perfect score of 5.

Furthermore, in August 2023, CDF commissioned EY Business Advisory Services Inc. to conduct an external evaluation of the Board of Directors's performance in three aspects, namely, structure, people, as well as process and information through interviews with directors and committee members, self-evaluation questionnaires, and document review. Its scope covers the Board of Directors and Functional Committees' structure and process flow, members in the Board of Directors and Functional Committees, legal person and organizational structure, roles and responsibilities, conduct and culture, training and development, supervision of risk control, and supervision of report/disclosure and performance. Based on the comprehensive evaluation results, the Company's overall performance in the aspects of Board of Directors and Functional Committee Structure, Members, and Processes and Information is rated as benchmark, advanced, and benchmark respectively. The evaluation results have been included in the Board of Directors report dated November 20, 2023.

The aforementioned evaluation results are all disclosed on the company website and shareholder's annual report. We will continue to strengthen the efficacy of Board of Directors 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 2023, the total number of hours of continuing education for directors was 91 hours (65 hours for non-executive directors), which exceeded the recommended hours for "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". Among these, the total number of hours for ESG related courses was 62 hours. The courses covered various topics and durations, including: "From Green Finance to Net-Zero Finance (2 hours)", "Enterprise Risk Response and Financial Industry Positioning under the Net-Zero Context (2 hours)", "14th Taipei Corporate Governance Forum - Focusing on Sustainable Information, Sustainable Investment, and Implementation of Sustainable Development (3 hours)", "Principles of Fair Customer Service in the Financial Services Industry (3 hours)", "The Importance of TCFD in ESG Report (3 hours)", "Opportunities and Challenges of Circular Economy (3 hours)", "Trends and Practices in Sustainable Development of Human Rights for Multinational Corporations (3 hours)", "2023 Taishin Net-Zero Power Summit Go Towards Green Energy (3 hours)", "Corporate Governance and Securities Regulations (3 hours)", and "How Directors Supervise Companies in Enterprise Risk Management and Crisis Handling (3 hours)". Each director received an average of 11.375 hours of continuing education, including at least 6 hours of ESG courses. For more details, please refer to the 2023 Shareholders' Meeting Annual Report of the Company.

2023 Internal Training Courses for Directors

Date	Course Name	Lecturer
August 9, 2023	From Green Finance to Net-Zero Finance	PwC Sustainability Services Company, Ltd. - Christine Chang, CEO
August 16, 2023	Enterprise Risk Response and Financial Industry Positioning under the Net-Zero Context	Research Fellow and Director of Chung-Hua Institution for Economic Research - Dr. Liou, Je-Liang
October 17, 2023	Principles of Treating Customer Fairly in the Financial Services Industry	Professor of the Department of Law and Dean of the College of Sustainability and Innovation at the Chinese Culture University - FANG, YUAN-YI, Professor

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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.

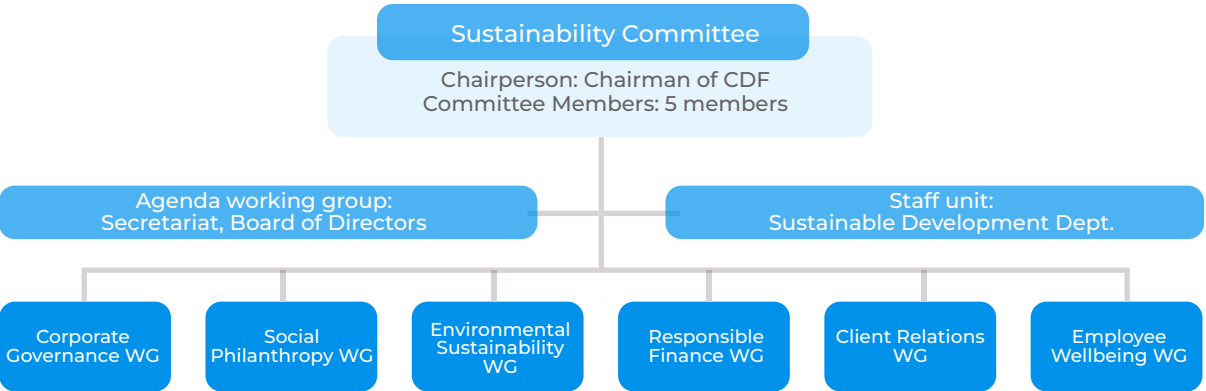
When developing ESG-related plans, each working group will collect the opinions of internal and external stakeholders through questionnaires, and identify ESG material issues as the basis for the annual sustainability action plans. Meanwhile, the corporate shareholders of the Company also conduct exchange 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 "Charter of Sustainability Committee."

The Sustainability Committee convened three times in 2023, in accordance with the Company's "Charter of Sustainability Committee". The committee discussed important matters related to sustainable development for the year, including the implementation report of the 2022 work plan and the approval of the 2023 sustainable development plan. The Company's ESG Report is compiled by the Sustainable Development Dept., which collects data from various units. Once confirmed by the respective working group leaders, the report is verified by a third-party and submitted for approval by the Sustainability Committee and the Board of Directors.

Operation Mode



Organizational Structure of the Sustainability Committee



Data dated December 31, 2023

2.1.4 Remuneration Policy

The Company has established a Comopensation Committee, which is primarily responsible for formulating and periodically reviewing policies, systems, standards, and structures for evaluating performance and determining the remuneration of directors (including the Chairman and Vice Chairman) and executives. The committee also regularly assesses and determines the content and framework of individual remuneration for directors (including the Chairman and Vice Chairman) and executives. At present, no external remuneration consultants are employed.

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 executives 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.

Directors who hold positions as executives in the Company or its subsidiaries are compensated by their respective companies in accordance with their regulations. Remuneration includes a monthly salary, as well as other cash rewards, stocks, retirement benefits or severance pay, various allowances, and other significant incentive measures. In addition to monthly, seanoal, and annual payments, there are also long-term incentives, such as restricted stock units, which are granted to employees only if certain performance conditions are met. The value of these units is tied to future stock prices, and employees share the future business risks with the Company. The Chairman and Vice Chairman are subject to variable remuneration indicators (such as performance bonuses) for the current year, and the deferred remuneration mechanism for the current year is consistent with that of the CEO and senior executives.

CEO and Executives Compensation Structure

- When recruiting or retaining exceptional executives, the Company takes into account several important factors, including job responsibilities, personal experience, and market conditions related to salary and location.
- The remuneration of the Company's CEO and executives (hereinafter referred to as "executives") includes a fixed salary and variable bonuses. The variable bonuses are granted based on considerations such as the overall performance of the company, individual performance, and remuneration levels in the industry. They are closely tied to individual performance and require review and approval from the Compensation Committee and the Board of Directors. The variable bonuses are designed to provide long-term incentives that align with the company's long-term operational performance and shareholder equity. Executives are also encouraged to hold company stocks for the long term, ensuring that their value of rewards is aligned with future stock prices and creating a mutually beneficial situation for the company, employees, and shareholders to share in the company's profit achievements. However, this also means that executives are exposed to future operational risks of the company. Therefore, the design includes mechanisms for stock deferral and restrictions on employee rights to new shares, which can be reclaimed if there is a violation of laws, employment or appointment contracts, or disciplinary actions under the company's reward and punishment system. Failure to meet these conditions will result in the forfeiture of deferred cash or stocks, which will be returned to the company after disposal. This measure aims to ensure that executives comply with laws and regulations, do not prioritize high rewards, and avoid behaviors that exceed the company's risk appetite, thereby fulfilling corporate governance and sustainable business responsibilities.
- The performance of executives is assessed using comprehensive evaluation criteria that encompass financial and non-financial aspects, risk management, compliance, and information security. These criteria are also aligned with key ESG issues to ensure that executives actively promote sustainable business practices:

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CEO Performance Indicators			
Indicators	Annual Variable Compensation		Long-Term Variable Compensation
Type of Indicators	Ratio	Indicators	Indicators
Financial Indicators	55%	Include the return on equity, net income target, other comprehensive profit and loss, and relevant financial indicators.	The Company's Restricted Stock Unit (RSU) for employees is considered in the three performance indicators for a three-year period. If the three indicators reach the top four among peers in Taiwan, the stock issuance will reach the upper limit. Then it will be awarded in three years according to the proportion corresponding to the achievement of the performance indicators. The long-term reward mechanism is up to 6 years. 1. Total Shareholder Return, TSR (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 equity, ROCE (weighted 33%): Average return on common stockholders' equity for the three-year period from 2021 to 2023 3. Earnings per share, EPS (weighted 33%): Three-year average EPS for 2021-2023
Non-financial Indicators	25%	Include business management, net customer recommendation rate, digitization and process innovation, employee satisfaction, talent development, and corporate sustainability (reducing carbon emissions in operations and portfolio, and green investments), as well as optimizing service quality, enhancing the convenience of digital finance services, and cultivating diverse talents, all of which are connected to the ESG material topics.	
Control and Governance Indicators	20%	Include internal control, risk management, compliance, information security, privacy and personal data protection, corporate governance and ethical corporate management, risk management, and sustainable operation, all of which are connected to the ESG material topics.	

Structure of CEO Compensation	
Fixed Compensation	Percentage of total compensation: 27%
Variable Compensation	Percentage of total compensation: 73%
a. Cash Rewards	Percentage of variable compensation: 24%
b. Stock Incentives	Percentage of variable compensation: 76%

Variable Compensation of Executives:

- The long-term incentive plan allocated in 2021 is for a period of up to six years and is based on the restricted stock rights for employees issued by the Company in 2021 (with a three-year performance measurement period, vested over three years thereafter).
- Deferred cash and deferred stock plan with a deferment period of 3 years: The Company has implemented an annual performance bonus policy that requires a portion of the bonus exceeding a certain amount to be deferred. The deferred amount is held by executives in a self-benefit trust, and the deferment ratio ranges from 20% to 65%.
- The CEO's annual remuneration is paid in accordance with the contract and was not be increased or decreased in 2023 compared to 2022. However, in 2023, the Company's profits increased, leading to higher performance bonuses and employee remuneration for that year. Consequently, the average remuneration expense for 2023 increased by 18% compared to the previous year.
- Based on the above, if the cash reward portion of the variable compensation exceeds a certain amount, it should be handled in accordance with the regulations for stock trusts. The total deferred stock incentive for the year 2023 has increased by 30% compared to 2022.
- The compensation of the Company's CEO is 107 times higher than the average compensation of employees.

Ratio of Deferred Shares to Base Salary	
CEO	5.6 times
Other executives excluding CEO	1.7 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 Value by Executives in Taiwan to Base Salary	
CEO	9.0 times
Other executives excluding CEO	3.7 times

Note:
1. The Company stock held by the executives includes the number of self-owned shares (according to the agreement, and purchase a certain amount of the Company's stock with their own funds and continue to own it, without pledge creation), employee stock ownership trust, and new shares with restricted stock unit (RSU) for employees that have been allocated but not yet obtained. In addition, the shares held do not link to derivative financial instruments. The number of shares and the reference date for the stock price are based on the closing price on March 29, 2024.

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 supervision and control, 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 structure and culture, ensuring the efficacy of risk management practices, and reviewing key risk control information. The Board also takes the ultimate responsibility of risk management.

The Risk Management Committee should convene every quarter to review quarterly risk management reports and related issues in risk management and oversee the overall execution of risk management, and reports to the Board of Directors on a regular basis.

The Company has a Chief Risk Officer and a Risk Management Dept. The Risk Management Dept. is responsible for planning and managing the risk management system, overseeing subsidiaries in establishing and following the risk management system, monitoring the adequacy of risk exposure, and the effectiveness of risk control mechanisms. It also provides comprehensive risk management information to the senior executive of the Company (including the Risk Management Committee) and the Board of Directors. The head of the risk management unit is responsible for overall risk management affairs and reports to the Risk Management Committee and the Board of Directors in the event of significant risks or unexpected major risk events.

The Company's risk management follows a three-line framework. The operating units (the first line of defense) are responsible for identifying, managing, and responding to operational risks within their jurisdiction. They also ensure the effective implementation of relevant risk management and control procedures in accordance with this policy and the Company's risk management regulations. The second line of defense is responsible for the planning and management of the Company's risk management system by an independent risk management unit. Supervising subsidiary companies to establish and adhere to risk management, monitoring the adequacy of risk exposure, and the effectiveness of risk control mechanisms, and providing senior executives (including the Risk Management Committee) and the Board of Directors with the comprehensive risk management information they require. The third line of defense is the internal audit unit, which annually audits the establishment of various risk mechanisms and verifies compliance and execution of these mechanisms.



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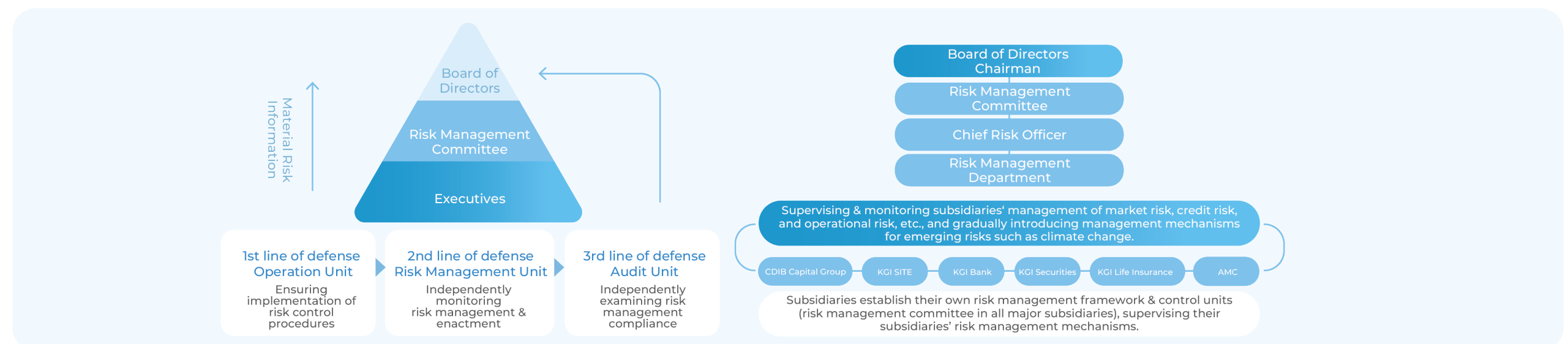
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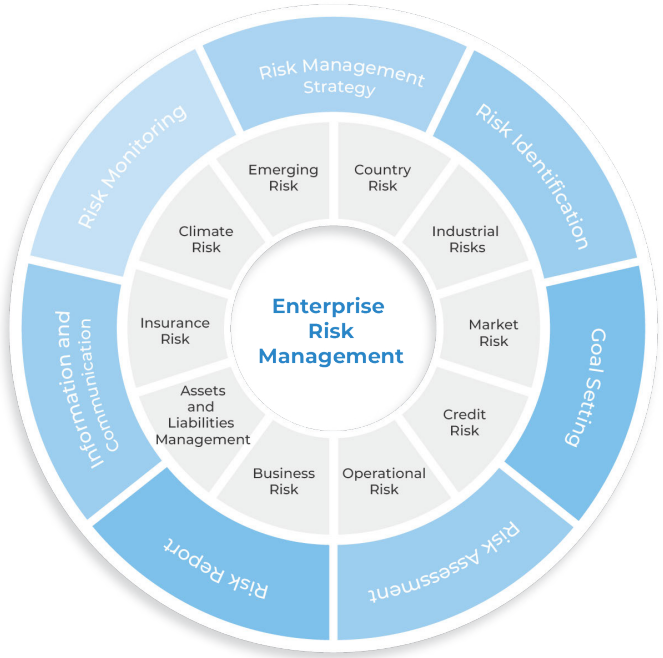
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Scope of Risk Management

The risk management scope of CDF includes the life insurance, banking, securities, venture capital, asset management, and investment trust industries. We adhere to both domestic and international financial industry risk management practices as well as the Company's Risk Management Policy. We take into account the needs of our business operations and environment to establish corresponding risk management regulations as the foundation for our risk management efforts. We employ appropriate techniques to measure various risks and evaluate potential losses and correlations. In order to address climate change risks, we have also implemented identification and evaluation mechanisms and regularly conduct scenario analyses to assess the financial impact on the company's overall operations and business. The main categories of risks are as follows:



The Company conducts regular monitoring of the following risk management areas and provides quarterly reports to the Risk Management Committee and the Board of Directors.

Enterprise risk management, ERM				
Risk Type	Risk Measurement	Risk Review	Risk Appetite /Tolerance Level	Frequency of Risk exposure Review
Credit Risk	Credit risk is assessed using indicators such as probability of default, loss given default, exposure amount, and credit rating to determine expected loss and risk capital. In terms of risk management, in addition to implementing credit limits for each type of exposure on a household basis, we also strengthen early warning mechanisms to identify indications of worsening financial and credit conditions of counterparties.	<ul style="list-style-type: none">Concentration risk management: Regular assessment of single entities/single groups, high-risk groups, high-risk industries, and country risks.National risk: Tracking macroeconomic and national exposure trends, monitoring concentration limits, sovereign ratings, changes in CDS spread, and the impact of regional risks. Establishing preventive control measures for national risk is also included.Asset quality: Create a list of assets that pose a high credit risk and establish monitoring ratios.Early warning mechanism: Regular monitoring of early warning indicators for fixed income investments and financing business to detect potential increases in credit risk as early as possible.	<ul style="list-style-type: none">The credit risk limit is implemented after being reviewed and approved by the Risk Management Committee of the Company, and the appropriateness of the limit is reviewed annually.The limit is determined based on a specific ratio of net asset value.The level of risk is indicated by a three-stage risk signal (red, yellow, green).The early warning mechanism will categorize individuals with high and medium risks and a total exposure amount above a certain threshold into the notification list. It will also develop action plans based on a 3-tier risk classification (high, medium, low).	<ul style="list-style-type: none">Monthly assessment and monitoringThe risk management unit conducts credit risk stress scenario simulations on a periodic basis (at least once a year), and reports the results to the Risk Management Committee.Immediate reporting of significant business risk indicators
Market Risk	Market risk is assessed by analyzing sensitivity positions and risk values to determine the current or potential exposure of trading positions. This analysis helps establish appropriate positions and stop-loss limits.	<ul style="list-style-type: none">The Value-at-Risk and market risk economic capital of financial instrument positions held for short-term trading purposes are monitored.The MSCI Risk Metrics® Risk Manager market risk management system takes into account the correlation and risk offset effects to calculate the VaR of CDF and its subsidiaries' trading positions or overall investment portfolios. This system implements a consistent quantitative management model.	<ul style="list-style-type: none">The Risk Management Committee of the Company can consider risk appetite and establish the market risk warning indicators for the overall trading positions of the group.Ratio of market risk economic capital to Company's net worthEstablishing market risk economic capital as a warning indicator as a proportion of the Company's net worth	<ul style="list-style-type: none">Regular monitoring the utilization of alert indicatorsConduct stress tests and sensitivity analysis on a regular basisThe monitoring and calculation results will be reported to the Risk Management Committee and the Board of Directors on a quarterly basis

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Enterprise risk management, ERM				
Risk Type	Risk Measurement	Risk Review	Risk Appetite /Tolerance Level	Frequency of Risk exposure Review
Operational Risk	The operational risk management unit utilizes various tools, such as operational risk event reporting (LE), RCSA, and KRI (implemented in applicable subsidiaries).	Monitor the frequency and loss of operational risk events.	Monitor and track abnormal situations of key operational risk indicators on a monthly basis using visual dashboards.	Immediate reporting of significant operational risk events
Business Risk	Regularly review and monitor 10 aspects of operational risk indicators detection, including capital adequacy, asset quality, management capability, profitability, liquidity, sources of profit, foreign exposure, investment positions, off-balance sheet items, and public petitions.	The responsible units regularly review and monitor the various detection indicators of the Company according to their organizational responsibilities. The Risk Management Dept. compiles the detection results and abnormal handling situations, which are then reported to the Risk Management Committee and the Board of Directors on a regular basis.	<ul style="list-style-type: none">Monitoring the degree of risk tolerance using a three-level risk signal system (green, yellow, red).Establish the risk appetite for each aspect as follows:<ol style="list-style-type: none">Capital adequacy - The capital adequacy of the Company and its significant subsidiaries in the banking, insurance, and securities sectors.Asset quality - The overdue loan ratio of the bank subsidiary.Management capability - This refers to the Company's Corporate Governance Evaluation ranking, as well as any fines or significant penalties imposed on the Group by competent authorities.Profitability - The Company's profitability is measured by the budget achievement rate and the degree of change compared to the same period of the previous year.Profit sources - The accumulated profit growth rate of significant subsidiaries such as banking, insurance, securities, and venture capital compared to the same period of the previous year; focusing on business segments with rapid profit growth, understanding their operational models, and assessing potential impacts on operational risk and consumer protection.Liquidity - Debt-to-equity ratio and unused credit line-to-total credit line ratioForeign exposure - The ratio of non-investment grade country risk exposure to net worth, as well as the ratio of balances with related parties in Mainland China to net worthInvestment positions - The ratio of investments in high-risk industries, and venture capital investments exposure to the net asset value. It also considers whether the Company has experienced investment defaults or has invested in high-risk targets.Off-balance sheet items - The Company engages in asset acquisitions, assumption of liabilities, investment transactions, and non-traditional reinsurance cases through trusts, investments in private equity funds, and SPVs.Public petitions - Number of significant customer complaint cases	The Company and its subsidiary compile the results of quantitative risk detection for operational risks on a quarterly basis. These results are then reported to the Risk Management Committee and the Board of Directors. Additionally, reports on the qualitative assessment or quantitative detection results of subsidiaries excluding bank, insurance, and securities are submitted at least once a year.
Assets and Liabilities Management Risk	Asset and liability risk refers to the risk that arises from the inconsistency in the value changes of assets and liabilities. This risk is primarily assessed and monitored through gap analysis and other methods. The Company also oversees its subsidiaries to establish suitable management mechanisms tailored to their business characteristics, operating scale, risk attributes, and management requirements. This enables the identification, measurement, supervision, and control of asset and liability risk.	Monitor the liquidity risk and ratio risk management of CDF and subsidiaries.	In order to effectively identify and manage the various risks that the Company and its subsidiaries face in conducting overall asset and liability management, including asset and liability allocation, asset and liability duration, and the impact of changes in asset and liability value.	The monitoring and calculation results will be reported to the Risk Management Committee and the Board of Directors on a quarterly basis
Insurance Risk	Insurance risk refers to the risk that an insurance company assumes after collecting insurance premiums and transferring the risk from the insured. It is the risk of incurring losses due to unforeseen changes when paying claims and related expenses according to the contract. In addition to establishing insurance risk management frameworks and systems, the Company and its insurance subsidiary evaluate the risk profile of the subsidiary and the effectiveness of risk mitigation measures. We also regularly track post-sales experience to minimize insurance risk losses caused by unforeseen changes.	Monitoring the risk management situation of the insurance subsidiary under CDF.	<ul style="list-style-type: none">Including the proportion of insurance risk capital and claims ratio.Monitoring the degree of risk tolerance using a three-level risk signal system (green, yellow, red).	<ul style="list-style-type: none">Quarterly monitoring of the overview of insurance risk indicators, reporting to the Risk Management Committee and the Board of Directors.The insurance subsidiary (KGI Life Insurance), performs annual actuarial valuation operations and ORSA. It also conducts sensitivity testing and scenario testing on insurance risks and reports the results to its Risk Management Committee and Board of Directors.
Climate Risk	Climate risk is assessed in accordance with the applicable GHG inventory. The Company conducts regular emission inventories for Scope 1 and Scope 2 within our operational boundaries and implements energy-saving and carbon reduction initiatives. For Scope 3 Category 15, we utilize the PCAF's "Global GHG Accounting and Reporting Standard for the Financial Industry" to conduct carbon inventories for investment and financing assets, as well as to identify industries and assets with higher carbon emissions. Our objective is to transition towards a low-carbon footprint and decrease carbon emissions.	Monitoring the implementation of climate risk indicators for the Company and its main subsidiaries.	<ul style="list-style-type: none">This includes the ratio of the exposure limit for high-carbon-emission industries and the emission reduction targets for relevant operational and investment positions.	<ul style="list-style-type: none">The main subsidiaries conduct annual scenario analysis of climate risks (physical risks and transition risk), and report the results to the Risk Management Committee and the Board of Directors.Monitor the implementation of climate risk indicators on a quarterly basis and submit a climate risk assessment report to the Risk Management Committee and the Board of Directors at least once per year.

The Company also addresses significant risk events, which include significant occurrences affecting the risk assets held or counterparties (such as dishonored payments, financial difficulties, cessation of operations, major disasters, or lawsuits) that may jeopardize its normal operations and potentially result in losses exceeding a certain threshold for subsidiaries; or events that may cause losses to subsidiaries due to improper or erroneous internal operations, personnel, or systems, as well as external events. Immediate notification is required for such events, and they are reported to the Risk Management Committee and the Board of Directors quarterly. In 2023, a total of 10 significant risk events were reported by the Company and its subsidiaries.

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Contingency Plan

In the event of significant changes in the financial market or the occurrence of major risk events that have a significant negative impact on the risk-bearing unit, the risk-bearing unit should promptly report to the appropriate risk management units, business supervisory authorities, and the CEO. If necessary, the risk-bearing unit or the management unit may convene an ad hoc meeting to review contingency matters or determine emergency response plans. If deemed necessary, a report should be made to the Board of Directors.

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 tests should be reported regularly 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.

- In light of the substantial changes in the overall environment and financial markets in the past year, the Company has identified, evaluated, and examined significant risk factors (including but not limited to the causes of events, the likelihood of occurrence, and the degree/scale of impact, etc.), such as "slower-than-expected economic recovery in China or worsening conditions" and "the surge in cancellations of USD-denominated policies leading to expanded liquidity risks". Appropriate control and mitigation measures are implemented, while continuously monitoring the impact of changes in financial markets to enhance the effectiveness of risk management.

	Risk Event	Risk Management Process and Mitigation Measures
1	China's economic recovery falling short of expectations or deteriorating further>> Due to policy tightening in China, the property market has experienced a sudden downturn, leading to a deterioration in the credit conditions of property development companies and financial institutions. Both Country Garden and Evergrande have declared bankruptcy, putting local government finances at risk, while credit rating agencies have also downgraded China's sovereign credit ratings one after another. Additionally, trade tensions and foreign capital withdrawal have exacerbated market panic in China, with both CPI and investment falling below expectations, excessive savings increasing, and the stock market hitting a four-year low. Despite the Chinese government's attempts to stimulate the economy through new policies and expanded balance sheets, the recovery of the Chinese market remains fraught with challenges.	<ul style="list-style-type: none">The Group's exposure to China accounts for approximately 4.5% of total exposure.In the past year, there have been two consecutive reductions in China's national quota, resulting in a decrease of approximately 38%. We have closely monitored the deterioration of various indicators to assess the extent of the quota reduction.Monthly scenario analyses are conducted for potential downside risks (such as recession or stagflation) in China to assess their impact on net worth.To conduct a thorough inventory of the Group's investments and credit positions in the Chinese real estate and financial industries, and to discuss potential high-risk cases.
2	The surge in cancellations of USD-denominated policies leading to expanded liquidity risks>> The Federal Reserve of the United States implemented a monetary tightening policy beginning in the first quarter of 2022. They raised interest rates continuously from March 2022 to July 2023. The benchmark interest rate for the US dollar increased from 0.25% to 5.5%, making existing US dollar policies less appealing. As a result, policyholders have been canceling their policies, leading to deteriorating liquidity indicators for life insurance companies since the second half of 2023.	<ul style="list-style-type: none">Assuming changes in significant risk factors, the liquidity ratio of the business is expected to decrease by approximately 100% in 2023.KGI Life Insurance has implemented a "liquidity ratio indicator" and conducts monthly monitoring to ensure compliance with the risk appetite standards (including warning values and limits) set for the life insurance business. Furthermore, in response to the liquidity issues resulting from the surge of policy cancellations in 2023, a forecast of the indicator's trend for the next 9 months has been introduced in 2024 to enhance early warning effectiveness.If the indicators indicate abnormalities, the business execution unit should make improvements. If necessary, the Risk Management Dept. or other relevant units should be notified for further action.

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. To further strengthen risk management, not only the goals associated with ESG criteria, risk management process optimization and innovation also 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.

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The Company and its subsidiaries have implemented an early warning indicator mechanism to promptly identify potential credit risks. This mechanism utilizes both external public information and internal communications to enhance the efficiency of real-time notifications, including market information alerts. Furthermore, the Company consistently enhances its business operations by utilizing data monitoring models, which aid subsidiaries in establishing data leakage monitoring models. This approach reduces redundant work and enhances transparency, ensuring timely and effective resolution of business risk events and vulnerabilities.

In addition, the Company conducts regular (monthly) business management meetings to evaluate and monitor routine control indicators. These meetings involve discussions and communication with risk management personnel from main subsidiaries. The Company also encourages employees responsible for managing various risks to proactively identify potential risks and propose corresponding solutions based on their work experience and observations. The Risk Management Department of CDF consolidates materiality risk issues and feedback suggestions for the month, which are then reported to senior executives. Additionally, the Company establishes an annual mechanism for reviewing risk management regulations, involving parent and subsidiaries as well as cross-departmental collaboration. This mechanism provides a communication channel for employee opinions and exchanges on risk management.

3. Innovative Risk Management Culture

The Risk Management Dept. of the Company is constantly enhancing the integration of visualization databases, regularly consolidating and providing comprehensive risk management information. This information is presented in a visual format to facilitate senior executive's timely understanding and response to significant changes in the overall economic and financial landscape. We also encourage employees of subsidiaries to actively participate and share project experiences to expedite the efficiency of risk management across the entire group.

In the current year, our subsidiary KGI Bank has addressed international fraud trends and customer pain points by leveraging technology. In 2022, we took the lead among our peers by implementing the "AI fraud prevention systems" of two major international card issuers, Visa and MasterCard. We are the only domestic card issuing bank to adopt a dual AI detection system. Since the launch of the fraud prevention system in 2022 until April 2023, over 90% of overseas fraudulent transactions have been proactively blocked, resulting in a cumulative total of over NT\$100 million in prevented fraud losses. Furthermore, the full implementation of the dual AI fraud detection system has increased the approval rate for overseas transactions by 11.6%, resolving long-standing customer pain points in credit card usage and enhancing the security of payment tools. This significantly reduces cardholders' concerns about fraud and safeguards their card usage rights. We have not only received positive feedback from customers but have also been recognized as the 2023 Best Risk Management Project by The Asset magazine and awarded the 2022 Best Risk Prevention Tool Application by Visa.

In addition, in response to the increasingly complex online transaction models of internet merchants, KGI Bank has taken the lead in the industry by introducing the "Acquiring Business Compliance and Fraud AI Detection System" in 2023. This system utilizes emerging technologies such as AI, machine learning, and big data to detect suspicious violations by internet merchants through website inspections, text crawling techniques, and global internet information collection. Since its implementation in July 2023, the system has completed the initial scanning and detection of thousands of websites, resulting in the removal or termination of non-compliant internet merchants. This proactive approach has helped payment platform operators prevent potential hefty fines from international organizations, with an estimated amount exceeding NT\$500 million. KGI Bank is the first bank in Taiwan to introduce e-commerce acquiring AI detection mechanism, assisting customers in identifying risks and providing optimal solutions from the perspective of acquiring institutions. It is a pioneer in Corporate Social Responsibility.

4. Incorporating risk criteria in product development and approval process

Before launching new business lines or financial products, the Company identifies, assesses, and mitigates operational process risks. We facilitate thorough discussions among key stakeholders across front, middle, and back-office functions regarding compliance, internal controls, risk assessment, and information system requirements to devise strategies or propose improvement suggestions. Only after confirming the adequacy of relevant control mechanisms do we formally introduce new business lines or products. Additionally, through risk control and self-assessment mechanisms, the Company periodically conducts significant risk and residual risk assessments of internal processes and internal control schemes for various risk categories, ensuring the adequacy and effectiveness of our internal control environment.

5. Training courses

In addition to providing risk education and training for new employees, we also conducted a climate risk education and training course for directors, supervisors, and senior executives in 2023. Additionally, this year we continued to hold 12 View Sharing meetings at the group level (including subsidiaries). The topics of these meetings included inviting domestic and foreign professional institutions to share global macroeconomic outlooks and financial market situations, and senior executives within the Group sharing their professional experiences and views on the financial market. These trainings aim to communicate changes in risk trends and enhance the Group's risk management awareness, with approximately 540 individuals participating in total.

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.

2023 Implementation of the Internal Audit System

Implementing Projects	No. of Projects
"Internal control system deficiencies forum", "Internal audit officers meeting", and "Joint conference for audit, compliance and risk management"	4
Regular business auditing; special project auditing	14
Audit of derivatives trading	12

Note: A total of 58 cases of deficiencies, including 2 major deficiencies. The deficiencies listed have been followed-up until improvements are 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.

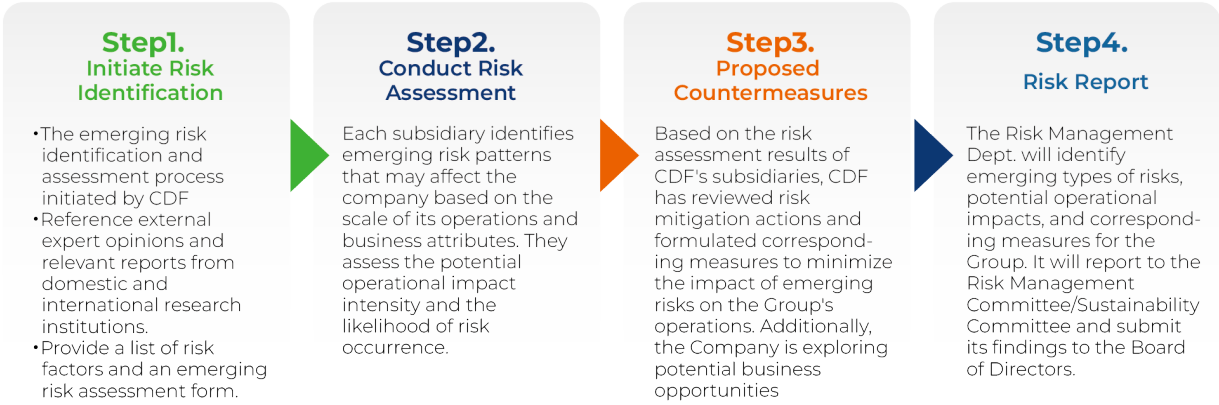
Procedures for Identifying Emerging Risks

In light of the increasing impact of emerging risks and their influence on the financial market, we have established the following procedures to effectively assess the impact and develop measures in response. After careful deliberation, we have identified the "adverse consequences of artificial intelligence technology" and "energy transition risks" as the key emerging risks for this year.

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 adverse consequences of AI technology and energy transition risk, 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.

Item	Category	Description of risk	Operational impact	Reduction and response measures/opportunities
	Adverse consequences of AI technology	<div>Technology aspect</div> <ul style="list-style-type: none">Rising risks of fake news and fraud. "The Adverse Consequences of AI Technology" is listed as one of the top ten global risks in the "2024 Global Risks Report" released by the World Economic Forum. It is predicted that by 2026, over 90% of online content may be generated by artificial intelligence. With the rapid development of AI technology, people are gradually realizing the potential threats that AI technology may pose to human society. Governments around the world are also discussing regulations for high-risk AI applications. For example, on March 13, 2024, the European Union passed the world's first AI legislation, the "Artificial Intelligence Act," highlighting the importance of regulating the adverse consequences of AI technology. The main concern regarding generative AI is its ability to produce highly complex and customized content, including the amplification of fake news, increasing the persuasiveness and frequency of false/error messages, and influencing public opinion. In addition, advancements in AI technology (such as ChatGPT and Deep Fake) have made fraud techniques more sophisticated, making it more difficult to identify and prevent online crimes, which will have a significant impact on the financial industry.The combination of quantum computing and AI technology has the potential to greatly enhance computational power, thereby increasing the risk of more advanced cyber attacks. The emergence of quantum computers could potentially render current encryption algorithms ineffective, thereby increasing the risk of cryptographic failure. Hackers and malicious actors may exploit AI technology to create more sophisticated, faster, and more devastating attack tools, posing a significant threat to personal privacy and corporate security.	<ul style="list-style-type: none">Impact of Investment and Financing in Business:<ul style="list-style-type: none">The generation of fake news by AI could lead to fluctuations in stock prices, oil prices, and financial product prices in the financial market, which could impact investment decision-making.Fake news can also undermine the trust that consumers have in the Company's financial products and services, leading them to seek out other financial institutions for their needs.AI technology can generate or tamper with corporate information and use agents to impersonate corporate financial personnel, thereby engaging in fraudulent credit activities. This can damage the company's credit and potentially impact customer relationships and market share. As a result, the Company will need to allocate additional time and resources to restore its financial soundness and market reputation.Information Security and Goodwill Risks:<ul style="list-style-type: none">The advancement of AI technology may result in an increase in the frequency of hacker attacks on company systems, which can lead to operational or service disruptions and impact financial transaction operations.With the increasing use of AI technology in various industries, incidents such as network attacks, email intrusions, third-party suppliers accessing through remote access technology, cloud configuration or network application configuration errors can lead to the exposure of customer and company data. Apart from customer complaints, the company may also face financial compensation and damage to its reputation.	<ul style="list-style-type: none">Enhancing the AI technology management system in the financial sector: Continuously working on introducing and establishing a higher-level risk management system to facilitate the early identification of potential risks and the formulation of response strategies.<ul style="list-style-type: none">KGI Bank has implemented the "AI Fraud Prevention System" for Visa and MasterCard. Since its launch, more than 90% of fraudulent transactions from overseas have been proactively blocked, effectively preventing a total loss of over NT\$100 million from fraudulent transactions. This has greatly improved the security of customer payment methods.KGI Bank has implemented the "Acquiring Business Compliance and Fraud AI Detection System", which utilizes emerging technologies such as AI, machine learning, and big data. It detects suspicious violations of online merchants through website inspections, text crawling techniques, and the collection of massive amounts of global internet information. It assists payment platform operators in "proactively preventing" potential large fines from international organizations, estimated to exceed NT\$500 million.In addition to the information section on our official website, we offer customers a dedicated channel to access accurate information for customer service or identification purposes. Furthermore, we are committed to promoting financial literacy and offering socially responsible loan products.Continued Maintenance of Information Security Defense Architecture:<ul style="list-style-type: none">1)Continuously monitor the effectiveness of network defenses to block malicious cyber attacks. 2) Continuously enhance the depth of email protection systems, supplemented by email social engineering exercises and information security education and training to enhance employee awareness of information security. 3) Strictly limit third-party supplier remote access and implement the principle of least privilege to avoid unauthorized access or incorrect configurations. 4) Continuously require units involved in data collection or analysis to process customer data using de-identification techniques, implement encryption mechanisms for data storage and exchange, encrypt sensitive document transmissions, and subject outbound transmissions to detection by electronic data leakage prevention systems to mitigate data breach risks.Establish system and real-time information line backup mechanism, and regularly conduct backup drills. In the event of an information security incident or system disconnection or abnormality, it can be switched immediately to reduce possible losses.Opportunities for business development: Focus on the AI field and actively participate in the investment layout of the AI ecosystem to enhance the positive effects of AI technology (such as AI medical imaging solutions, telemedicine services, and online learning platforms). Additionally, pay attention to the development of information security-related companies, enhance investment and financing business, seize AI/information security growth opportunities to create revenue and increase return on investment, and strengthen the information system security of the Company through cooperation with investors (such as industrial control system information security solutions, information service providers, cloud service agents, and data center project companies).



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Item	Category	Description of risk	Operational impact	Mitigation and response measures/opportunities
	Energy Transition Risks	Economic Aspects		
		<ul style="list-style-type: none">The power supply is limited, and there are few options for power development. The International Energy Agency (IEA) predicts in its latest publication, "Electricity 2024," that the average annual growth rate of global electricity demand from 2023 to 2026 will be 3.4%. Amongst this, the combined electricity demand for AI, data centers, and virtual currencies is expected to double. In the case of Taiwan, as a major hub for advanced semiconductor manufacturing, the expansion of semiconductor advanced processes is the main factor driving the growth in electricity demand. For example, the average power consumption of semiconductor fabs has increased by over 30% in the past decade. Simultaneously, in response to the global decarbonization trend, power generation must reduce its reliance on high-carbon-emitting thermal power and shift towards more environmentally friendly but capacity-constrained energy options, such as wind and solar power. To achieve the goal of "2050 Net-Zero Carbon Emission", the Taiwanese government has decided not to build new coal-fired power plants after 2025. With the gradual retirement of nuclear power plants, there will be an estimated electricity supply gap of approximately 8%. If the progress of gas-fired power generation and renewable energy construction cannot be improved in the future, Taiwan may face the risk of overloaded power grids or even power shortages.Electricity prices are rising, leading to an increase in corporate operating costs: The limited power supply will result in higher operating costs for businesses. Moreover, to meet the industry's high electricity demand, there will be a need for increased power development, potentially leading to a continuous increase in electricity prices. This could potentially undermine businesses' competitive advantage in the global market, thereby impacting the industry's long-term growth and return on investment. Additionally, it may also double the cost of company audits and increase the risk of overdue loans for financial institutions engaged in corporate financing and lending activities.	<ul style="list-style-type: none">Influence of Investment and Financing:<ul style="list-style-type: none">The unstable power supply has a significant impact on the production process of businesses, particularly energy-intensive and heavy industries. This leads to increased product pricing and a decline in corporate profits. Moreover, the rise in operating costs and the inability to shift the burden to third parties may pose challenges for credit borrowers in repaying their principal and interest. The increase in non-performing loans and bad debts at the bank will adversely affect the quality of credit assets, leading to subsequent credit defaults and resulting in losses in investment and financing operations.Energy-intensive industries may experience increased pressure for transformation. Stricter regulations on these industries can also negatively impact long-term profitability. Furthermore, if the government penalizes customers in highly energy-intensive and highly polluting industries, it can impact the assessment of related credit limits and result in credit defaults. The Company's investment-to-loan ratio in high-carbon industries does not exceed 24.5%, and we will continue to monitor this indicator to mitigate the impact of energy transition risks.With the rise in electricity prices, businesses across various sectors have been passing on the costs to consumers. Consequently, prices have increased, leading to a general rise in daily expenses for the public. This, in turn, will result in a higher demand for loans from the general public. However, this increased demand will also bring with it an elevated level of credit risk for the primary customer base, potentially leading to situations where borrowers are unable to repay and default on their loans.The electricity bills for all operating and office locations have increased, and the rise in electricity prices will result in an overall increase in prices. This will further escalate operating costs and impact profitability.Taiwan Power Company's electricity dispatching is insufficient, leading to an unplanned power outage that will impact equipment operation and operational sites.	<ul style="list-style-type: none">Prudent evaluation of investment activities, particularly in energy-intensive and heavy industries. It is advisable to regularly monitor electricity prices and make timely adjustments to positions after making investments.Financing activities involve cautious evaluation of industries, careful selection of credit provision and project financing for less energy-intensive industries, avoiding concentration of exposure to high-risk sectors, and enhancing post-lending management. Additionally, customers' manufacturing facilities, industry supply chains, and energy-related sectors are included in credit assessments to reduce exposure to single-market risks. Continuous monitoring of customer operating conditions is conducted to mitigate credit risks.Measures for Self-Operation:<ul style="list-style-type: none">Electricity carbon emissions: Continuously implementing the ISO 50001 Energy Management System and obtaining verification to enhance the energy efficiency of our various equipment; continuously expanding the scope of ISO14064-1 inventory to include overseas locations and field offices of KGI Life Insurance.Energy saving and carbon reduction: Regularly replace environmentally friendly, energy-efficient air conditioning equipment and lighting fixtures. Implement dynamic control of the operating time for chilled water units, elevators, lighting fixtures, and water dispensers to reduce electricity consumption. Continuously promote internal initiatives for energy saving and carbon reduction.Promoting renewable energy: In 2023, solar panels have been installed at the headquarters building of CDF and the Peimen Branch of the bank subsidiary, generating 82.24 kWh of renewable energy in 2023. Additionally, CDF purchased and used 4,966.80 kWh of renewable energy in 2023.According to the Company's "Guidelines for Continuous Operation Management and Major Disaster Response": To maintain information equipment compliance with government first-level planning standards, the power supply adopts dual-feeder lines (from different distribution stations) supplemented by uninterruptible power supply (UPS), generator equipment, and off-site redundancy measures to ensure that the Company can maintain basic operational functions during power outages.In line with the policies of the Ministry of Economic Affairs, actively promote "Low-Carbon Smart Project Loans" to enhance financing services for "urban renewal or green buildings/smart buildings" projects: Provide assistance and guidance to small and medium-sized enterprise customers in low-carbon transformation and the adoption of energy-saving/water-saving equipment through lending.

2.3 Climate Chapter

2.3.1 Climate Governance

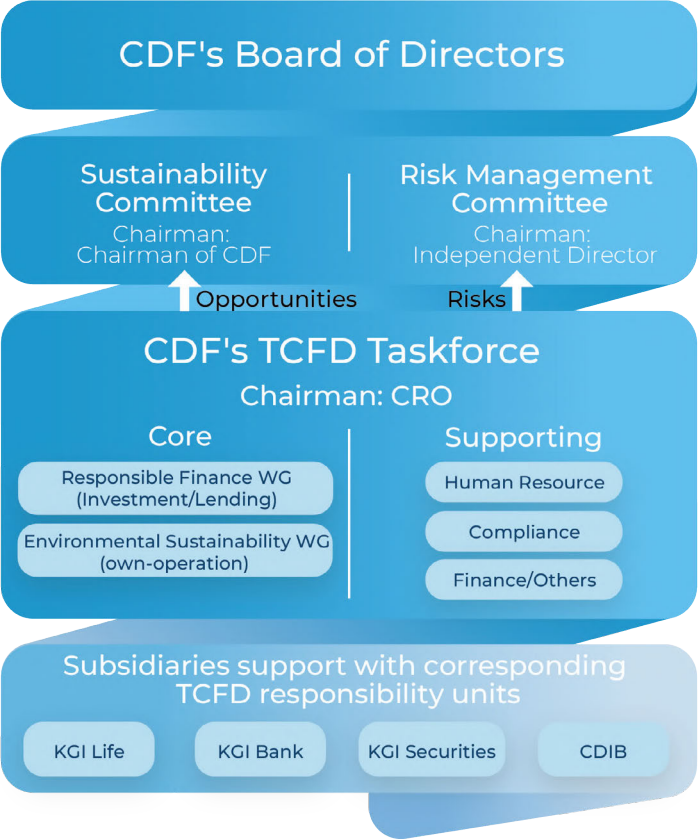
2.3.1.1 Organizational Structure and Responsibilities for Climate Governance

To establish a good climate risk management mechanism, 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 continuously strengthen operational resilience in order to respond effectively to the challenges posed by climate change, but will also be able to make a positive contribution to society and the environment.

To more completely plan and implement sustainability-related strategies, the Sustainability Committee and the Risk Management Committee under the Board of Directors of this Group are responsible for climate governance-related guidelines and frameworks; among them, the Sustainability Committee is mainly responsible for the formulation and adherence to climate governance frameworks, while the Risk Management Committee uses a three-line defense, from business units, management units to audit units, to incorporate climate governance into the current risk management process, enhancing the company's sustainability value through existing risk management mechanisms and culture.

In addition to this, CDF has also established a TCFD (Task Force on Climate-related Financial Disclosures) working group, consisting of a core unit and a support unit. The core unit is responsible for implementing and refining the corresponding sustainability action plan, while also collecting and setting metrics and targets for climate-related risks and opportunities. By keeping abreast of major climate issues through meetings and projects, TCFD working group 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 process. The support unit provides 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 2023 contained a total of five items on climate issues.
- CDF's Board has mandated the Sustainability Committee to develop 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 CDF chairman, president and independent directors, is the steering body for the attainment of the sustainable finance 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 existing 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 & financing, and 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 ESG team, Risk Management Department, Responsible Finance WG and Environmental Sustainability WG, as well as the subsidiaries' TCFD WGs.
- 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

Knowledge about the impact of climate change on the financial industry is constantly evolving. To assist the board of directors and senior management better understand climate governance, and to strengthen the effective response, assessment and management of climate-related risks and opportunities by executives and colleagues at all levels of our group, CDF has conducted several TCFD climate-related education and training sessions in 2023, and encourages management and relevant personnel to participate in training courses related to sustainable and net-zero transition industry development trends organized by external institutions. The course content includes green finance to net-zero finance, corporate risk response and financial industry positioning under the net-zero context, global net-zero emission impacts and ESG actions, opportunities and challenges of the circular economy, how to response global net-zero emission and corporate ESG actions, climate finance promoting net-zero transition, TCFD and climate risk management practical education and training...etc. CDF and its subsidiaries, from directors, senior executives and colleagues, have participated in a total of 31 related education and training courses.

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 climate related knowledge. Up to now, several of the Group's staffs have been certified as Sustainability and Climate Risk (SCR) Certificate, ISO 14064 Lead Verifier, ISO 14067 Lead Verifier, ISO 14064 Internal Auditor, ISO 14001 Internal Auditor, ISO 50001 Internal Auditor, PAS 2060 System Builder, Executive Yuan EPA GHG Inventory Verifier, Air Pollution Control Specialist and Corporate Sustainability Manager.

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2.3.2 Climate Strategy

2.3.2.1 Net Zero Strategy



In order to achieve the goal of limiting the temperature increase to 1.5 degrees Celsius above pre-industrial levels, as outlined in the Paris Agreement, China Development Financial Holding Corporation actively participates in climate-related initiatives and guidelines. Since 2015, we have been adhering to the Equator Principles (EPs) for lending. In December 2018, we officially signed the Task Force on Climate-Related Financial Disclosures (TCFD), which includes governance, strategy, risk management, and metrics and targets as its core elements. To track our progress in decarbonization more effectively, we joined the Science Based Targets initiative (SBTi) in 2022. In June 2023, we also became a member of the Partnership for Carbon Accounting Financials (PCAF) to adopt international standards for carbon accounting in investment and financing. The subsidiary has also followed the PCAF methodology to complete the carbon emissions inventory for equity and corporate bond investments, business loans, commercial real estate loans and electricity generation project finance, and has set annual carbon reduction targets.

CDF is committed to implementing a sustainable net-zero vision. In 2021, it became the first financial holding company in Taiwan to commit to achieving net-zero carbon emissions across all asset portfolios by 2045. The company is actively purchasing renewable energy and expects that by 2024, the CDF headquarters will become the first financial holding company to obtain dual certification for carbon neutrality and green building. The company is actively planning to implement a low-carbon sustainable environment.

To achieve the goal of 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 UN-convened Net-Zero Asset Owner Alliance (NZAOA) as the core. By integrating and designing the organizational aspects, the Sustainability Committee has set up a standard TCFD execution mechanism 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.

1. Compliance with UN regulations: We comply with 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).
2. 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.
3. 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.
4. 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.
5. Transition goals: CDF is actively purchasing renewable energy and expects that by 2024, the CDF headquarters will become the first financial holding company to obtain dual certification for carbon neutrality and green building., and to substantially raise the proportion of green credit and green investment in its business activities.

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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 direct project investment and financing exposure to new coal and unconventional oil-related industries by 2025 and also set fully exiting schedule for these industries.
Complete carbon footprint inventory	3. Set near-term (ideally 5-year) targets	We have set a 5-year target to reduce carbon emissions. Targets to Reduce Carbon Emissions in Investment and Financing Portfolio: Increase the proportion of investment portfolio setting Science Based Targets (SBT) for carbon reduction. CDF commits to 45.78% of its investment portfolio (equities, corporate bonds, ETFs, mutual funds, and investments in REITs) by invested value setting SBTi validated targets by 2029 from a 2022 base year. These targets will then be incorporated into internal KPI management.
	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 2023 for equity and corporate bond investments, business loans, commercial real estate loans and electricity generation project finance.
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 pay attention to companies with negative emissions technologies such as forestry, blue carbon, 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.
Periodic public disclosure	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.
	11. Disclose transparently and comprehensively the metrics, targets and progress	We disclose full targets and progress on an ongoing basis in our reports.

Note: CDF has planned to apply for SBTi Near-Term target for Financial Institutions (SBT FINT) validation in the second half of 2024. The targets will be updated in the future according to the final review results.

2.3.2.2 Decarbonization Strategy

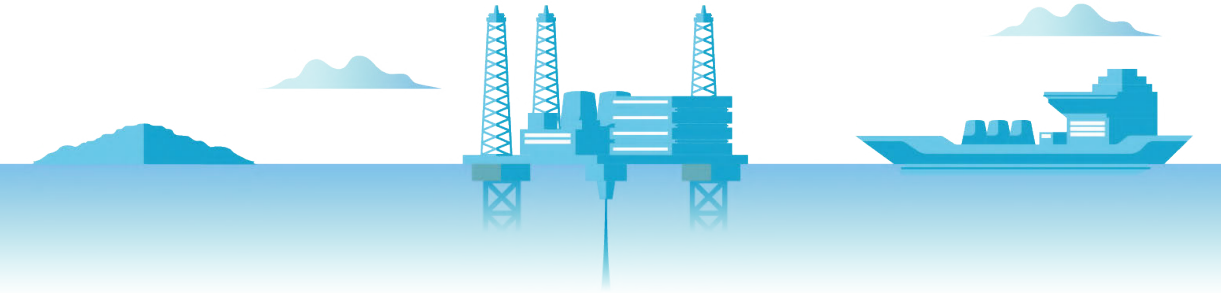
Decarbonization Commitments in the Thermal Coal and Unconventional Oil and Gas Industries

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. Each subsidiary will gradually reduce investment in high-carbon industries without a low-carbon transition plan according to their business conditions. One of CDF subsidiary - CDIB, has taken the lead in achieving to phase out coal and coal mining industries from its own investment positions by the end of 2022, and continues to increase the amount of new green investments, advancing towards the decarbonization target schedule.

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 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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2.3.3 Climate Opportunities

2.3.3.1 Climate Opportunity Identification

In order to grasp the opportunities that arise from climate change, our group conducts an annual assessment of climate-related prospects. An evaluation will be conducted for each business division of the company, taking into account the climate opportunities classification, impact pathways, timing, value chain position, and financial implications recommended by TCFD. In 2023, a total of five significant climate opportunities were identified. The assessment of these climate opportunities is shown in the following two tables.

Climate Opportunity Identification Procedure	
Step 1: Data Collection and Analysis	Based on the TCFD guidelines and considering both domestic and foreign development trends, as well as climate-related opportunities in the industry, this group has identified substantial a list of topics for climate opportunities.
Step 2: Climate Opportunity Assessment	Each subsidiary's relevant departments evaluate the potential impact period ^(Note 1) and impact level ^(Note 2) on the company for various significant climate opportunity issues, based on their understanding of the issues related to their respective business types.
Step 3: Significant Climate Opportunity Identification	Based on the evaluation results from the relevant departments of each subsidiary, the impact period, probability and impact level of climate opportunities have been summarized. Opportunities with a impact period score of short-term and medium-term or higher, and a potential impact level of moderate and high, are considered significant climate opportunities for the Group. In 2023, a total of five significant climate opportunities were identified.
Step 4: Review	The identified significant climate opportunities will be reviewed and disclosed in CDF's ESG Report. After completing the CDF ESG Report, it will be submitted to the Sustainability Committee and the Board of Directors.

Note 1: Impact period: short-term may occur within 3 years (inclusive); medium-term may occur within 3 to 10 years; long-term may occur after 10 years.
Note 2: Impact degree: Considering the occurrence of climate opportunity events, which may generate the possible extra financial benefits, affected departments, decision-making authority/levels...etc.

Climate Opportunity Identification Results in 2023						
Opportunity factor	Significant Climate Opportunity Description	Value Chain of Influence	Impact Period ^(Note 1)	Impact Level ^(Note 2)	Financial Impact	Response Measures
• Product and Service • Market	The Benefits of Green Investment and Financing for Our Company	• Investment and Financing Business	Mid-term	Medium	By reducing investments in high-carbon industries, increasing green bonds, and supporting companies or countries in funding renewable energy, energy efficiency improvement and transformation, green building, and green transportation projects, the company can increase the value of its financial assets and related income.	• Invest in green bonds, low-carbon transition targets, set SBT carbon reduction target, green credit, renewable energy project financing, and when managing asset management business funds, take into account the third-party rating mechanism, gradually reducing investment in high-carbon industries.. • To collaborate with the domestic and foreign renewable energy industry and make direct investments in renewable energy projects. This will help expand the renewable energy market in Taiwan and contribute to the increase of domestic renewable energy sources, in order to meet global net-zero carbon goals.
• Product and Service • Market	The Benefits of Offering Low Carbon Sustainable Finance Products and Services for Our Company	• Financial Product Services	Short-term	Medium	In recent years, there has been a significant growth in green investment and financing products in the capital market. This, along with the increased interest from international investors, has led to the development of green and sustainable investment and financing products for companies. As a result, companies are experiencing stable income and positive impact.	• Continuously launching low-carbon sustainable products, we have currently issued and hold 3 funds that are in compliance with the FSC's ESG regulations. • Continuously promote the use of digital services to minimize paper consumption in business processes. The carbon footprint inventory for the insurance service has been completed and verified by ISO 14067. Additionally, it has obtained the carbon label from the Ministry of Environment.
• Resilience • Product and Service	Potential Benefits of the Specific Climate Issues Initiatives for Our Company	• Own-operation and Investment and Financing Business • Financial Product Services	Short-term	High	Signing up for PRI, PRB, SBTi, TCFD, or other sustainability initiatives and guidelines not only benefits the company in formulating climate strategies and implementation, but also enhances international rating performance, increases investors/customers trust in the Group and facilitate fundraising.	• We will propose a SBT FIN near-term target validation, and continue to promote investment and financing targets towards net zero goals through engagement. • In line with the SBTi carbon reduction target initiative, we will continue to purchase renewable energy and promote CDF headquarters to achieve carbon neutral by 2024.
• Product and Service	Potential Benefits of Digital Financial Transformation for Our Company	• Own-operation • Financial Product Services	Short-term	Medium	The digitization of internal processes and business operations will impact the company's operating model, which is expected to significantly reduce energy use and carbon emissions, while enhancing customer convenience and financial experience.	• Providing customer service digital tools, mobile insurance, trading and wealth management and other online service • Promote the use of electronic bills, electronic policies, electronic insurance contracts and digital notifications • Promote the electronification of administrative operating systems, such as official document systems and procurement systems, to optimize internal operating procedures
• Energy Efficiency Usage • Renewable Energy	Potential Benefits of Improving in Energy Resource Utilization Efficiency for Our Company	• Own-operation	Short-term	High	Improving energy efficiency enables the company to achieve its net-zero operational goals, reduce potential operating costs such as carbon fees/taxes, and decrease dependence on purchased electricity.	• Plan for green procurement, replace air conditioning equipment and lighting fixtures with more environmentally friendly, energy-efficient alternatives. Additionally, aim to achieve ISO 50001 certification on an annual basis. • Continuously promote "CDF headquarters to achieve carbon neutral by 2024."In 2023, CDF purchased 17% of its electricity from external sources as renewable energy, while CDIB purchased 28% of its electricity from external sources as renewable energy.

Note 1: Impact period: short-term may occur within 3 years (inclusive); medium-term may occur within 3 to 10 years; long-term may occur after 10 years.
Note 2: Impact degree: Considering the occurrence of climate opportunity events, which may generate the possible extra financial benefits, affected departments, decision-making authority/levels...etc.

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2.3.3.2 Climate Opportunity Practices

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.

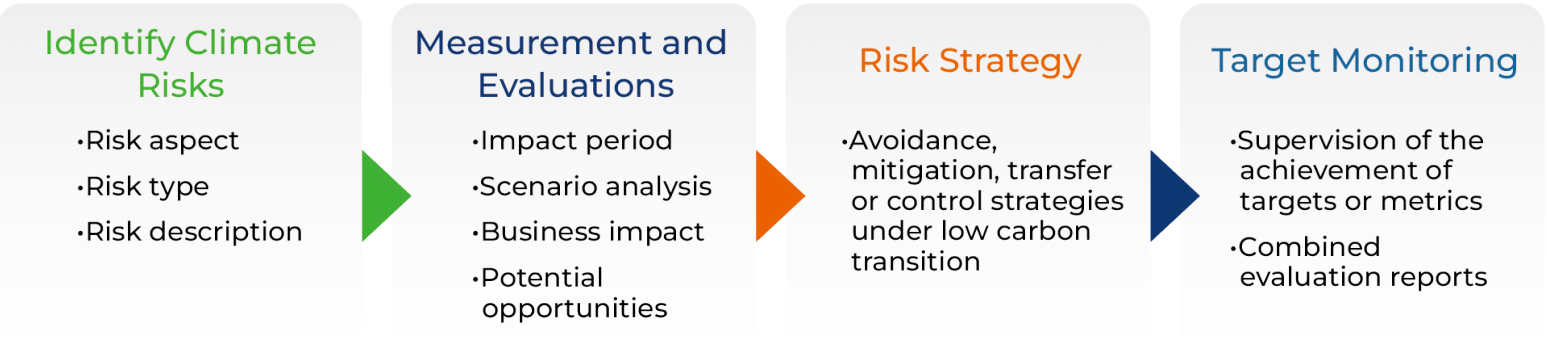
Our subsidiaries KGI Life, CDIB Capital, KGI Bank, KGI Securities and KGI SITE have all subscribed to the "Stewardship Principles for Institutional Investors" released by the Corporate Governance Center of the Taiwan Stock Exchange, adhering to its six major principles. By incorporating ESG management 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 Intelligent Finance.

2.3.4 Climate Risk Management

2.3.4.1 Scope of Climate Risk Management

To address climate risk, CDF's Board of Directors in 2023 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 domestic and international standards as well as 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.

Climate Risk Identification and Management



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.

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Assessment of the Group's identification of climate risks in 2023							
Risk Aspect	Risk Type	Description of Significant Risks	Corresponding Existing Risks	Affected Value Chain	Influence Period	Impacts and Effects	Response Measures
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">Credit RiskOperational Risk	Own operations Downstream activities / customers	Short-term	<ul style="list-style-type: none">Damage to physical offices or equipment and business interruptions, e.g. power failure to operations and maintenance premises, strong typhoon and floods damage to servers or network equipment.Possible damage to the collateral if located in a special area.	<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">Market RiskCredit RiskOperational Risk	Own operations Downstream activities / customers	Long-term	<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.	<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">Operational Risk	Upstream activities	Short-term	<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.	<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	Policies and Regulations	<ul style="list-style-type: none">Total GHG emissions controls, e.g. implementation of the Greenhouse Gas Reduction and Management Act or carbon pricing.Under global carbon reduction regulations, companies will face additional costs related to carbon reduction, carbon trading, or carbon tax payments in order to comply with regulations for low-carbon transition. Recent 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">Operational RiskCredit RiskMarket Risk	Own operations Downstream activities / customers	Short-term, mid-term to long-term	<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.	<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.Based on the two climate scenarios, the Group has identified industries with high climate transition risks, assessed as the Group's key control industries in the future, and will regularly monitor and manage their sensitive positions, and strengthen cooperation with relevant industries to continuously reduce the carbon emissions of its holdings
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">Credit RiskMarket Risk	Downstream activities / customers	Medium- to long-term	<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.	<ul style="list-style-type: none">Diversifying the exposure of transitioning companies to lessen the risk of failure.Strengthening credit review 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">Credit RiskMarket Risk	Downstream activities / customers	Medium- to long-term	<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.	<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">Reputation Risk	Own operations Downstream activities / customers	Short- to medium-term	<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.	<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 business transition.Signing up to international initiatives and heading towards an internationally recognized approach.

Note 1: Impact Period: Short-term, within 3 years (inclusive); Medium-term, within 3 to 10 years; Long-term, after 10 years.

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2.3.4.2 Climate risk scenario analysis and Quantitative Impact Assessment

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 and NGFS Current Policies 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 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 2023 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, climate change scenario analysis of the Bank credit portfolio of the Group," and analysis of the impact of carbon pricing transition on the Group's Long-term investment portfolio, 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 – Policies and Regulations
		Physical Risk: Flood Risk Level Scenario Analysis	Climate Change Scenario Analysis of the Bank Credit Portfolio of the Group	Analysis of the Impact of Carbon Pricing Transition on the Long-term Investment Portfolio of the Group
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
	Above 2°C	AR6 SSP5-8.5	NGFS Current Policies	--
Subject of Analysis	Upstream Activities	Supplier Locations	--	--
	Own Operations	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	Investment in equity and corporate bonds
Assessment Period		AR6 SSP1-1.9: Mid-term 2021~2040 AR6 SSP5-8.5: Long-term 2081~2100	Mid-term, Long-term 2030 、 2050	Mid-term, Long-term 2030 、 2035 、 2040 、 2045 、 2050
Subsidiaries Covered		CDF, KGI Bank, KGI Life, KGI Securities, KGI Futures, KGI SITE, CDIB Capital, AMC	KGI Bank	CDF, KGI Bank, KGI Life, KGI Securities, KGI Futures, CDIB Capital, AMC
Response Measures		The Group properly activates and completes the backup establishment in existing operating locations, new operating locations, 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. To improve the operational resilience of suppliers, it is recommended that key suppliers integrate climate risks into their risk management systems. Furthermore, climate risk-related inquiries should be included in the annual supplier evaluation, and regular assessments of suppliers' climate risk management should be carried out. The Group also uses physical risk as the key determinants for investment and credit to properly adjust its business regulations. Moreover, KGIB 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 credit 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.	In order to minimize the impact of carbon pricing on the investment targets, the Group will consistently utilize risk management tools such as industry risk matrices or scenario analyses to regularly identify, evaluate, and monitor climate risks. If these risks are considered to be significant operational risks, appropriate response strategies will be developed in accordance with the Group's climate governance framework and reported to the Sustainability Committee. To effectively identify high climate risks, the Group will consistently monitor and manage its vulnerable assets. Additionally, it will enhance engagement with relevant industries to continually reduce carbon emissions from its holdings, leading industries in a low-carbon transition.

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Results of Climate Risk Scenario Analysis

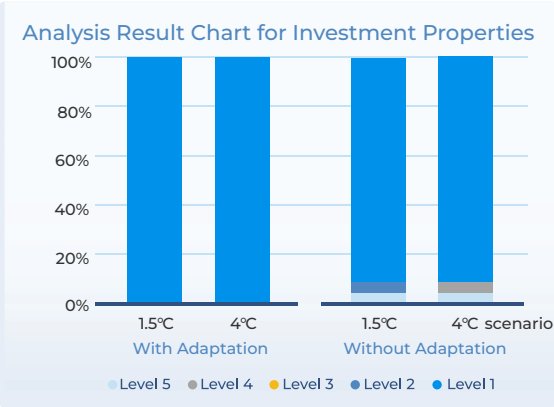
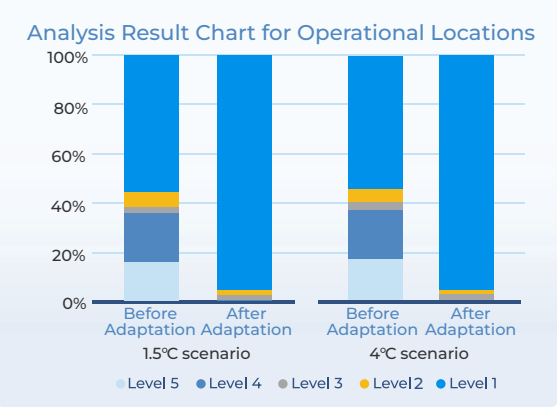
Physical Risk: Flood Risk Level Scenario Analysis

- 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. In order to better assess the financial impacts of climate change on its own operations and downstream investment and financing goals, the company aims to understand the impact on its business and asset value. 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.
- Risk Classification Definition:

The 'Taiwan Disaster Risk Map' published by the National Center for Disaster Reduction (NCDR), Dr. A^{note} indicated five levels of risk. Level 1(deep green) represents the lowest relative risk, while Level 5 represents the highest risk level. Among them, Level 5 is classified as a high-risk area according to the Group's definition, while Level 4 is an area of concern.

Note: The Climate Change Disaster Risk Adaptation Platform, Dr.A, can be accessed at <https://dra.ncdr.nat.gov.tw/>
- Financial impact:
 - Supplier: Based on the analysis results, taking into account temperature scenarios of 1.5°C and 4°C, as well as the analysis results after considering the floor level, over 75% of KGI Life's supplier operating locations are classified as low-risk level (Level 1).
 - 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 Group's operations.
 - Investment properties: Upon analysis, the Group's investment properties^[Note] with over 96% 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 Group's investment losses.



Note: Pursuant to Article 75 of the Banking Act, commercial banks are prohibited from investing in non-self-use real estate. The bank primarily uses their investment properties in this group as collateral for loans and for leasing their own office buildings.

- Mortgage in consumer banking: After considering the floor height and the remaining loan term for Mortgage in consumer banking, the Group has identified that 7% and 12% of the exposures are located in the high-risk areas (Level 5) with a temperature increase of 1.5°C and 4°C, respectively. Additionally, 2% and 5% of the exposures are located in the areas of concern (Level 4). The relevant departments have assessed these risks and implemented corresponding measures to mitigate the impact of climate risks on the Group.

Risk Level for Flood Scenario	1.5 ° C		4 ° C		1.5 ° C	4 ° C
	Quantity Ratio(%)	Percentage of Exposures(%)	Quantity Ratio(%)	Percentage of Exposures(%)		
Level 5	7%	7%	13%	12%		
Level 4	2%	2%	4%	5%		
Level 3	0%	0%	0%	0%		
Level 2	5%	4%	1%	2%		
Level 1	87%	87%	82%	82%		
Total	100%	100%	100%	100%		

- Real estate mortgage loans in corporate banking: The Group conducted a scenario analysis on the real estate mortgage loans in corporate banking. After considering factors such as floor height and remaining loan term, it was determined that with a temperature increase of 1.5°C and 4°C, 1% of the exposures are located in the high-risk areas (Level 5).

Risk Level for Flood Scenario	1.5 ° C		4 ° C		1.5 ° C	4 ° C
	Quantity Ratio(%)	Percentage of Exposures (%)	Quantity Ratio(%)	Percentage of Exposures(%)		
Level 5	1%	1%	1%	1%		
Level 4	0%	0%	0%	0%		
Level 3	0%	0%	0%	0%		
Level 2	0%	0%	0%	0%		
Level 1	98%	99%	98%	99%		
Not included	1%	0%	1%	0%		
Total	100%	100%	100%	100%		

Note: After adjusting the physical risk level in the corporate banking, there are a total of 4 credit customers with a risk level of 5. Among these customers, 1 customer has fully repaid and written off the collateral at the beginning of 2024, which has significantly reduced the current situation. The balances of the remaining 3 customers account for a very small proportion of the total credit balance in the corporate banking, and have minimal impact.

Note: The analysis area labeled as 'not included' is a result of the current geographic information system not covering that particular area

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Analysis of the Impact of Carbon Pricing Transition on the Group's Long-Term Investment Portfolio

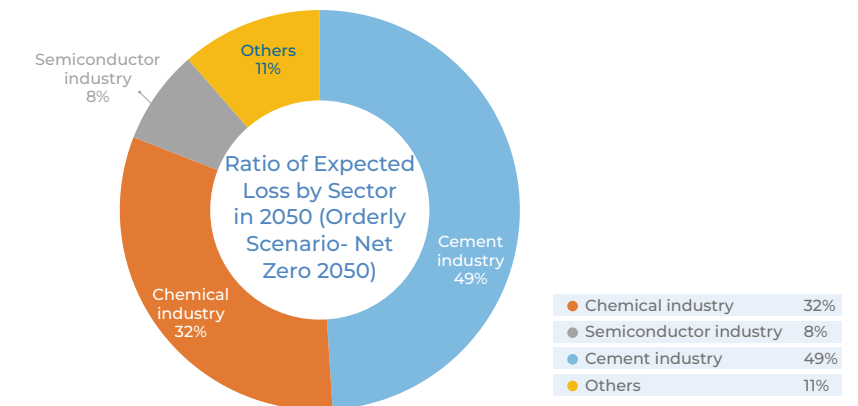
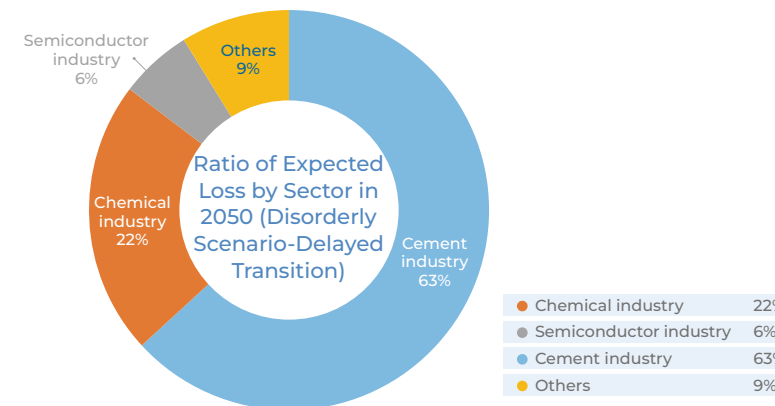
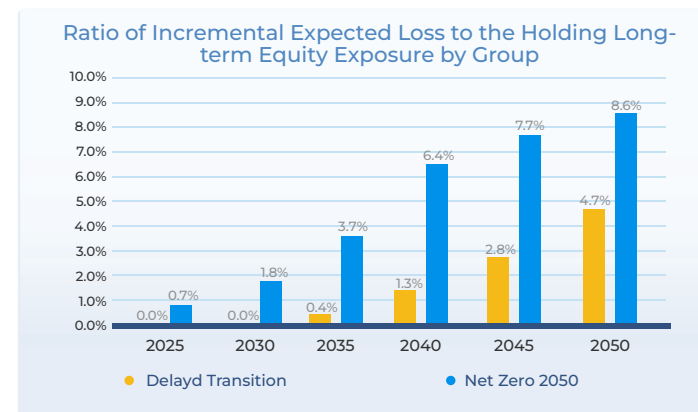
- Description of analysis:

Considering Taiwan's announcement in 2021 to achieve net-zero emissions by 2050, along with the release of the Taiwan 2050 Net Zero Emissions Roadmap and Climate Change Response Act, the NGFS has selected the 'Net Zero 2050' scenario for an orderly transition. This scenario is in line with both domestic and international net-zero emissions pathways and allows us to simulate the potential financial losses that our group may incur under current policies and regulations. In addition, the group has selected the 'Delayed Transition' scenario to assess the ongoing increase in global carbon emissions until 2030, driven by economic progress under conservative conditions. Once the emissions reach their peak, the group will intensify efforts to reduce carbon. This necessitates the implementation of robust and efficient policies to mitigate global warming and ensure it remains below 2°C.

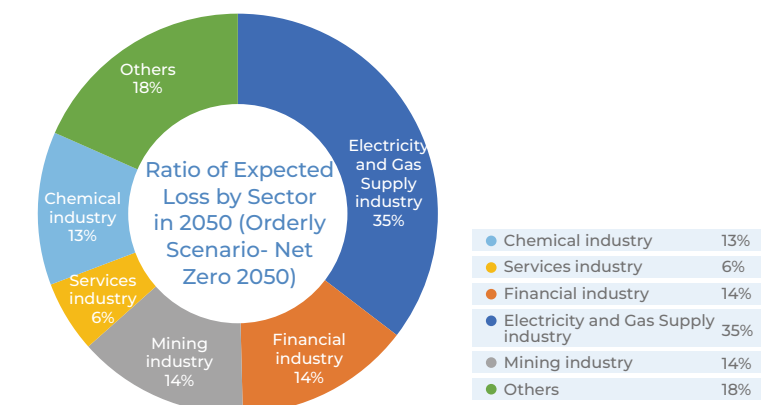
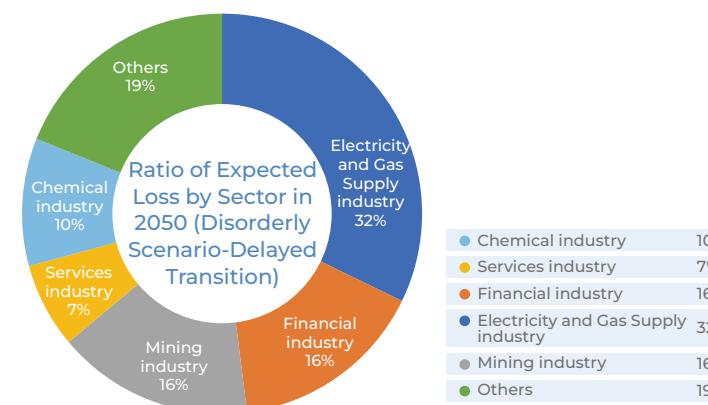
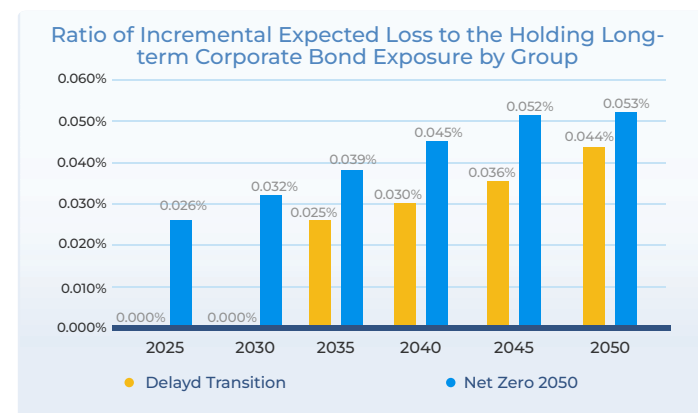
- Financial impact:

Under global carbon reduction regulations, companies will face additional costs related to carbon reduction, carbon trading, or carbon tax payments in order to comply with regulations for low-carbon transition. The Group evaluates the quantitative impact of carbon costs on the credit risk of long-term corporate bond investments and the market risk of long-term equity investments through scenario simulation analysis. The results of the analysis are as follows:

- Equity Investment: In the scenario of disorderly transition, the Group does not anticipate any additional expected losses before 2030. As we approach 2050, the maximum climate-related expected loss will represent 4.7% of the asset scale. In the scenario of orderly transition, the Group expected climate-related loss by 2030 accounts for 1.8% of the asset scale. As we approach 2050, the maximum climate-related expected loss will represent 8.6% of the asset scale. From an industry perspective, in both scenarios, the Group has identified the cement industry, chemical industry, and semiconductor industry as the top three industries with higher expected losses, which were assessed to have higher climate transition risks in the future and used as a reference for the Group's future related risk control.



- Corporate Bond Investment: In the scenario of disorderly transition, the Group does not anticipate any additional expected losses before 2030. As we approach 2050, the maximum climate-related expected loss will represent 0.044% of the asset scale. In the scenario of orderly transition, the Group expected climate-related loss by 2030 accounts for 0.032% of the asset scale. As we approach 2050, the maximum climate-related expected loss will represent 0.053%, therefore, the assessment indicates that the financial impact of climate transition risks on the Group's corporate bond investments is relatively low. From an industry perspective, in both scenarios, the electricity and gas supply industry, the financial industry, the mining industry, the services industry and the chemical industry are among the top five industries with higher expected losses identified by the Group. Although the financial and services industries do not have the characteristics of high carbon emissions among the top five industries, the Group still includes them as industries with higher climate transition risks after assessment because the Group has a higher holding position in these two industries and will serve as a reference for the Group's future related risk control.



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Climate Change Scenario Analysis of the Bank Credit Portfolio of the Group

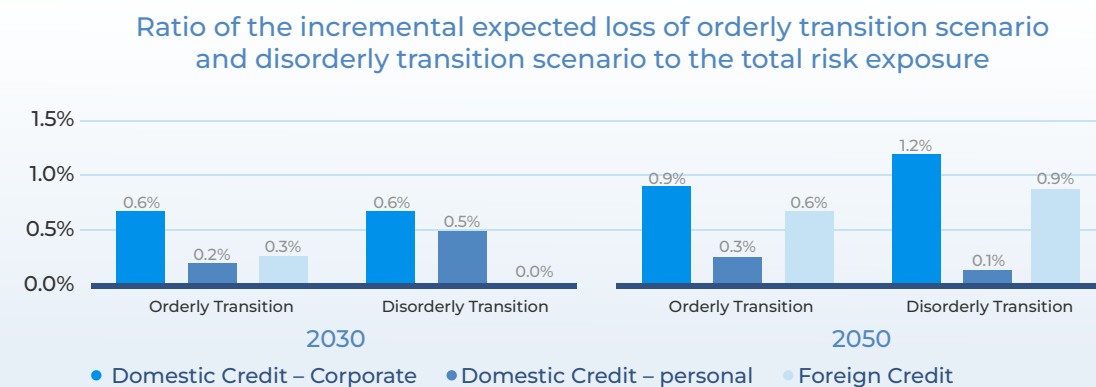
- Description of analysis:

To keep track of the potential impact of climate change on the Bank credit 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 credit assets, including domestic credit – corporate, domestic credit -personal and foreign credit 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:

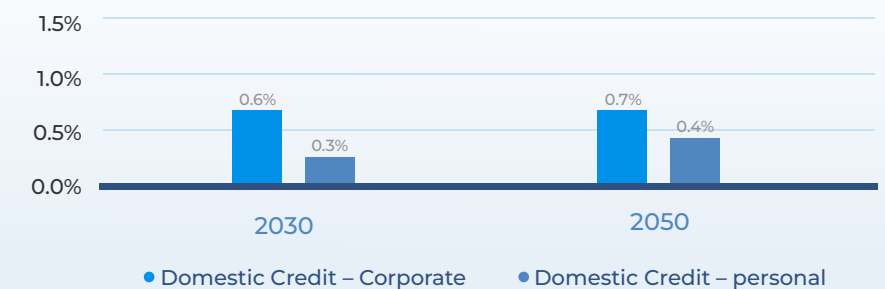
To assess the impact of various climate scenarios on credit asset portfolios and devise optimized strategies for specific scenarios, the group examines both transition scenarios (orderly and disorderly) and non-transition scenarios (no-policy) separately. The results of analysis are outlined below:

1. Orderly Transition Scenario and Disorderly Transition Scenario: The orderly transition scenario assumes that global transition will be adopted immediately and implemented gradually to achieve specific carbon reduction goals. On the other hand, the disorderly transition scenario starts the transition later compared to the orderly scenario but still needs to achieve specific carbon reduction goals. Therefore, it is expected to face greater transition risks, and both scenarios may also be accompanied by the occurrence of physical risks. Overall, in 2030, the expected increase in the ratio of incremental expected losses (Δ EL) to total exposure at default (EAD) is higher for domestic credit, including both corporate and personal, within this group. This will be a primary area of focus for the group in the medium term. In addition, the variation ratio of incremental expected loss for domestic corporate credit and foreign credit in 2050 is significantly higher compared to 2030. This suggests that if the future transition scenario aligns more with disorderly transition, it is crucial to actively manage the credit asset portfolio that may be impacted by climate change.



2. No Policy Scenario: The no-policy scenario refers to the fact that no global policies promote transition, the physical risks may cause serious economic outcomes in the medium and long term (after 2040), but there will be no transition risks because there are no relevant policy requirements. 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.

Ratio of the incremental expected loss of no-policy scenario to the total risk exposure



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2.3.5 Climate Metrics and Targets

In line with the government's GHG reduction goals and net 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 headquarters 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 to achieve net zero carbon emissions across all asset portfolio by 2045. In addition to the long-term goals by 2045, CDF also set the Group's near-term target, which is to reduce carbon emissions intensity for investment/financing. CDF committed to reduce its electricity generation project finance portfolio GHG emissions 81.9% per MWh by 2034 from a 2022 base year. Besides, CDF committed to reduce its commercial real estate loan portfolio GHG emissions 78.1% per square meter by 2034 from a 2022 base year. And increase the proportion of investment positions that set SBT carbon reduction targets. CDF commits to 45.78% of its investment portfolio (equities, corporate bonds, ETFs, mutual funds, and investments in REITs) by invested value setting SBTi validated targets by 2029 from a 2022 base year. Then we incorporate these targets into internal KPI management. 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% before 2025" and "emissions reduction of at least 40% to 60% before 2030" for portfolio targets. Currently, CDF has conducted internal carbon reduction target management according to the methodology recommended by SBT, and plans to apply for SBTi Near-Term target for Financial Institutions (SBT FINT) validation in the second half of 2024.

2.3.5.1 GHG Emissions Inventory of Financial Assets

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

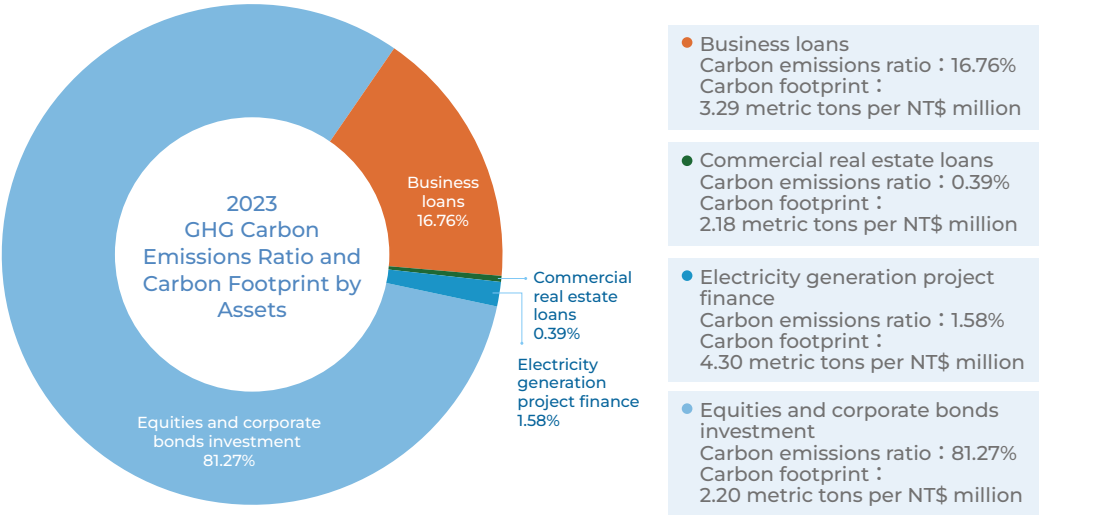
Target

- Near Term Target ^(Note):
 - Reduce Carbon Intensity:
 - CDF committed to reduce its electricity generation project finance portfolio GHG emissions 81.9% per MWh by 2034 from a 2022 base year.
 - CDF committed to reduce its commercial real estate loan portfolio GHG emissions 78.1% per square meter by 2034 from a 2022 base year.
 - Increase the proportion of investment positions setting SBT carbon reduction targets:
 - CDF commits to 45.78% of its investment portfolio (equities, corporate bonds, ETFs, mutual funds, and investments in REITs) by invested value setting SBTi validated targets by 2029 from a 2022 base year.
- Long Term Target: Achieve the goal of net-zero carbon emissions for the entire portfolio by 2045.

Note: CDF has planned to apply for SBTi Near-Term target for Financial Institutions (SBT FINT) validation in the second half of 2024. The targets will be updated in the future according to the final review results.

Inventory Statistics of Carbon Emissions from Investment and Financing Risk Exposure				
Scope 3 Investment and Financing GHG	2020	2021	2022	2023
Total Absolute Emissions (Metric Tonnes CO ₂ e)	5,759,217	4,670,481	5,093,806	4,689,247
Emission Intensity (Carbon Footprint)	3.56	2.52	2.67	2.35
Portfolio Coverage	81%	100%	100%	100%
Portfolio Type	On-Balance Sheet assets/products			

Note:
1. 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.
2. The carbon emissions for the year 2022 are calculated using the PCAF methodology. Accordingly, the financial holding company signed the SBTi in June 2022, and joined PCAF in June 2023. Following the PCAF methodology and rigorous calculation requirements to improve data quality, the carbon emissions information for this year is calculated using this methodology, and is retrospectively adjusted to 2022, resulting in a discrepancy between the carbon emissions from investment and financing in 2022 and the data disclosed in the previous year.
3. The coverage rate of the asset portfolio is calculated by using the surveyed asset position as the numerator and the sum of equity investments, corporate bond investments, electricity generation project finance, commercial real estate loans, and business loans positions on the balance sheet as the denominator.



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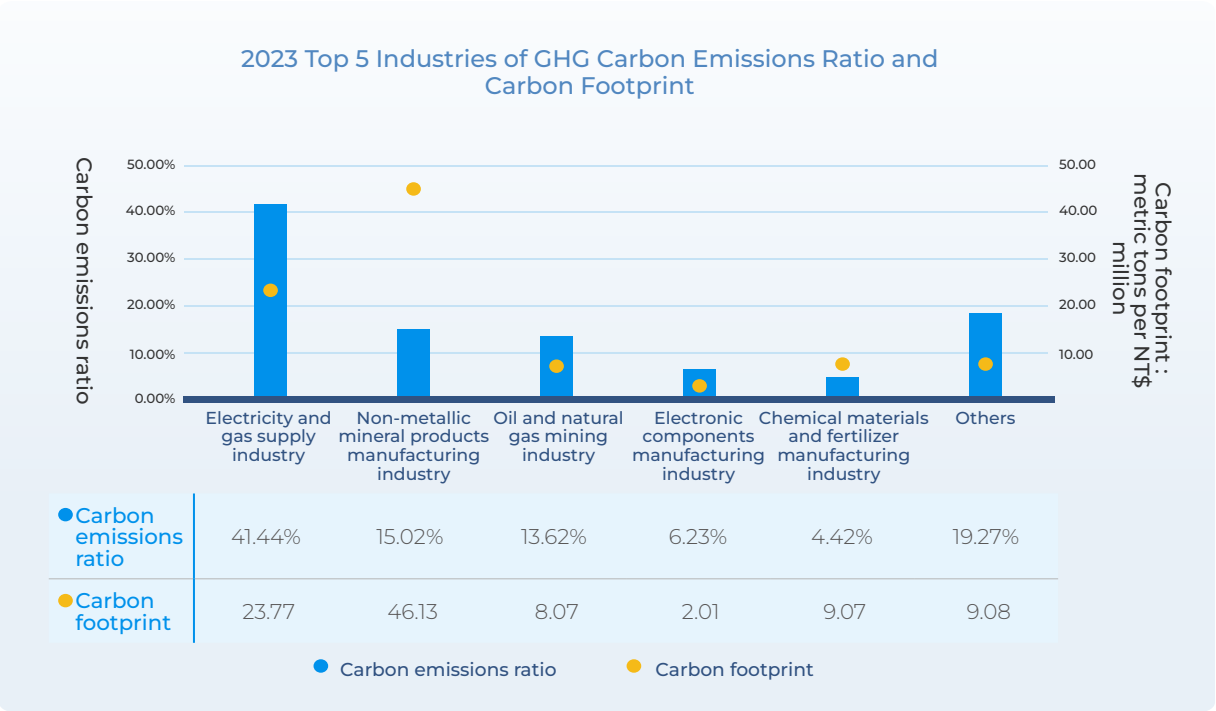
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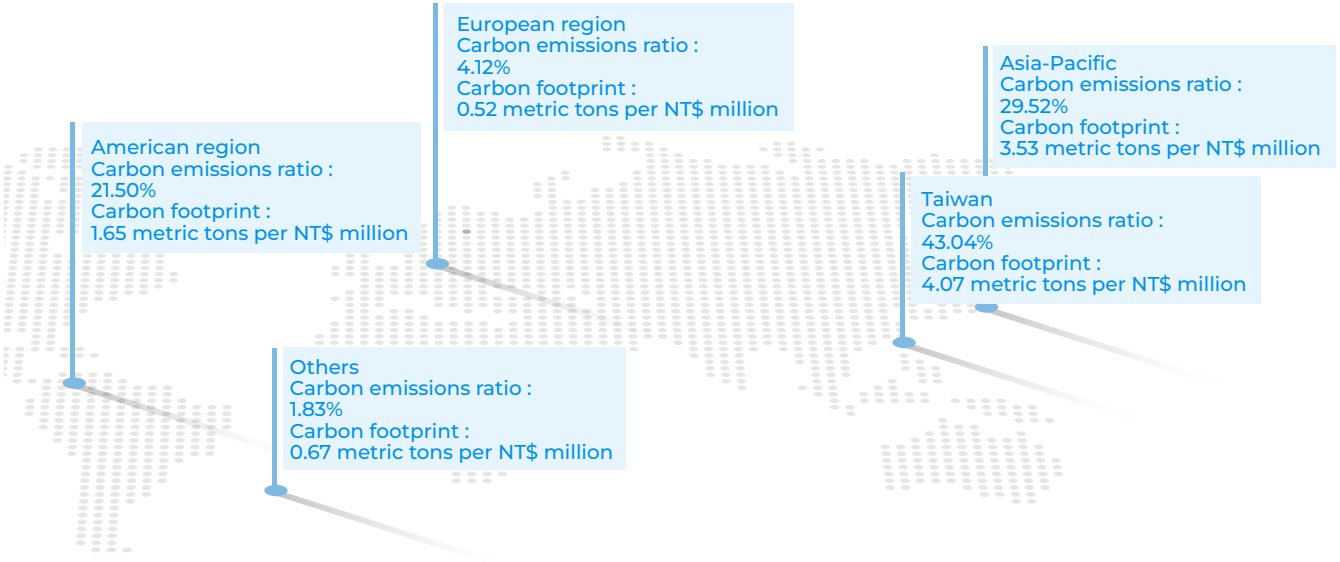
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The Group continues to adopt The Global GHG Accounting and Reporting Standard for the Financial Industry from PCAF and TCFD's disclosure recommendations. In 2023, a greenhouse gas emission inventory of investment and financing assets included equity investments, corporate bond investments, electricity generation project finance, commercial real estate loans, and business loans and the inventory coverage rate was 100%. The total carbon emissions from investment and financing was 4,689,247 metric tons, and the carbon footprint of investment and financing was 2.35 metric tons per NT\$ million.

The greenhouse gas emission inventory of investment and financing assets is divided by assets. Corporate equity and bond investments was the largest portion of the investment and financing portfolio at 81.27%, followed by business loans at 16.76%, electricity generation project finance at 1.58%, and commercial real estate loans at 0.39%. Among these, the carbon footprint of electricity generation project finance is the highest, at 4.3 metric tons per NT\$ million. Divided by industry type, the carbon emissions of the top five carbon-emitting industries account for about 80.7% of the investment and financing portfolio. They are electricity and gas supply industry, non-metallic mineral products manufacturing industry, oil and natural gas mining industry, electronic components manufacturing industry, and chemical materials and fertilizer manufacturing industry. These industries will be the priority for engagement and adjustment. In addition to prioritizing the management of the top five carbon-emitting industries, we will also review industries and assets with higher carbon footprints, moving towards the goal of low carbon emissions and low carbon footprints.



2023 GHG Carbon Emissions Ratio and Carbon Footprint by Region



2.3.5.2 Low-carbon and sustainable environmental goals

The company is actively purchasing renewable energy and expects that by 2024, the CDF headquarters will become the first financial holding company to obtain dual certification for carbon neutrality and green building. We will also set various energy-saving and carbon reduction related goals for subsequent tracking. For more details, please refer to Chapter 5 Low Carbon Economy.

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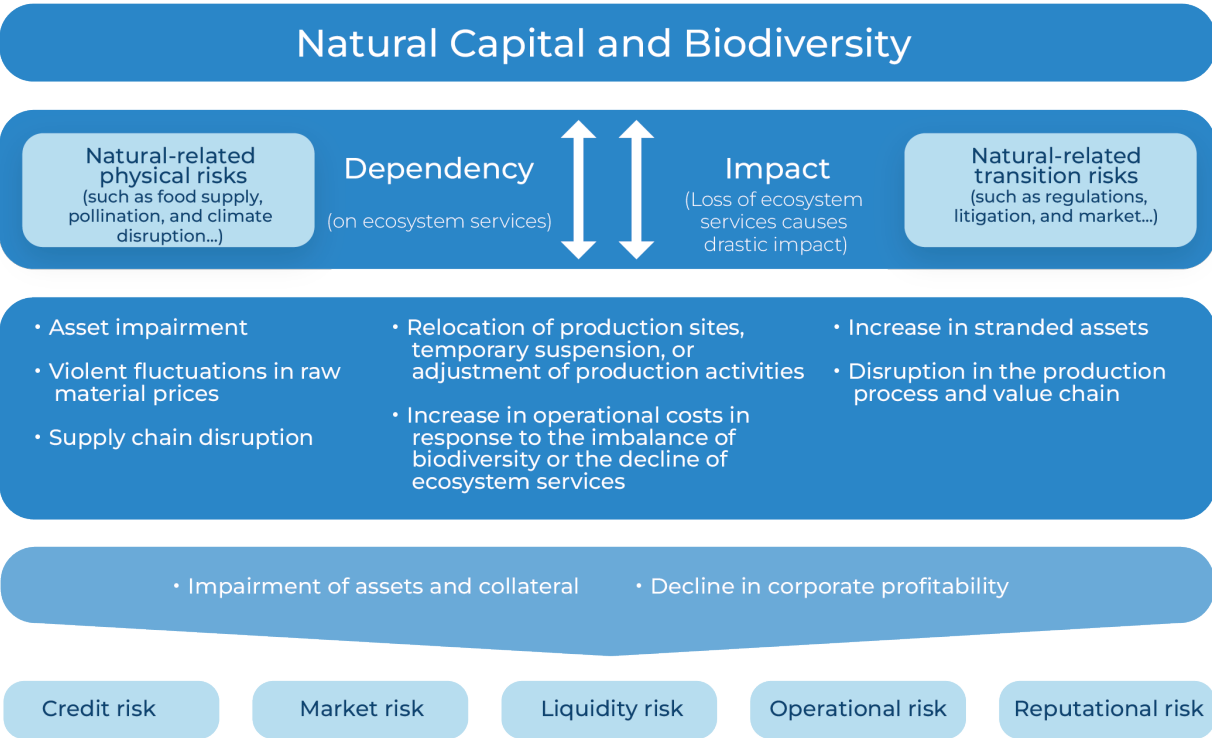
2.3.6 TNFD Nature-related and Biodiversity

2.3.6.1 Nature-related Risk Management

When the ecological chain of animals and plants, air, water resources, soil and other natural capital are damaged, people's lives, businesses and countries will be significantly affected, and they will have a dramatic impact on the overall environment, economy, and social stability. Based on risk-oriented management strategies, CDF is gradually incorporating nature-related risks into its risk management scope. The group plans to join as a TNFD Adopter (The Taskforce on Nature-related Financial Disclosures, TNFD) in 2024, and will follow the 14 requirements of the TNFD framework to gradually disclose the management of nature-related risks.

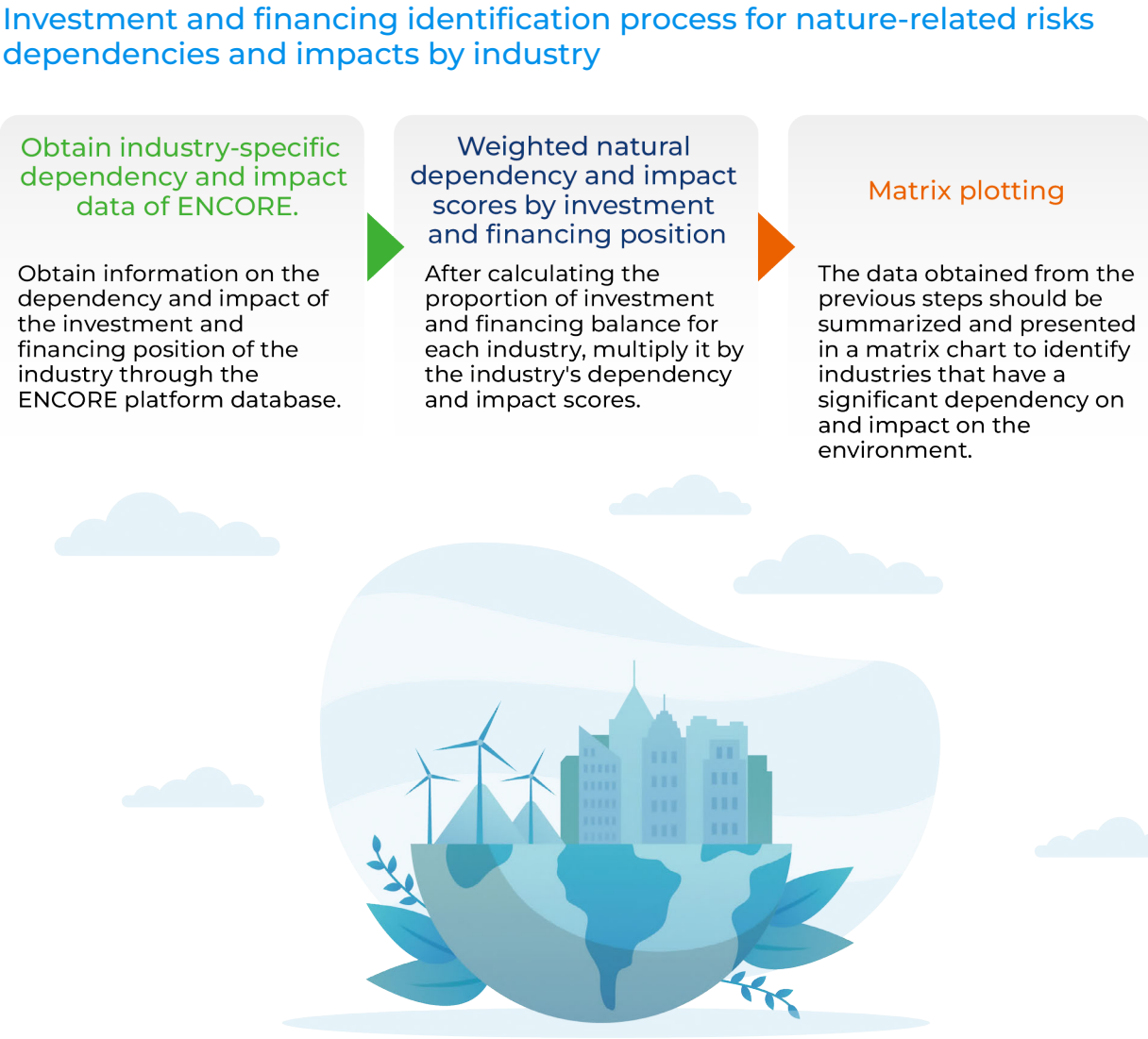
The Impact of Nature-related Risks on CDF

CDF believes that the imbalance of ecosystem services and the loss of natural capital will have a direct or indirect impact on the value chain of financial institutions. This impact will be felt through customers, counterparties, assets, and the economic environment in which they operate, leading to associated risks and losses for financial businesses. CDF also believes that it will contribute to a sustainable future by exerting financial influence and assisting in the global effort to protect and restore natural capital.



2.3.6.2 Nature-related Dependencies and Impacts

In order to understand the industries that are more likely to impact natural capital in the CDF's investment and financing portfolio, the ENCORE tool was used this year to obtain data on the dependencies and impacts of the industries to which the investment and financing targets belong on natural capital in 2023. After considering the proportion of the investment and financing portfolio balance, the top 10 industries in terms of the proportion of the investment and financing portfolio balance were selected to draw a matrix diagram of the dependencies and impacts of nature-related risks by industry.



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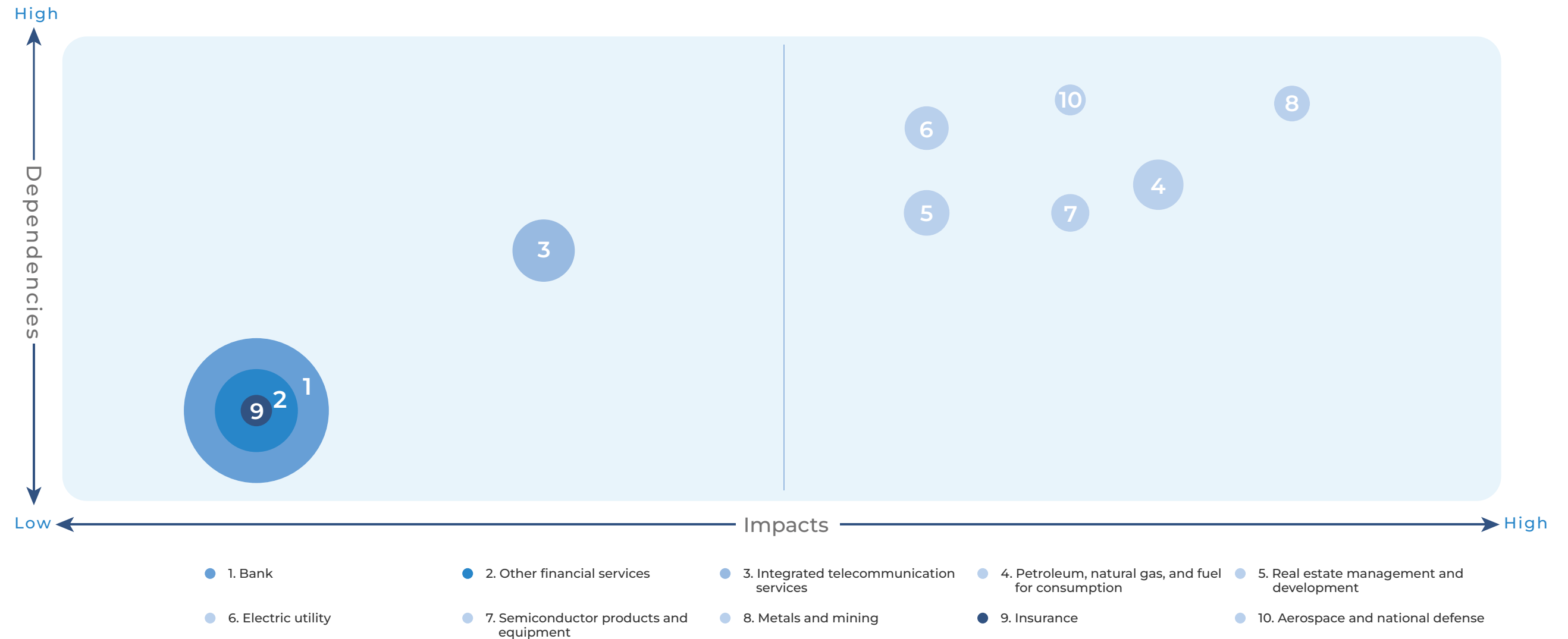
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Investment and financing identification results for nature-related risks dependencies and impacts by industry



Note: The size of the bubble represents the proportion of investment and financing balance, and the symbol number is sorted from large to small according to the investment and financing balance.

After reviewing and analyzing the results, among the CDF's investment and financing targets in 2023, the top three industries in terms of investment and financing proportions all belong to industries with low dependencies and low impacts. Moreover, all industries in the top ten of investment and financing proportions have natural dependencies of moderate or low. There are no industries that are highly dependent on and highly impacted by natural capital. However, some industries have moderate to low dependency but high impact (see the right area of the above figure), and may face higher natural transition risks in the future (for example, natural-related policies and regulations). CDF will continue to track and manage the aforementioned industries, adjust the investment and credit positions in a timely manner, and gradually move towards industries with low dependence and low impact on nature.

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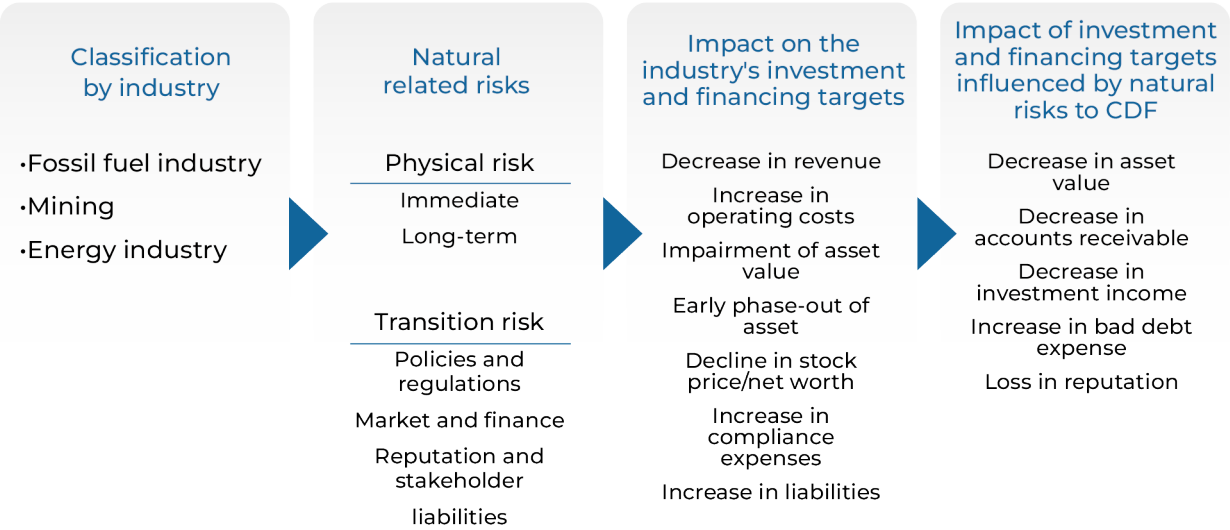
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2.3.6.3 Significant Nature-related Risks and Opportunities

The Identification Process of Significant Nature-related Risks and Opportunities

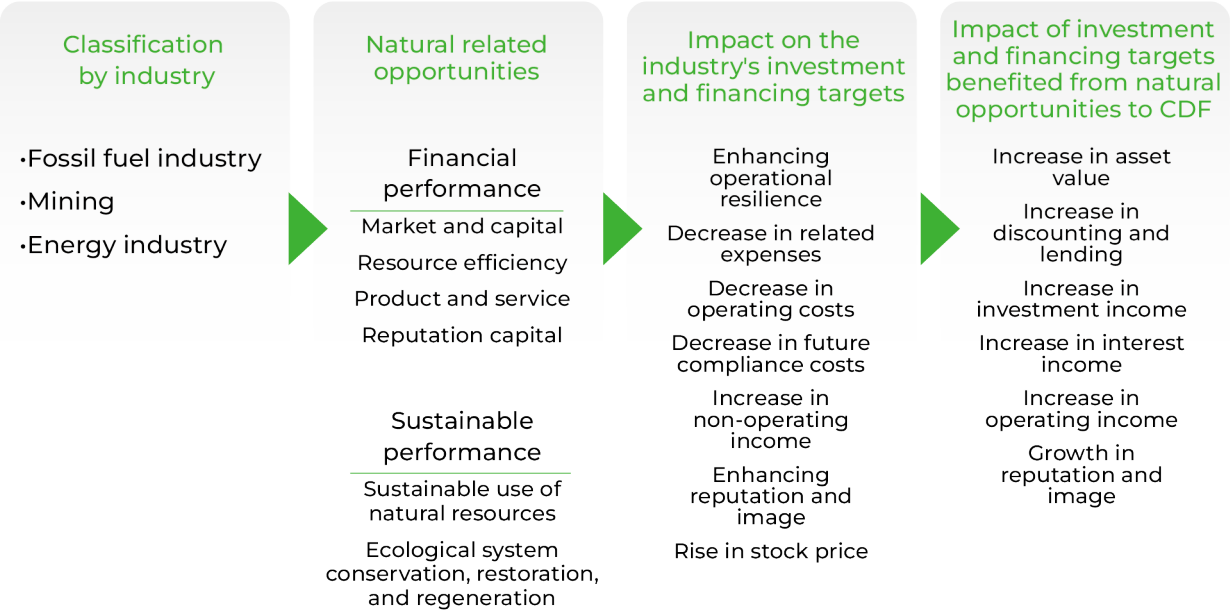
Based on the industry-specific exposure and ENCORE natural risk dependency and impact analysis results, CDF prioritizes the "Oil, Gas and Consumable Fuels Industry", "Metals and Mining Industry", and "Electric Utilities" that have greater exposure and high natural impacts. In response to the industry-specific guidelines for the fossil fuel industry, mining industry, and energy industry released by TNFD^(Note) in December 2023, it identifies natural risks and opportunities to assess the indirect financial impact that CDF's investment and financing in these three industries may be subjected to, continuously manage the nature-related risks and opportunities.

The Identification and Assessment of Nature-related Risks



For example, in terms of physical risks, the investment and financing targets of these three industries all rely on water resources during their operations. Physical natural disasters such as droughts or reductions in river water levels can potentially cause operational interruptions, leading to reduced revenue and a subsequent decrease in stock prices or net value. This could further lead to a decrease in the value of financial assets and investment returns of the company. On the transition risk side, the investment and financing targets of these three industries are easily affected by increasingly strict nature conservation regulations, which can increase their compliance costs or even expose them to litigation risks. This could further have a negative impact the company's reputation and financial status.

The Identification and Assessment of Nature-related Opportunities



For example, in terms of financial and sustainable performance, if the investment and financing targets of these three industries can improve the efficiency of mineral and energy use, and recycle waste, it can reduce their operating costs, increase non-operating income, and consequently raise their stock prices. This could further lead to an increase in the value of financial assets and investment returns of CDF.

Note: The TNFD draft sector guidance for Oil and Gas, Metal and Mining, Electric Utilities and Power Generators sectors was released in December 2023. For detailed guidance content, please refer to <https://tnfd.global/tnfd-publications/>

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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

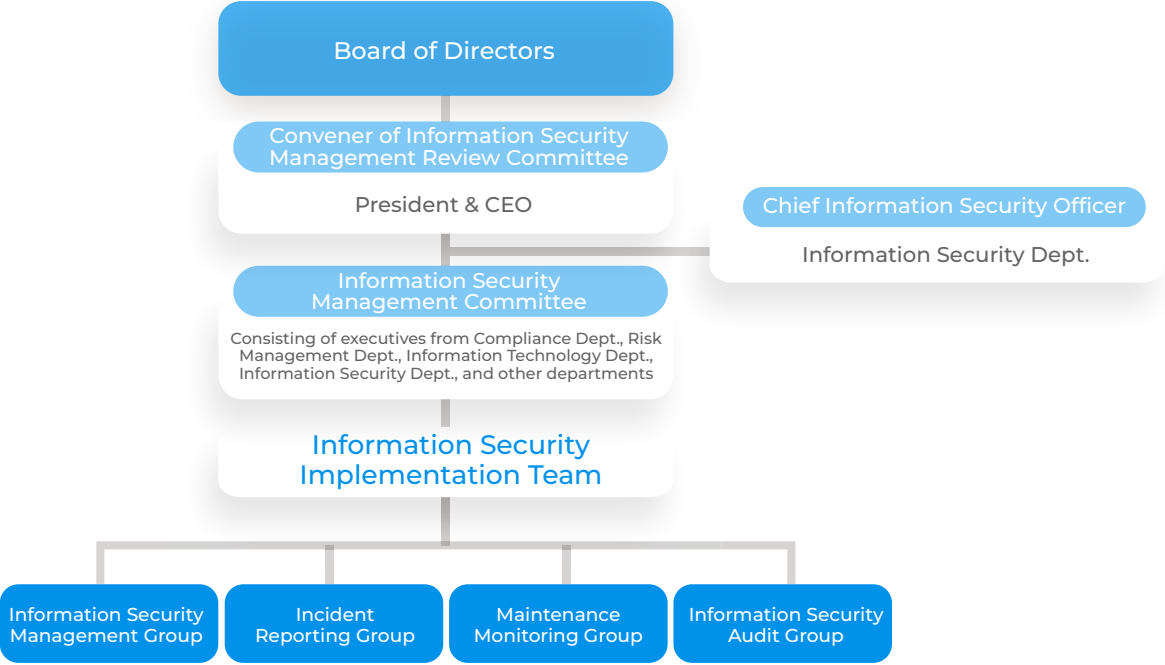
The Board of Directors (BOD) is the highest governance body of information governance. In order to disclose and review the information security risk management status and the implementation status of the "Information Security Management Policy", the Information Security Dept. conducts the "Annual Information 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 KGI 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 (Executive Vice President of Risk Management Dept.), Chief Information Security Officer (Executive 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 KGI 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 KGI 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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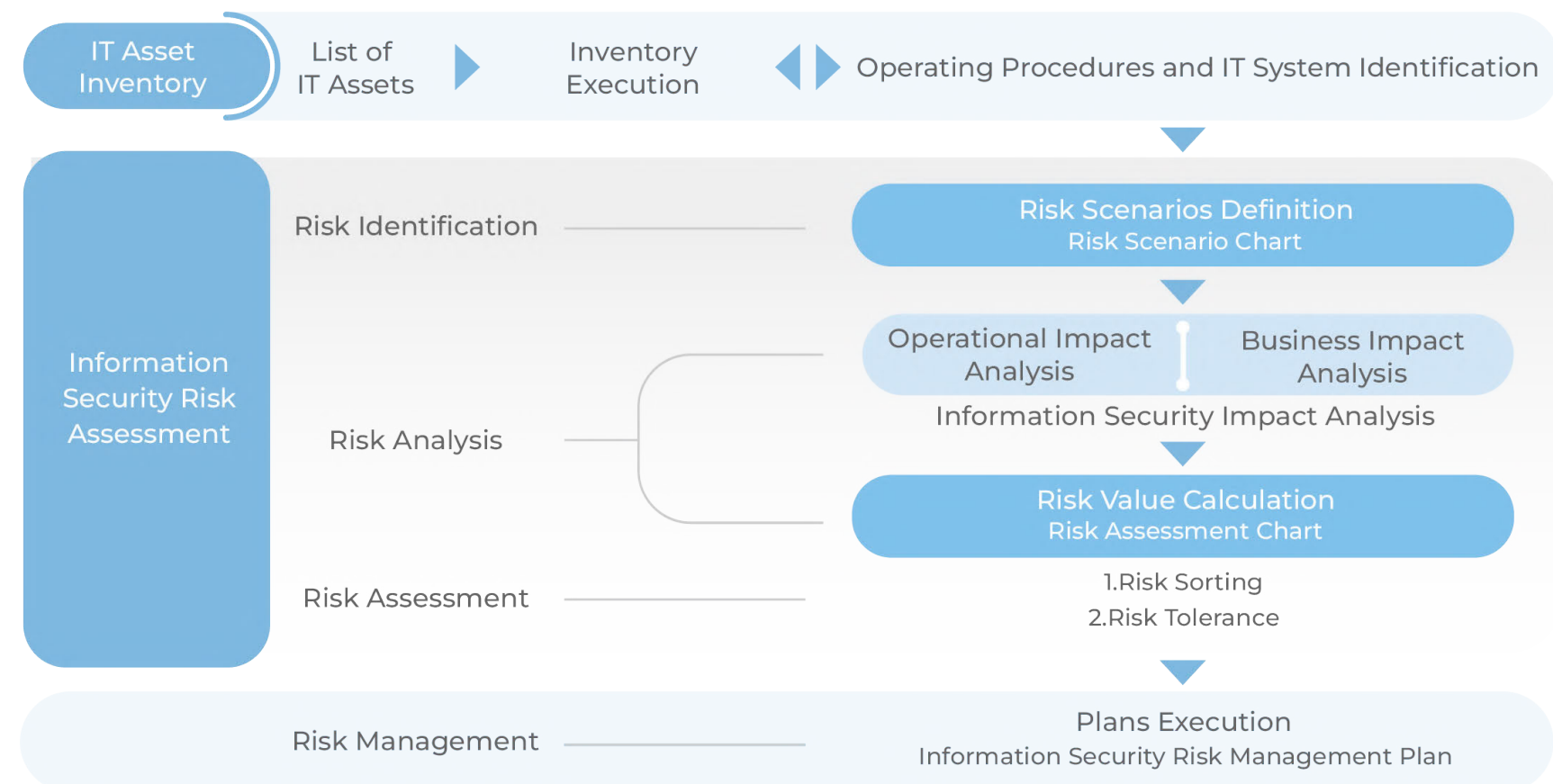
2.4.2 Robust Information Security Management

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 2023, CDF and its subsidiaries all completed disaster recovery or information security contingency drills semi-annually.

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, KGI 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 KGI 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. 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 2023 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 continued 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.
2. 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, and the improvement progress is reviewed monthly.

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 2023 implementation outcomes are described below:

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

The Company values the performance of information security culture through various assessment competitions. In 2023, CDF won the "TCSA Taiwan Sustainability Award - Taiwan Top 100 Sustainability Benchmark Enterprise Award". KGI Securities won the "Third Commercial Times Digital Finance Award - Digital Information Security Award". KGI Bank was awarded the "Excellent Performance Institution" in the "2023 Taiwan Financial Industry Cyber Security Attack and Defense Competition" held by the Financial Supervisory Commission. KGI Life Insurance won the "TCSA Taiwan Corporate Sustainability Award - Information Security Leader Award" and "SGS 2023 IT Award for Outstanding Cybersecurity Governance".

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 2023 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 cybersecurity incident reports from the subsidiaries.
- (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 Board of Directors is in charge of formulating and supervising the execution of ethical corporate management policies, to thoroughly implement ethical corporate management from top to 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 March 20, 2023, and another on August 30, 2023. During the March 20, 2023 meeting, the Committee revised the "Ethical Corporate Management Best Practice Principles" and established the "Code of Conduct and Ethical Guidelines". At the August 30, 2023 meeting, the Committee elected the Chairperson, reviewed the audit results based on the risk assessment of unethical behavior conducted by the Internal Audit Dept., and discussed the Report on the Implementation of Ethical Corporate Management (including the results of the risk assessment of unethical behavior in 2022) in 2022.

Ethical Corporate Management Best Practice Principles

To establish a corporate culture of ethical corporate management and improve corporate development, the Company formulated the "Code of Conduct for Employees" at the level of the CEO and the "Ethical Corporate Management Best Practice Principles," "Ethical Corporate Management Procedures and Code of Conduct", "Code of Ethical Conduct," "Regulations Governing the Handling of Whistleblowing Cases on Illegal and Unethical or Dishonest Conduct ", and "Anti-Money Laundering, Anti-Corruption and Anti-Bribery, and Antitrust and Anti-Competitive Practice Statements" at the Board level. All of which are published on the Company's website and annual report. There is also a "Code of Conduct for Subsidiaries' Insiders" for subsidiaries. While first-tier subsidiaries include KGI Securities, KGI Bank, KGI Life Insurance, KGI SITE, CDIB Capital Group, and CDIB Capital Management have their "Ethical Corporate Management Best Practice Principles" and other regulations. In addition to declaring the Company's position of ethical corporate management, we also expressly prohibit unethical behavior and require 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 the first quarter of 2024, the Company conducted a risk assessment of unethical conduct in 2023, which includes: offering and receiving bribes, making illegal political contributions, improper charitable donations or sponsorship, offering or accepting unreasonable gifts/hospitality or other improper benefits, infringement of business secrets/trademarks/patents/copyrights and other intellectual property rights, leak or inquire company secrets and engage in insider transactions, engaging in unfair competition and harming the rights and interests of stakeholders. After assessing and implementing risk mitigation measures, we have classified the risk of unethical conduct in the Company as low.

In addition, first-tier subsidiaries (including their operating units) of CDF, including KGI Securities,

KGI Bank, KGI Life Insurance, KGI SITE, CDIB Capital Group, and CDIB Capital Management, have all completed the 2023 risk assessment of unethical conduct before March 2024, either directly or indirectly, with a 100% completion rate. The assessment items include but are not limited to offering and receiving bribes, making illegal political contributions, improper charitable donations or sponsorship, offering or accepting unreasonable gifts, hospitality, or other improper benefits, infringement of business secrets, trademarks, patents, copyrights, and other intellectual property rights, engaging in unfair competition practices, and direct or indirect harm to consumers or other stakeholders' interests in research and development, procurement, manufacturing, provision, or sales of products and services, health, and safety, etc. After the assessment and implementation of risk mitigation measures, the unethical conduct risk for each company is assessed as low.

Among them, the aforementioned items for assessing unethical conduct include bribery and corruption, making illegal political donations, improper charitable donations or sponsorship, providing or accepting unreasonable gifts/hospitality, or any other improper benefits associated with corruption.

Ethical Corporate Management Policy Statement

In order to implement ethical corporate management from top to bottom and declare the Company's determination to establish ethical corporate management and sustainable development, the Company's directors and senior managers have signed the "Ethical Corporate Management Policy Statement" (<https://www.cdfholding.com/zh-tw/-/media/files/cdf/esg/governance/ch/regulation/compliance-ethical-management-and-guidelines-for-conduct.pdf>). In addition, all employees also signed 100% commitment in 2023 to abide by the relevant provisions of the Company's Ethical Corporate Management Best Practice Principles.

Regularly Report the Implementation of Ethical Corporate Management

To fully implement the principle of ethical corporate management, managers are required to annually report to the Sustainability Committee and the Board of Directors on the implementation of ethical corporate management, starting in 2020. This report should include the assessment of risks associated with unethical conduct by the Company and its first-tier subsidiaries, the execution of relevant regulations, and the promotion of education and awareness. Audit personnel will develop audit plans based on the assessment of risks related to unethical conduct and use them to ensure compliance with the program for preventing unethical conduct. They will also provide regular updates to the Ethical Corporate Management Committee and the Board of Directors.

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 carries a weightage of 2.5%. 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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Conflicts of Interest Avoidance

The Company attaches great importance to conflict of interest avoidance and adds the control of benefits in internal control; for example, in the proposal of the Board of Directors, 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 Dept. 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 2024 will be completed in March 2024.

In addition, according to the relevant regulations such as the "Ethical Corporate Management Best Practice Principles" and "Code of Conduct and Ethical Guidelines", the Company's external donations or sponsorship 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 2023, the Company has no financial contribution to make donations to political parties, think tanks, political advocacy organizations, or advocacy activities.

External Promotion Mechanism

The Company requires all suppliers to sign the "CDF Letter of Undertaking regarding Sustainability for Suppliers," follow the principle of ethical corporate management, conduct transactions openly and transparently, avoid involvement in unethical transactions, and implement ethical corporate management policies.

Contracts signed with business partners, including suppliers, real estate projects, sales, leases, etc., and the essential document for bidding, the "Bidding Supplier Declaration and Authorization Agreement." This agreement also includes clauses on ethical corporate management, with the aim of implementing ethical corporate management comprehensively.

In addition, the Company organizes annual supplier education and training activities, to communicate anti-corruption policies and procedures, and at the same time promote the importance of anti-corruption. The 2023 supplier training and promotion were completed in April 2023.

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 the fourth quarter of 2023, the entire group successfully completed the ethical corporate management training. This training was provided not only to formal employees in Taiwan but also to employees of overseas subsidiaries, non-office-based employees (field staff, sales), and non-formal employees (dispatched personnel, interns), with a total of nearly 25,000 employees.

2023 Ethical Corporate Management Training		
Courses	Class (hour)	Participants
CDF: Ethical Corporate Management and Whistleblowing System Training	0.5	16
CDF: Corporate Ethical Management (online course)	1	256
CDF: Implementing Corporate Ethical Management and Establishing a Responsibility Map, Unethical Risk Assessment	2	69
CDF: Discussing Business Secret Protection from the Perspective of Corporate Ethical Management	2	155
Subsidiaries: "Corporate Ethical Management" Course Duration: 1 hour, with the following participation numbers from each subsidiary: KGI Bank (including its subsidiaries) - 2,484 participants. KGI Securities (including its subsidiaries), had a total of 4,312 participants. KGI Life Insurance had a total of 17,529 participants. Other participants include KGI SITE, CDIB Capital Group, and CDIB Capital Management, with a total of 368 participants.		

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

To strengthen AML and CFT, the Company established the "Anti-Money Laundering and Countering Terrorism Financing Policy" and established a group-wide plan for prevention of money laundering and defeat of financing of terrorism. The policy applies to the Company and all its financial institution subsidiaries as defined by Article 5 of the "Money Laundering Control Act." According to the policy, each subsidiary is required to establish internal control systems to prevent AML and CFT in accordance with applicable laws and regulations and ensure compliance with relevant laws and regulations. This is done to effectively identify, assess, and monitor the risks of money laundering and terrorist financing that may be associated with each subsidiary, and to conduct regular reviews and prevent illegal fund flows.

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 CFT 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 in June 2018, including a 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 had 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.

2023 Money Laundering Prevention Related Courses		
Courses	Class (hour)	Participants
CDF: World Check Sanctions, PEP Data Analysis	1	16
CDF: Analysis of Anti-Money Laundering Regulations and Case (I) & (II)	4	137

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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 Dept. 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 KGI Bank, KGI Life Insurance, KGI Securities, and KGI SITE 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 operations of ethical corporate management and plans for preventing unethical conduct, the compliance department assists each department in formulating relevant internal regulations, including but not limited to "Ethical Corporate Management Best Practice Principles", "Code of Conduct and Ethical Guidelines", "Guidelines for Transactions with Related Parties", "Anti-Money Laundering and Countering Terrorism Financing Policy", "Code of Conduct for Employees", "Code of Ethical Conduct", "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.

In order to check whether ethical corporate management is implemented, the Compliance Dept. includes the above-mentioned internal regulations involving ethical corporate management into the compliance self-assessment criteria 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 self-examination.

The Compliance Dept. 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, communicates with senior executives and relevant departments monthly. The CEO and the Chairman receive monthly reports on important compliance matters from the Company and its first-tier subsidiaries. Furthermore, regular compliance meetings are conducted with the units of the Company and its subsidiaries to review the implementation of legal compliance.

The so-called Other Mountain Stones Can Attack Jade. If a peer in the industry is punished by the FSC, the Compliance Dept. will immediately notify all employees 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 the Ethical Corporate Management Best Practice Principles, if employees of the Company discover any violations of the Code, they should proactively report them to the appropriate supervisor or through the Company's reporting system. CDF also established the "Regulations Governing the Handling of Whistleblowing Cases on Illegal, Unethical, or Dishonest Conduct" and authorizes the Compliance Dept. to handle all compliant cases through written (Report Mailbox: P.O.BOX 100 Taipei Stadium 105391), email (whistle@cdibh.com), telephone (02-6600-3282) and via fax (02-6600-3281), and other access. All reporters' identities and content of the report shall be kept confidential while progressively investigating the case. The aforementioned report channel is disclosed on the Company's website (<https://www.cdfholding.com/en/esg/governance>).

In 2023, CDFH received a case through the Whistleblower Mailbox. However, this case did not fall within the scope of the Company's Code of Ethical Conduct and Ethical Corporate Management Best Practice Principles for ethical behavior and ethical corporate management. Therefore, it was not processed in accordance with the Company's Regulations Governing the Handling of Whistleblowing Cases on Illegal, Unethical, or Dishonest Conduct. The subsidiaries' whistleblowing system is explained as follows:

2023 Compliance Education Training

Courses	Class (hour)	Participants
Analysis of Insider Trading Laws and Practical Cases	2	118
Intellectual Property Laws and Practical Case	2	122
CDF: Brand Management Practices of CDF	2	95
CDF: Practices in Financial Supervision and Financial Inspection	2	132
CDF: Legal Compliance Practices for Financing Intangible Assets and New Licensing Models	2	64
CDF: Financial Supervision in the Digital Era	2	78
CDF: Regulations on Internal Insider Trading for Shares and Risk Analysis	2	81
CDF: Regulations and Practices for Cloud and Data Sharing	2	100
CDF: Compliance Practices for Personal Data Protection in Enterprises (Financial Industry)	2	61
CDF: Corporate Governance Regulations and Practices	2	68
CDF: Analysis of Laws and Practical Cases Involving Stakeholders (including Substantive Related Parties)	2	96

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Subsidiary Whistleblower System				
	KGI Securities	KGI Life Insurance	KGI Bank	KGI SITE
The internal regulation of the whistleblowing method	"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 "KGI Life Insurance Whistleblowing Standards")	"Regulations Governing the Handling of Whistleblowing Cases on Illegal, Unethical, or Dishonest Conduct" (hereinafter referred to as the "KGIB Whistleblowing Standards")	"Regulations Governing the Handling of Whistleblowing Cases on Illegal, Unethical, or Dishonest Conduct" (hereinafter referred to as the "KGI SITE Whistleblowing Standards")
The processing unit of the whistleblowing case	The Compliance Dept. of KGI Securities	The Compliance Dept. of KGI Life Insurance	KGI Bank's Compliance and Legal Dept.	The Compliance Dept. of KGI SITE
The investigating unit of the whistleblowing case	According to Article 6 of the KGIS Whistleblowing Standards: 1. If the accused person 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 accused person is a director of the Company 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 accused person 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.	1. Employees below the rank of Vice President (excluding) who have been reported shall have their cases reported to the CEO by the Compliance Dept. The President will then organize and lead an investigation team. 2. Employees reported who hold positions of Director or equivalent to Vice President, shall have their cases reported to the convener of the Audit Committee by the Compliance Dept. The convener of the Audit Committee will then organize and lead an investigation team. 3. The accused individual is an independent director. As per the regulations, the report must be submitted to the competent authority and the chief auditor of the main institution for compliance. The competent authority and the chief auditor of the main institution will then oversee and direct the investigation team.	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. from the Company should immediately report to the CEO, and an investigation team (hereinafter referred to as the investigation unit) shall be formed by the CEO or a unit designated by the CEO. 2. If the counterpart is a director of the Company 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 Dept. from the Company should immediately report to the Chairman, and the Chairman will designate an investigation unit.	According to Article 5 of the KGI SITE Whistleblowing Standards: 1. If the accused person 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 accused person is a director of the Company or an executive whose responsibilities are equivalent to the Vice President or above, the head of the Compliance Dept. should report to the supervisor, who will direct the formation of an investigation team. 3. If the accused person is a supervisor, the head of the Compliance Dept. should immediately report to the Chairman, and the Chairman will direct and organize an investigation team.
Whistleblower Channel	1. Report Postal Mailbox: P.O. Box No. 223, Bei An Post Office, Taipei City, 10499 2. Complaint Hotline: 02-7702-0906 3. Complaint Fax: 02-7702-0907 4. Whistleblower Email: whistleblower.kgisec@kgi.com 5. The reporting hotline mentioned above is announced on the official website at the following URL: 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.	KGI Life Insurance has four whistleblowing channels to report, including in person, written reports, email (whistleblower@kgilife.com.tw), and telephone (02-8712-5192).	The Bank's reporting channels and methods are fully disclosed on the company website: 1. Customer Service Hotline: (02) 8023-9088; 0800-255-777 2. Online Message: Contact Us 3. Written Letter: Mailing to the head of the KGI Bank's Compliance and Legal Dept. (11F., No. 135, Dunhua N. Rd., Songshan Dist., Taipei City, 105021). 4. Email: whistleblower@kgibank.com	The Company's reporting channels and methods are fully disclosed on the KGI SITE's website. 1. Email: whistleblower.kgisite@kgi.com 2. Telephone: 02-2181-5664 3. Fax: 02-8501-2343 4. Postal Mailbox: P.O. Box No. 243, Bei An Post Office, Taipei City, 10499
Whistleblower Channel Promotion	1. The reporting system regulations are explained during the training of new employees. 2. A company-wide promotion campaign will be conducted for all employees in the first and second half of 2023. 3. The annual report provides an explanation of the ethical corporate management digital education promotion and whistleblowing system.	Reporting channels and methods are fully disclosed on the KGI Life Insurance's website. (https://www.kgilife.com.tw/zh-tw/sustainability/corporate-governance/integrity-and-governance), and regularly promote the employees during the annual ethical corporate management training.	KGI Bank whistleblowing channel is announced on the official website, please see https://www.kgibank.com.tw/zh-tw/about-us/corporate-governance Furthermore, the Bank will provide comprehensive compliance education and training to all employees in the second quarter of 2023, covering regulations pertaining to whistleblower.	The reporting channel of KGI SITE has been published on the official website. Please refer to https://www.kgifund.com.tw/Service/InfoExpose?Tab=6177. In the first half of 2023, the company conducted "Whistleblower System and Education Training and Promotion" for all employees. In the second half of 2023, the company conducted "Compliance Education Training: Ethical Corporate Management (including whistleblowing)", involving a total of 105 people, including directors, supervisors, and all employees.
Incentives for the whistleblower to report	According to Article 8 of the "KGIS Whistleblowing 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 company regulations, the Company may also provide appropriate rewards to the whistleblower.	According to Paragraph 1, Article 11 of the "KGI Life Insurance Whistleblowing 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 of the Company, the Company may also provide appropriate rewards to the whistleblower.	In accordance with Article 11, Paragraph 2 of the "KGIB Whistleblowing 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 Bank's internal regulations operating procedures and other improvement plans. If the circumstances are serious, appropriate rewards may be provided to the whistleblower.	According to Article 7 of the "KGI SITE Whistleblowing 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 company regulations, the Company may also provide appropriate rewards to the whistleblower.
There were no reported cases in 2023.	None.	In 2023, KGI Life Insurance received two reports through KGI Life Insurance Whistleblowing Standards. After conducting an investigation, it was concluded that there was no substantial evidence to support any violation of KGI Life Insurance's Code of Ethical Conduct, Ethical Corporate Management Best Practice Principles, or Code of Conduct and Ethical Guidelines. Furthermore, there were no indications of any other criminal activities, fraud, or breaches of laws and regulations.	None.	None.

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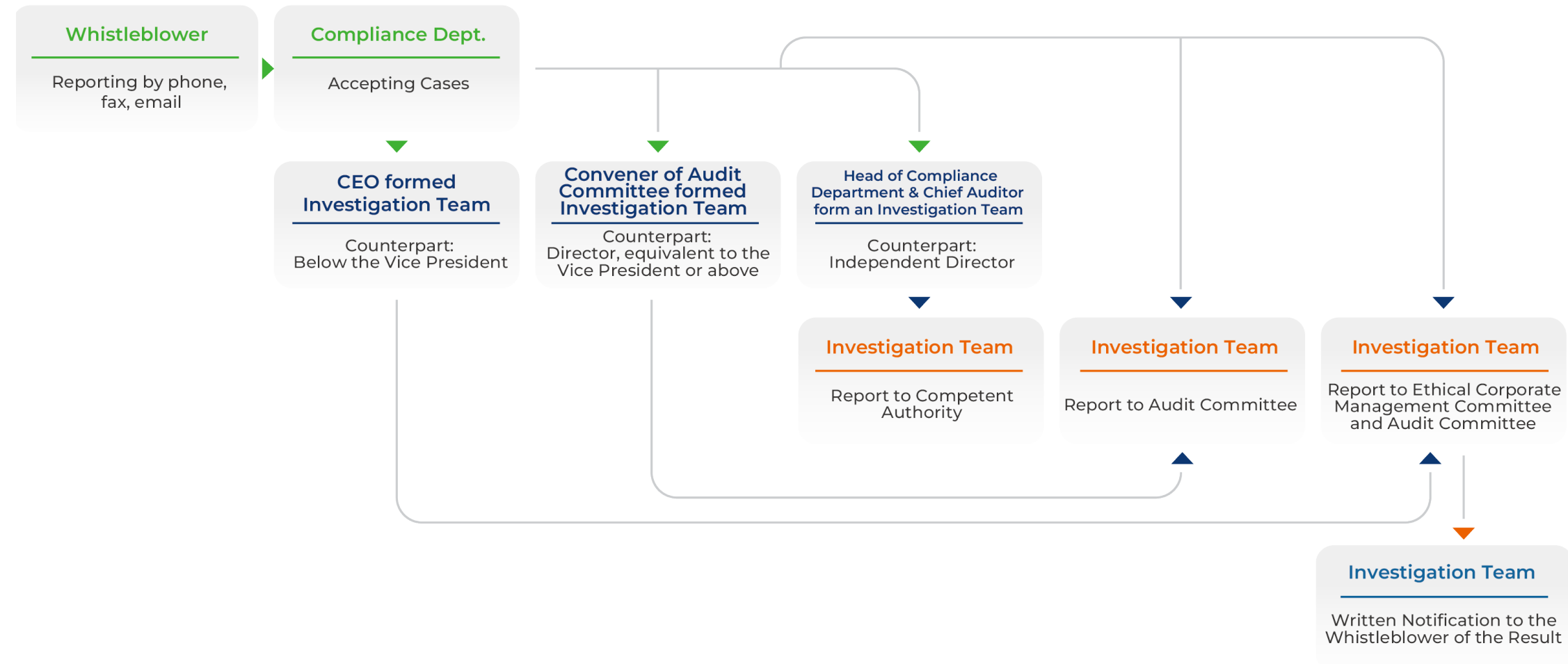
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Flowchart of Handling Reported Cases



2.5.5 Disclosure of Breaches

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 2023, 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 2023 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).

In 2023, there were no notable instances of fines or non-fine incidents. The criteria for determining significant violations are outlined in the "Regulations Governing Public Disclosure by the Financial Supervisory Commission of Material Enforcement Actions for Violations of Financial Legislation." For less significant violations, please consult the "Penalties imposed on the Company and its subsidiaries during the most recent two years for illegalities and major deficiencies, and improvements made" section of the Company's 2023 Annual Report.

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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 social responsibilities and achieving sustainable development. CDF formulated the "Tax Governance Policy" with the Board of Directors 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 2022 was reported to the Board of Directors for review and approval in 2023.



Comply with Tax Regulations
Properly handle taxation and tax reports in accordance with tax laws of countries of operation, and fulfill social responsibilities as taxpayers.



Manage Tax Risks
In advance of conducting the business, tax evaluation and assessment should be performed with consideration of Company's reputation, risk management, and sustainable operation, and control tax risk effectively.



Comply with Economic Substance
Do not transfer value created to low tax jurisdictions for the sole purpose of tax avoidance.



Comply with Arm's Length Principle
Comply with transfer pricing requirements and arm's length principles in tax law for related party transactions.



Establish Communication Channels
Maintain an appropriate relationship with the tax authorities with honesty and openness to communicate and dispel doubt on important tax issues in a timely manner.

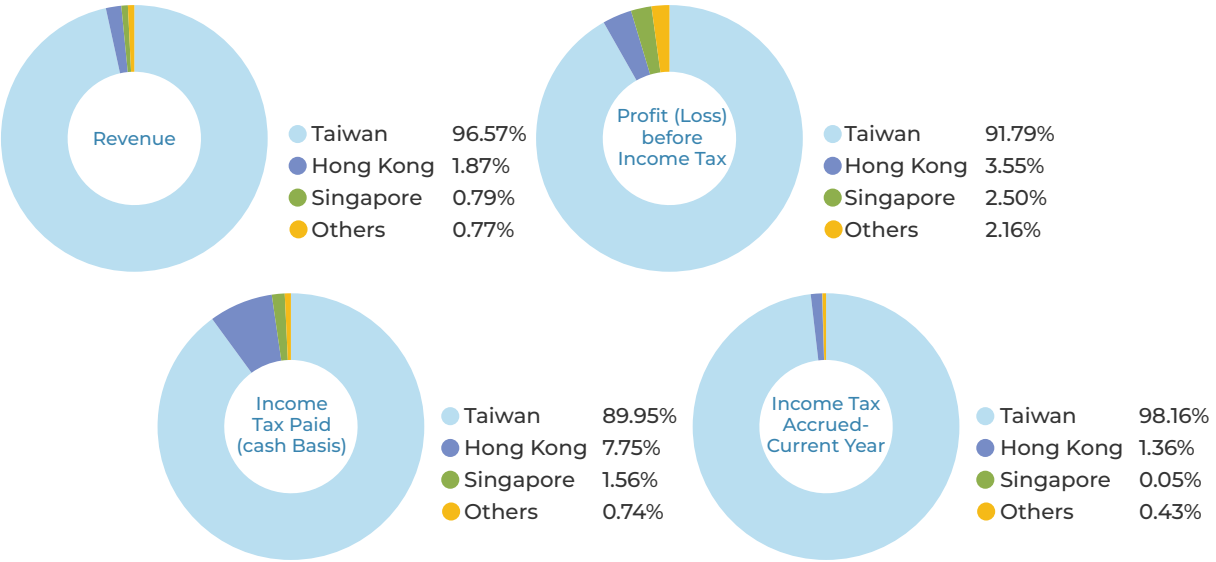


Improve Information Transparency
Comply with all relevant regulations, such as financial reporting guidelines and annual report disclosure of tax information, and increase tax information transparency through proper reporting system.



Strengthen Tax Expertise
Continue to comprehend new knowledge and changes in taxation laws and regulations and strengthen the taxation expertise of employees of CDF and its subsidiaries through educational trainings.

Revenue and Tax Information in 2023



Income Tax Information in 2022 & 2023			Unit: NT\$ million
Item	2022	2023	
Net profit before tax	21,941	20,577	
Income tax expense	5,552	1,629	
Income tax paid	5,765	1,540	

Effective tax rate					
Item	2022	2023	Average	Average after Adjustment	Peer Average
Effective tax rate (%)	25.30	7.92	16.89	23.26	14.97
Cash tax rate (%)	26.28	7.48	17.18	26.00	13.41

Note:
1. Effective tax rate = Income tax expense/Net profit before tax.
2. Cash tax rate: Income tax paid/Net profit before 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 2023 Sustainability Assessment Companion, a publication of RobecoSAM.

Analysis of Tax Rate Differences in 2022 and 2023

The reasons for the differences between the effective tax rates and cash tax rates of CDF and the average tax rates of the insurance industry based on GICS are as follows:

- 1. The primary region of CDF's operations is in Taiwan, where the corporate income tax rate in Taiwan is 20% under the regular income tax system and 12% under the basic income tax system.
- 2. The considerable portion of CDF's profits is derived from non-taxable income (e.g., OBU income, OSU income, and domestic securities investment gain/loss), resulting in a difference in effective tax rate.
- 3. The differences between the effective tax rates and cash tax rates are due to the timing difference of the actual cash payments being made in the following fiscal year, in addition to the impact of deferred income tax expenses.

Strengthening Compliance with Global Transfer Pricing and Information Transparency

In response to international requirements for the three-tiered documentation framework for transfer pricing, which consists of "Master File", "Local File", and "Country-by-Country Reporting", each company followed the regulations of their respective countries to complete the Master File, Local File, and Country-by-Country Report 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.

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Key Strategy, Targets and Progress						
Strategy	Action Plan	2023 Progress	Short-term Goals 2024	Mid-term Goals 2025~2026	Long-term Goals 2027~2028	
Develop sustainable theme investments	<ul style="list-style-type: none">Promoting green industry investments	<ul style="list-style-type: none">In response to the National Development Council's six core strategic industry investments, we have invested approximately NT\$ 143.8 billion in the six core strategic industries, of which over 60% is invested in green energy and renewable energy fields.KGI Life has invested approximately NT\$ 1.46 billion in renewable energy, supporting the development of clean energy in our country.KGI Life invested NT\$19.5 billion in green bonds.	Investment in high carbon emission industries lower than 24.5%	<ul style="list-style-type: none">Continuously monitor the investment proportion in high-carbon emission industries and gradually adjust the limit according to the net-zero strategy goals.CDF commits to 45.78% of its investment portfolio (equities, corporate bonds, ETFs, mutual funds, and investments in REITs) by invested value setting SBTi validated targets by 2029 from a 2022 base year.^(Note)		
	<ul style="list-style-type: none">Support smart technologies or environmental innovation industriesResponding to the problem of an aging populationSupport culture and innovation industry developmentsSupport innovative industries	<ul style="list-style-type: none">Asset management operations<ul style="list-style-type: none">The Advantage Fund raised NT\$4.54 billionRaised two biomedical funds in Taiwan with a total amount of NT\$4.86 billion, and raised biomedical funds totaling RMB420 million in ChinaThe cultural and innovation fund raised NT\$1.5 billionCDIB 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.			
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 114 online and offline seminars on innovation and entrepreneurship, with a total of 1,948 participants.The establishment of the CCIA Tokyo was completed in 2023, regularly hosting entrepreneurial events, connecting entrepreneurial communities, and assisting startups in their overseas expansion.	<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.		
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">KGI Life<ul style="list-style-type: none">100% of relevant investment decision research reports have included ESG assessments.100% of foreign funds companies have signed PRI.participated in the shareholders' meetings of domestic listed investee companies, with a participation rate of more than 100%.KGI Securities<ul style="list-style-type: none">participated in 21 ESG-related bonds, underwriting the total amount of NT\$21.1 billion, up 155% compared with the NT\$8.28 billion in 2022.among the equity capital raising cases organized by KGI Securities in the capital market, 16 cases were environmental protection and green energy related, accounting for about 48% of the number of cases organized in 2023. The environmental protection and green energy funds raised more than NT\$36.0 billion, accounting for about 74% of the funds raised in 2023.KGI Bank<ul style="list-style-type: none">invested in three sustainable development bonds (including one green bond, one social responsibility bond, and one sustainable development-linked bond) totaling NT\$1.05 billion.	<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.	<ul style="list-style-type: none">Evaluate and adopt ESG databases in a timely manner, and continuously optimize relevant mechanisms.	
				<ul style="list-style-type: none">Refer to the ESG investment process of overseas investment advisors, such as the KGI Global ESG Sustainable High Yield Bond Fund, which excludes issuers that do not meet specific sustainable management indicators from investment targets to optimize the company's ESG investment process.		
		<ul style="list-style-type: none">Issue ESG Products<ul style="list-style-type: none">KGI Sustainability Series Funds	<ul style="list-style-type: none">KGI SITE<ul style="list-style-type: none">offers one ESG bond ETF and two active sustainability bond funds that have been approved by the competent authority for ESG review. In 2023, it is among the leading group in the number of ESG fund issuances in the investment trust industry.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 2023, the fund scale reached NT\$ 897 million.With regards to the two active sustainable bond funds, as of the end of 2023, the fund scale reached NT\$ 3,135 million.	<ul style="list-style-type: none">Continuous issuance of sustainability series fundsStrengthen the promotion of ESG and sustainable development related products to investors		
		<ul style="list-style-type: none">Promoted ESG related products<ul style="list-style-type: none">KGI Bank green deposit	<ul style="list-style-type: none">Following the enthusiastic response of large enterprises to green deposits, KGI Bank has joined with religious groups, universities, and non-profit organizations to participate in the "Green Deposits" project. Through this project, they indirectly support corporate sustainability plans, promoting multi-faceted sustainable development in Taiwanese society with innovative thinking, and putting the SDGs into practice.	<ul style="list-style-type: none">Continue to promote ESG and sustainable development related products.		
	<ul style="list-style-type: none">Exercising influence over investee companies by participating in shareholders' meetings and engaging with investee companies	<ul style="list-style-type: none">KGI Securities has participated in 1,017 and 559 shareholder meetings and investor conference (including online conference) of investment targets or listed/OTC companies, and has conducted 5,338 site visits or telephone interviews. It has also provided guidance to seven listed/OTC companies to implement various ESG initiatives and assisted them in promoting sustainable transformation.KGI SITE's participation in the shareholders' meetings of listed investee companies reached 100%.KGI SITE proactively visited investee companies a total of 435 times.KGI Bank's participation in the shareholders' meetings of Taiwanese listed investee companies reached 100% and proactively visited investee companies a total of 493 times.	<ul style="list-style-type: none">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">Participate in ESG related initiatives and organizations when appropriate		

Note: CDF has planned to apply for SBTi Near-Term target for Financial Institutions (SBT FINT) validation in the second half of 2024. The targets will be updated in the future according to the final review results.

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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 and acquire the 'carbon label' from the Ministry of Environment (MOENV).Revise the internal regulations to include the assessment of physical risk factors in the real estate investment process.The Board of Directors continues to oversee the identification, management, and response to climate-related risks and opportunities. They also regularly engage in training on various topics including climate change, ESG, green finance, corporate governance, IFRS 17, information security, Treating Customer Fairly, integrity in business, anti-corruption, and anti-money laundering. As of 2023, the cumulative training hours have reached 157 hours or more.	<ul style="list-style-type: none">To implement carbon footprint management for insurance services and promote the reduction of carbon emissions in service processes.In response to the low-carbon transformation, we are actively involved in digital innovation to enhance financial services and streamline operational efficiency.Enhancing information disclosure to continuously improve the timeliness and transparency of disclosure.Continuing to develop inclusive financial inclusion products and services, and promoting micro insurance to help vulnerable groups access essential protection.	<ul style="list-style-type: none">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, in order to achieve sustainable business growth and consistently improve operational safety and sustainability performance.	
Responsible Banking	<ul style="list-style-type: none">Promote green energy upgrades and fund-raising assistance to the green energy industry	<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\$17.073 billion, as of 2023, increased 6.31% 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 engagement with clients.	<ul style="list-style-type: none">Involve in low-carbon related financial products/businessesComplete 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 clients on related issues through ESG commitments and other meansAdopt the methodology ad data base of PCAF (Partnership for Carbon Accounting Financials) to disclose carbon emissions for investment/financing	<ul style="list-style-type: none">Establish a decarbonization commitment and path, plan and develop a portfolio decarbonization-related strategy for investment and financing.Enhance the overall climate resilience of society: Continuously invest in the renewable energy industry, low-carbon related financial products/businesses.Evaluate to integrate climate statements/ targets and related industry guidelines for investment and financingContinue to deepen ESG review of credit cases.Focus on strengthening engagement with high climate risk clients.
Customer Service	<ul style="list-style-type: none">Expand the influence of the bank's digital community	<ul style="list-style-type: none">The number of Facebook fans is 114,000, with a 29.5% increase in reach and a 123% increase in engagement.The official Facebook account reached more than 2.2 million potential customers, while the official Instagram account reached more than 1.4 million potential customers.	<ul style="list-style-type: none">Operations are conducted by integrating various social media platforms, taking into account the characteristics and needs of different ethnic groups.Combining intelligent customer service to provide a variety of real-time service channels.	<ul style="list-style-type: none">To reduce the psychological barriers that the general public faces when trying to understand financial services by providing professional and engaging content.In order to showcase more personalized styles, broaden the age range of coverage, and create tailored services and customized promotional activities.	<ul style="list-style-type: none">To create a consistent brand image that enhances reach and engagement, while prioritizing customer needs, fostering customer loyalty, and becoming their preferred choice.
	<ul style="list-style-type: none">Strengthen investor education and risk awareness	<ul style="list-style-type: none">KGI Securities FB official account made 359 posts (since the creation of account), cumulating 36,000 fans.KGI Securities YouTube financing film released 17 films with the cumulative number of subscriptions increased by 62% compared to 2022.	<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.
	<ul style="list-style-type: none">Provide customer with convenient services according to technology development: Optimize multiple digital service experiences from the customers' perspective, providing them with a diverse financial management platform and tools, and creating a user-friendly online environment	<ul style="list-style-type: none">Introduce a user-friendly digital financial service application platform called KGI Onboard to provide easier and faster access to a wide range of financial services for financially vulnerable groups.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.	<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.

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Customer Service	• Securities customer service satisfaction	<ul style="list-style-type: none">Problem solving by first phone call reaches 99.5% or higher. (Note: The first contact problem resolution rate refers to the rate at which a problem can be resolved with a single phone call, without the need for additional forwarding or handling.)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.KGI Securities has been honored with the Best Customer Service Company Award in the Corporate Category at the 2023 Customer Service Excellence Awards by the 'Taiwan Customer Service Center Development Association'	<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.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.
	• Expand digital social media influence of KGI Securities.	<ul style="list-style-type: none">KGI Securities' Line official account for active investors has amassed a total of 1.95 million followers..	<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.
	• Improve life insurance policyholder satisfaction	<ul style="list-style-type: none">The 'Experience Engineer Team' was established in 2022 to handle customer responses in opinion surveys, enabling their feedback to be addressed and resolved promptly. In 2023, the team reached out to almost 1,500 customers and worked closely with relevant departments to implement a range of improvement initiatives, ensuring an outstanding service experience for our customers.	<ul style="list-style-type: none">Continue to promote NPS: Continue to optimize customer experience by listening to their voice.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 optimize customer experience by listening to their voice.Promote NPS to deepen customer relation, add promoter, transform neutral person, and thereby reduce derogators.	
Inclusive Finance	• Promoting startups and digital platform players to cooperate to enhance customer financial experience solutions. Our innovative financial products and application platform aim to enhance inclusive financial services and expand our target customer base for inclusive finance. We are committed to fulfilling our corporate social responsibility.	<ul style="list-style-type: none">The official website has established a user-friendly section and developed a single entry portal, which has been upgraded to AA certification for accessibility. Additionally, English accessible web page services are also available.Provide accessible web services in English.The intelligent customer service "Pocket Assistant" offers 24/7 online support, utilizing advanced voice interaction technology. This allows customers to ask questions using voice commands, creating a user-friendly and accessible environment.KGI Inside Donation platform: KGI Bank cooperated with 80 charitable organizations to use the "KGI inside" API to handle nearly 190,000 donations, with an amount of more than NT\$240 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. A total of 3 meetings were held and 46 projects were completed. These include the participation of 3 independent directors in anti-fraud activities for the elderly, planning for all executives and colleagues to complete dementia-friendly financial training, and joining the Taipei City Dementia-friendly Organization. We have established a financial-friendly special area to integrate a single-entry website, upgraded the accessibility logo to AA certification, and provided services in both Chinese and English. The principle of fair treatment to customers is integrated into decision-making and daily operations.	<ul style="list-style-type: none">Continuously optimize customer digital channels and enhance functionality to offer customers a more comprehensive, secure, and interactive user experience.In order to expedite the delivery of convenient and efficient digital services to our customers, we are accelerating the development schedule through agile management.Expanding the field of cross-industry cooperation, using API data interfacing to recognize income in innovative ways, using diverse big data as proof of income, and developing a new risk management scoring model.2024 fast-payment goal applicants 43,189 people, and successful application (activation) 16,243 people.	<ul style="list-style-type: none">Provide innovative digital financial services and optimize the customer experience using AI and big data.To enhance the functionality of intelligent wealth management and offer customers more convenient and comprehensive wealth management servicesIn order to enhance the application experience for customers in the inclusive finance sector, we employ the 'KGI ONBOARD online application platform' in combination with a versatile application platform. This enables customers to conveniently apply for multiple financial products in a single location.	<ul style="list-style-type: none">Continuously providing innovative financial services and delivering a more personalized digital channel experienceBy collaborating with various industries, we can further enhance the inclusive finance ecosystem.Deepening the culture of treating customer fairly across the entire organization
	• Continue promoting micro insurance, small-amount life insurance, and online purchase of annuities, and develop insurance products designed for financial inclusion.	<ul style="list-style-type: none">KGI Life Insurance's collaboration with six major city and county governments in micro insurance has resulted in a premium income of NT\$21.37 million, making it the second largest in the industry. This represents a 19% growth compared to the previous year, benefiting nearly 100,000 people.	<ul style="list-style-type: none">Maintain a top 3 ranking in the industry for micro insurance premium income	<ul style="list-style-type: none">KGI Life Insurance maintains strong partnerships with county and city governments, as well as charitable foundations. It is one of the top three companies in the industry in terms of micro insurance premium income.Provide Life Cycle products that are tailored to different asset sizes, customer segments, and stages of the customer life cycle	
Digital Finance	• Using innovative identity verification and cross-industry information to improve customer online application threshold	<ul style="list-style-type: none">The process for applying for an upgrade of network/mobile banking password has been streamlined. It integrates the application for various product account permissions on a single entrance page and strengthens the verification mechanism, ensuring security.	<ul style="list-style-type: none">We have introduced the latest identity authentication technology to enhance the convenience of customer mobile verification, while strengthening the security of online password setting and transactions. In addition, we have added login device and IP alert reminders to establish a mechanism to prevent digital fraud.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">Continuing to deepen ecosystem collaborations, we are integrating banking seamlessly into the customer's journey. This allows our ecosystem partners to create higher customer value through the enhancement of financial services.	<ul style="list-style-type: none">Intelligent customer service fully covers digital touch points and provides artificial human services.
				<ul style="list-style-type: none">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 KGI 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 implement 'stewardship' by incorporating ESG management procedures into investment decisions, hence, we make a sustainable finance impact on enterprises to assist companies in paying attention to ESG related issues. An investment portfolio built on the ESG 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, hold meetings at least quarterly to discuss, formulate sustainable development plans according to demand, and oversee 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, KGI 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. The four subsidiaries all established their own Sustainability Committees under the Board of Directors in 2023, each with a "Responsible Finance" task group responsible for planning their sustainable development plans. They also supervise the implementation of reducing investments in high-carbon industries, as well as promoting green investments and seeking green investment opportunities. Please refer to the details for Responsible Investment Policies of KGI Life, CDIB, KGI Bank, and KGI Securities are uploaded to sustainable finance or stewardship on each official website. For the Responsible Investment Policies of KGI Life, CDIB, KGI Bank, and KGI Securities, please refer to the official website of Sustainable Development or Stewardship webpages on each subsidiary's official website.

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. For the details, please refer to 3.1.2 Management Process for Responsible Investment
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 of KGI Life 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 joined Partnership for Carbon Accounting Financials(PCAF), and actively introducing international investment and financing carbon emission management standards, assisting corporate customers in promoting low-carbon transformation through core business, and connecting with the "Green Finance Action Plan 3.0" proposed by the Financial Supervisory Commission, 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, KGI Life, and KGI Securities have publicly disclosed the implementation of responsible investment in the respective ESG reports.
Assets managed by third parties	CDF and its subsidiaries ^(Note) require 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.

Note: Currently, only KGI Life has the business of outsourcing investment management. This does not apply to other subsidiaries such as KGI Securities and CDIB Capital. KGI Bank does not have any outsourced management business.

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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 scope and 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, KGI 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.

The Management Table of Responsible Investment Asset Classification						
		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 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.		V	V	V	V
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.		V		V	
Exclusion Policy	1. There are 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.		V	V	V	V
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.		V		V	
Voting Policy	Disapproval for the proposals that impede the portfolio companies' sustainable development or corporate governance or violate ESG standards.		V		V	

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3.1.2 Management Process for Responsible Investment

Incorporate ESG criteria into investment analysis and decision-making processes

CDF 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.

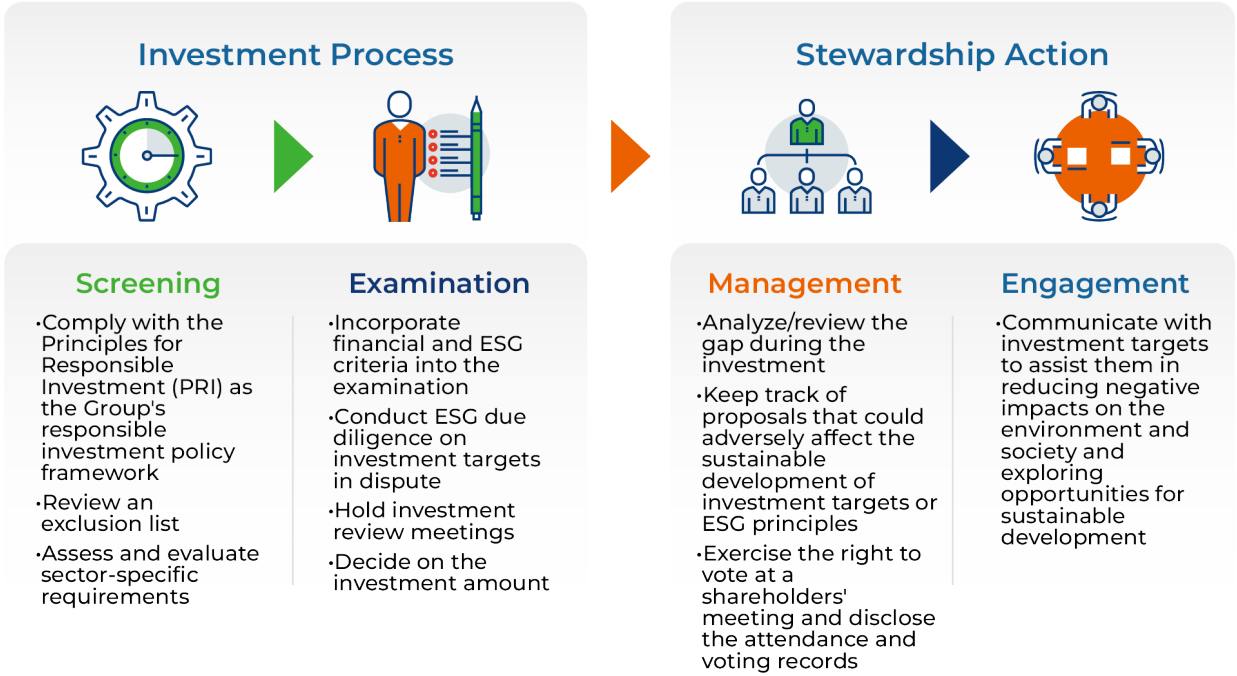
In addition, CDF subsidiaries such as KGI Life, CDIB, KGI Bank, KGI Securities and KGI SITE have signed the "Stewardship Principles for Institutional Investors" with the Taiwan Stock Exchange, and regularly publishes due diligence reports on each own official website, in addition to disclosing the stewardship 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 and its subsidiaries have all approved by the board of directors and established the "Sustainable Finance Commitment", and comply with its engagement and voting mechanisms.

Engagement Mechanism:

We give priority to communicating with investee companies on ESG issues concerned by the Group, conducting due diligence, and reviewing their ESG performance. CDF and subsidiaries are concerned about the engagement guidelines of ESG issues include but are not limited to the below ESG factors.

Where the investee is at risk of a material violation of corporate governance principles, damaging the long-term value of shareholders/customers/beneficiaries, or ESG principles on specific issues, we will inquire about the handling situation from senior management of the investee company, keep track, and not rule out the joint expression of appeals with other investors. To enhance the effectiveness of engagement and safeguard the best interests of stakeholders, it is open to implement engagement collaboration when the engagement topic has a high degree of specificity, aligns with the sustainable development direction of the competent authority, and when engagement collaboration with other investors could increase the probability of successful engagement.

- Environmental: values the issue of climate change, encourages customers to set carbon reduction goals, pays attention to issues related to biodiversity and natural ecology, focuses on resource management, and avoids environmental pollution.
- Social: values human rights equality, promotes prevention of sexual harassment, encourages charitable activities for public welfare.
- Governance: values ethical corporate management, implements sustainable governance, supports participation in ESG-related initiatives.



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Engagement Cases					
Engagement topic/ objective	Engagement reason	Engagement time	Engagement method	Description and suggestions regarding the current ESG status of the engagement company	Result of the engagement or follow-up actions
Delivering sustainable outcomes	In the course of counseling DD Company, the Company found that DD had previous violations of environmental regulations and labor disputes. We aim to urge it to make improvements through the engagement process.	January to August 2023	Individual engagement	<p>DD Company is involved in the manufacturing of metal components, and its production process violated the Waste Disposal Act and the Water Pollution Control Act; meanwhile, there were cases of occupational accidents of employees in the production environment, which should be prevented and improved with more efforts.</p> <p>After reviewing the regulations on the industrial waste flow report and establishing dedicated personnel for wastewater disposal DD Company has successfully improved compliance with environmental regulations. Additionally, internal occupational safety and health education and training have been enhanced, and the Occupational Safety and Health Administration, Ministry of Labor has provided counseling on occupational safety and health projects. DD Company has also obtained ISO 45001 certification for occupational safety and health management systems and continues to implement relevant protective measures and increase investment in automation equipment to mitigate occupational safety and health risks.</p>	<p>Effect of this engagement on the company</p> <p>DD Company operates in an industry that is susceptible to environmental pollution and employee occupational accidents. However, the management of DD Company has consistently prioritized and implemented measures to address these issues. In recent years, it has successfully complied with environmental regulations and reduced the occurrence of occupational accidents resulting from the production environment. Now employees enjoy a favorable working environment, and the company fulfills its corporate social responsibility.</p> <p>Effect of the engagement on the Company's future investment decision</p> <p>The Company maintains a strong relationship with the management of DD Company. In addition to achieving excellent performance in new product development, DD company also focuses on enhancing management and improving areas such as environmental compliance and employee work environment safety. This demonstrates its commitment to ESG issues. The Company will continue to monitor its business development and provide proactive assistance in financial planning and fundraising, as needed.</p>
Managing ESG risks and opportunities	Through our interaction and communication with BB Company, we have discovered that the plant site of BB's subsidiary, CC Company, has groundwater quality that exceeds the pollution control standards. This site has been identified for groundwater pollution remediation. We have therefore urged them to make improvements through engagement and discussion with their management.	January to August 2023	Individual engagement	<p>BB Company is a professional optical component company. The government agency located at the site of its subsidiary, CC Company, has announced that it is a site for controlling groundwater pollution. Although CC Company is not a polluter, it should fulfill its corporate social responsibility by cooperating with environmental protection agencies to undertake the obligations of a party related to the polluted land and actively engaging in relevant pollution control operations.</p> <p>Commissioned by CC Company, a pollution remediation engineering firm has been carrying out improvement operations to prevent the continued spread and worsening of the pollution area, aiming to ultimately achieve pollution remediation and delisting of the controlled site. The overall remediation plan and expenditure have received full support from the parent company, BB Company. Ongoing groundwater quality monitoring and improvements will be continued.</p>	<p>Effect of this engagement on the company</p> <p>In engagement with BB, the management team fully cooperated with the local government authorities to control and improve groundwater pollution, and invested resources to implement and fulfill the corporate social responsibility to effectively improve the local environment.</p> <p>Effect of the engagement on the Company's future investment decision</p> <p>We continue to monitor the effectiveness of BB Company's ESG policy implementation. When there is a need for funding planning in their business development, the Company will provide professional planning and assist BB Company in raising funds in the capital market.</p>

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Voting Mechanism:

We actively participate in shareholder meetings of the companies we invest in and express our opinions on the resolutions. We engage with the management of these companies through various communication ways such as conference calls, face-to-face meetings, attending corporate briefings, or sending representatives to shareholder meetings or major shareholder ad hoc meetings. We exercise our voting rights actively. Prior to attending shareholder meetings, we carefully evaluate the resolutions. In order to respect the professional management of the invested companies and promote their effective development, we generally support the resolutions proposed by their management. We do not support resolutions that hinder sustainable development or involve significant ESG-related issues, such as corporate governance issues (e.g., false financial reports, improper remuneration of directors and supervisors), environmental impacts (e.g., pollution), or social impacts (e.g., human rights violations, labor rights deprivation). Before attending shareholder meetings, our company thoroughly evaluates each resolution and provides a written analysis explanation before exercising our voting rights. The voting records of shareholder meetings attended by our company are properly retained, and the written records or voting statistics are disclosed in the shareholder meeting voting records or institutional investor stewardship reports and submitted to the board of directors.

CDF Participation in Shareholders' Meeting Voting Resolution Statistics Table										
ESG	Category of Resolution		Total number of resolutions		Support		Opposition		Abstain	
			Number of resolutions	%	Number of resolutions	%	Number of resolutions	%	Number of resolutions	%
Governance (G)	Operational and Financial Performance	Business and Financial Reports	1,359	95.03%	1,359	94.30%	-	0.13%	-	0.60%
		Distribution of Surplus or Allocation of Loss	1,291		1,291		-		-	
		Amendment of Articles or Operating Procedures	1,242		1,240		1		1	
	Corporate Governance and Board Organization	Board of Directors and Supervisors Election	624		588		2		34	
		Dismissal of Directors and Supervisors	1		1		-		-	
		Termination of Director Non-Compete Agreement	842		841		-		1	
	Business Strategy and Capital Structure	Director's Remuneration	1		1		-		-	
		Company dissolution, merger, acquisition, stock conversion, or division.	12		12		-		-	
		Capital Increase	253		250		3		-	
		Capital Surplus Cash Distribution Case	1		1		-		-	
		Private Placement Securities	77		75		2		-	
		Reduction of Capital / Cash Reduction	24		24		-		-	
		Long-term Capital Fundraising Proposal	4		4		-		-	
		Subsidiary Share Disposal Case	1		1		-		-	
Social (S)	Human resources	Issue Restricted Employee Stock or Employee Stock Options	85	1.57%	84	1.56%	1	0.02%	-	
		The treasury stock is transferred to employees at a price below the actual average repurchase price	10		10		-		-	
Environmental (E)	Climate Change		-	-	-	-	-	-	-	-
	Environmental Pollution		-	-	-	-	-	-	-	-
Other			205	3.40%	97	1.61%	3	0.05%	105	1.74%
	Total number of resolutions		6,032	100%	5,879	97.46%	20	0.20%	133	2.34%

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Post-Investment Management:

After the investment, we will also review and measure the investment results, and should continuously pay attention to, analyze and evaluate the relevant information of the target. If the investment target involves the aforementioned ESG exclusion standards during the investment period, we should immediately review and evaluate whether the investment target has relevant improvement conditions or plans, and explain in the evaluation report whether to change the company's investment strategy or limit the amount.

Compliance with Stewardship Principles for Institutional Investors	
Company	Compliance with Stewardship Principles for Institutional Investors
KGI Life	<p>KGI 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 KGI Life are PRI members, as of 2023. Participated in the shareholders' meetings of listed/OTC investee companies in 2023, with a participation rate of 100%.</p> <p>Disclosure of KGI Life Stewardship Principles for Institutional Investors and compliance: https://www.kgilife.com.tw/zh-tw/footer/corp/dedicated</p>
CDIB Capital Group	<p>In 2023, attended 136 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 listed investee companies in 2023 was 100%.)</p> <p>Disclosure of CDIB Stewardship Principles for Institutional Investors and compliance: https://www.cdibcapitalgroup.com/zh-tw/-/media/files/cdib/esg/2023-cdib-stewardship-principle-compliance.pdf</p>
KGI Bank	<p>In 2023, 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 27 stock investments at fair value (FVOCI) measured by other comprehensive profit and loss amounted to NT\$300 million, including 26 listed companies, 100% participation rate of investee companies.</p> <p>Disclosure of KGI Bank Stewardship Principles for Institutional Investors and compliance: https://www.kgibank.com.tw/zh-tw/about-us/corporate-governance</p>
KGI Securities	<p>The number of meetings in 2023 reached 6,914, with 230 companies engaged. The number of companies participating in the shareholders' meetings and investor conference (including online conference) of investment targets or listed/OTC companies, is 1,017 and 559 respectively, with a 100% participation rate in the shareholders' meetings of invested companies. The number of site visits or telephone interviews was 5,338. 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.</p> <p>Disclosure of KGI Securities Stewardship Principles for Institutional Investors and compliance: https://www.kgi.com.tw/zh-tw/stewardship</p>
KGI SITE	<p>In 2023, a total of 100 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 643 resolutions (including the election of directors and supervisors) will be voted on, and 2 resolutions were not in favor. The opposition to the resolution was a long-term capital fundraising resolution for one investee company (a total of 2 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 2023, the number of active visits to investee companies totaled 435 times, and the company actively interacted and negotiated with investee companies.</p> <p>Disclosure of KGI SITE Stewardship Principles for Institutional Investors and compliance: https://www.kgifund.com.tw/Home/Stewardship</p>

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3.1.3 Responsible Investment Performance





Principal Investments

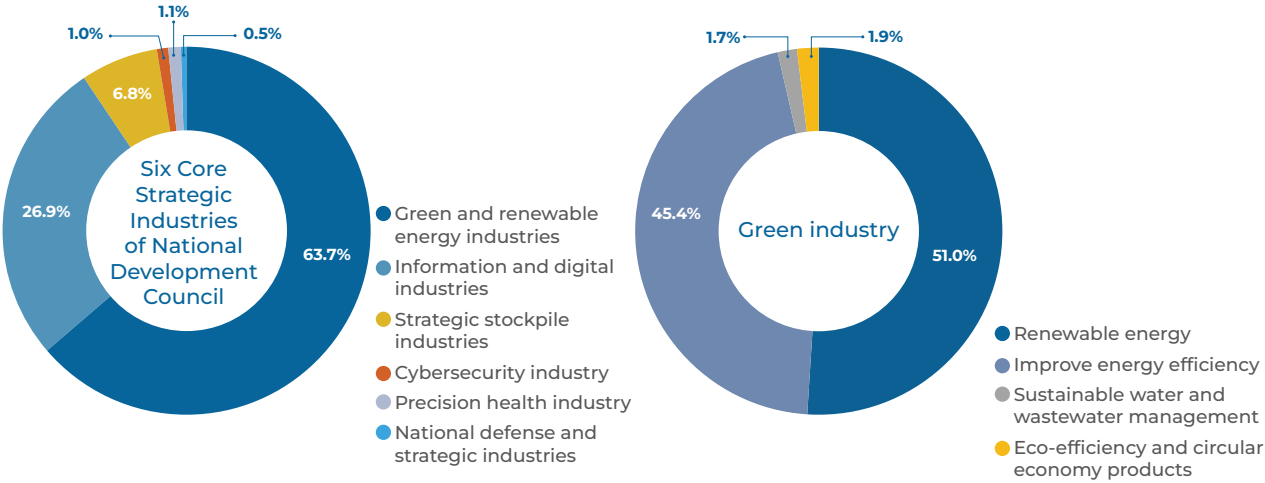
Green Energy-Related Investment

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\$143.8 billion, of which more 60% of the investments are in green power and renewable energy.

Other ESG-related investments

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

 Medical Biotechnology and Long-Term Care	<ul style="list-style-type: none">Leakna Inc, the investee company, is an innovative pharmaceutical research and development enterprise listed on the Hong Kong Stock Exchange. It is dedicated to researching and developing drugs in the fields of anti-tumor, weight loss, and liver fibrosis. The company has successfully developed innovative drugs for ovarian cancer, breast cancer, fat loss, muscle gain, and NASH. Its goal is to meet the unmet clinical needs of the aging population and improve public health through continuous innovation and research.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 considers Intalight Inc to be a leading medical device company in the field of ophthalmology. The company is dedicated to ongoing innovation and the development of advanced ophthalmic products and technological solutions for patients and healthcare professionals worldwide.The investee company, Arthrone technologies, is an enterprise specializing in medical ceramic materials and artificial joints. Its products are known for their superior safety and longer lifespan, which contribute to improved joint health and enhanced quality of life for middle-aged and elderly individuals.
 Smart Manufacturing Investment	<ul style="list-style-type: none">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.MDHC Life Technologies Co., Ltd. is an investee company that specializes in medical device intelligent manufacturing as a CDMO enterprise. They have comprehensive system integration capabilities that span multiple application areas. Their products and customers include minimally invasive surgery, laboratory automation equipment and consumables, and intelligent oxygen generators. MDHC Life Technologies Co., Ltd. aims to achieve cost reduction and efficiency improvement throughout the entire industry chain, from research and development to application.
 Green Chemical Investment	<ul style="list-style-type: none">The investee 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.VDK NaturaSyn is a synthetic biology enterprise that specializes in bio-fermentation synthesis as its primary production method. By creating microbial cell factories to produce natural products of value, VDK Nutrition eliminates the need for traditional plant extraction, which can harm the environment. This green and eco-friendly manufacturing technology represents the future of biomanufacturing.
 Social Investment	<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>
 Renewable Energy Investment	<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.The investee company, Changpin Wind Power Ltd., is a project SPV established by Shinfox Energy Co., Ltd., a comprehensive renewable energy service provider, for the development and construction of onshore wind power plants. It plans to develop and build 13 wind turbine units in Changhua County, with a total installed capacity of approximately 52.2MW. The onshore wind power project is expected to be completed by mid-2025 and begin supplying green electricity. °The investee company, QianKun Energy Co., Ltd., is a developer of solar power plants. CYI Technology Co., Ltd. intends to construct a ground-mounted fishery-solar power plant in Yunlin County, with a total installed capacity of around 150MW. Three project companies, QianKun Energy Co., Ltd., YuanQu Energy Co., Ltd., and WeiLai Energy Co., Ltd., collectively hold 100% of the investment. The total investment amount is approximately NT\$10.56 billion. Construction permits are expected to be obtained, and construction is scheduled to commence in 2024, with commercial operations commencing by the end of 2025.



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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, CDIB Yida Healthcare Private Equity Enterprise in China, CDIB Taiwan Business Private Equity (Kunshan) Enterprise(Limited Partnership), and USD-denominated Asia Partners Fund & Global Opportunities Fund, and Alibaba Taiwan Entrepreneurs Fund. By the end of 2023, our assets under management (Assets under Management; AUM) totaled NT\$40.3 billion, of which funds devoted to social funds accounted for NT\$10.2 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\$4.5 billion, totaling NT\$14.7 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.

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.

Given the ongoing global trend of population aging and the increasing number of people with chronic diseases, KGI SITE has launched the KGI Hospital and Long-term Care Industry Fund. This fund is dedicated to the development of the hospital, medical equipment, consumables, and long-term care industries, with the goal of improving the quality of life and medical care for the elderly. As of the end of 2023, the KGI Hospital and Long-term Care Industry Fund has reached a size of NT\$383 million.

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. Among this fund, a total of NT\$101 million was invested in the film and television industry in 2023. 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 startups - 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 startups 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 startups all resources required for growth, including entrepreneurial mentorship, corporate-matching events, community, and media resources. To further support Taiwanese companies in expanding into the global market, we established the Tokyo Accelerator in 2023 to help Taiwanese companies to enter overseas markets.

Unit: NT\$ billion

ESG Funds		AUM
Social Funds	CDIB Capital Creative Industries	0.5
	CDIB Capital Innovation Accelerator	1.5
	CDIB Capital Healthcare Ventures	8.2
Subtotal		10.2
Environmental protection and smart energy fund	CDIB Capital Growth Partners	4.5
Total		14.7

Investment results and performance

2020	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	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, CClA 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	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 event, 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?
2023	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 114 event, accumulating 1,948 participants. 3. To expand the social influence in Taiwan and overseas, CDIB collaborated with "Epoch Foundation" in 2023 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 21 investment meetings with Taiwan starts and 5 meetings with international startups. Additionally, 3 CEO round-table conferences were held. Conducted conferences with 3 Japanese organizations, namely Cool Japan Fund, Work Capital, and JETRO, to analyze the trends in the startup ecosystem prior to arrival and offer support with relevant resources upon arrival. Shared actual case studies and provided comprehensive information in a convenient package.

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ESG/Sustainability Thematic Products
ESG Bond ETF and Sustainability Bond Funds

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 2023, KGI SITE issued one ESG bond ETF and two active sustainability bond funds that passed the ESG review by competent authority, make KGI SIT to be Leading the group in the number of ESG fund issuances for mutual fund industry peers. 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 2023, the scale of the funds reached NT\$897 million.

The issuance time and scale for the other two 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 2023, the scale of the two funds was NT\$1,205 million.

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 2023, the scale of the funds reached NT\$1,930 million.

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 recuse 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.

KGI Bank continues to play a role in promoting green finance and introducing innovative thinking. In addition to continuously promoting green deposit products and services to corporate customers, in 2023, it invited various social groups and institutions, including religious groups and universities, to participate in green deposits, guiding funds to expand the impact of green finance. The funds are used in related projects such as renewable energy, energy technology development,

and pollution prevention and control. The "Green Deposit Fund Utilization Assurance Report" issued by Ernst & Young Accountants not only ensures that the funds have substantial green benefits, but also allows participating customers to clearly understand the scope and management of the deposits. This financial service has also been recognized with the Bronze Award at the 2023 Taiwan Sustainable Action Awards.

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 21 ESG-related underwriting cases in 2023 (including 9 green bonds, 7 social bonds, 3 sustainable development bond, and 2 sustainable development linked bond), with a total of NT\$21.1 billion, up 155% compared with the NT\$8.28 billion issued in 2022. KGI Life responded to the government's green finance action plan 3.0 policy to promote green financial product development and invested in green bonds with an investment amount of NT\$19.5 billion and sustainability development bonds with an investment amount of NT\$10.2 billion to implement the ESG investment spirit through action. KGI Bank has invested in three sustainable development bonds (including one green bond, one social bond, and one sustainable development-linked bond) totaling NT\$1.05 billion.

Green Financing

KGI Securities organized equity capital raising cases in the capital market in 2023. These included 16 environmental protection and green energy cases, accounting for about 48% of the number of cases organized in the year. The environmental protection and green energy funds raised more than NT\$36 billion, accounting for about 74% 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, KGI Life, has 25,487,369 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

KGI Life Insurance has long appreciated the importance of sustainable corporate development. It responds quickly to global sustainability trends to satisfy stakeholders. KGI 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. KGI 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 KGI Life Insurance to achieve the vision of "becoming the most recommended and trustworthy life insurance company in Taiwan."

In response to the policies and regulatory requirements of the competent authorities, KGI Life Insurance incorporates environmental risks into the company-level risk management. The implementation of relevant measures is explained as follows:

1. Incorporate climate change risks into our company's 'Risk Management Policy' and develop guidelines for managing climate-related risks. Establish and regularly monitor indicators for climate risk digestion.
2. To assess the physical risks of climate change and transition risks, we define high climate risk areas and high carbon emission industries. We refer to international standards to establish climate scenarios. By conducting scenario analysis, we evaluate the impacts of climate-related risks on investments, operations, and suppliers under different climate scenarios. This allows us to effectively control or reduce climate-related risks.

*Note: SASB FN-IN-450a.3: Please refer to the KGI Life 2023 Sustainability Report Chapter 2: Corporate Governance/Risk Management Identification and Response

Total fair value of securities lending collateral assets		Unit: NT\$ thousand
Item	2023.12.31	
Total fair value of securities lending collateral assets	0	

3.2.2 Sustainable Insurance Products

KGI Life Insurance prioritizes customer-centricity by addressing customers' needs at different stages of life, including protection, value enhancement, retirement planning, and legacy planning. We provide comprehensive protection planning, offering a wide range of insurance products such as life insurance, retirement plans, accident insurance, medical insurance, long-term care insurance, wealth management, and protection. Furthermore, we develop long-term, protection-oriented products through rigorous asset-liability management and risk control, with the aim of enhancing the security of the Taiwanese people. To address the societal trends of increased life expectancy, aging population, and declining birth rates, we proactively design competitive retirement products to help customers prepare for their future. Alongside retirement funds, we also strengthen our medical insurance product line, enabling individuals to plan for their retirement based on their specific needs.

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Promote the effective implementation in Financial Inclusion

Health Management UBI (usage based insurance)

According to statistics from the Ministry of the Interior, the average life expectancy of Taiwanese people in 2022 has reached 79.84 years. The Ministry of Health and Welfare has also announced that the health life expectancy at birth is approximately 73.3 years. To effectively prevent early disability, bedridden conditions, and chronic diseases in old age, KGI Life Insurance recommends that policyholders engage in early self-health management. This includes cultivating and maintaining good lifestyle habits and exercise routines. Policyholders can also take advantage of health management UBI that offer additional benefits beyond insurance coverage. By combining self-health management with insurance protection, policyholders not only save money and enjoy insurance coverage, but also maintain a strong physique. This elevates insurance products beyond their traditional role of claims settlement and enhances their preventive health effects. This achieves a triple-win situation where policyholders are protected from disease risks, insurance companies reduce claim rates, and social healthcare resource expenditure is reduced.

Microinsurance

In 2023, KGI Life Insurance continued its collaboration with the local governments of Kaohsiung City, Tainan City, Yunlin County, Yilan County, Hualien County, and Taitung County, as well as third-party social welfare organizations. The premium income from micro insurance amounted to 21.37 million yuan, making KGI Life Insurance the second-largest in the industry with a growth of 19% compared to the previous year. Nearly 100,000 people benefited from this initiative, including individuals with low and moderate incomes, individuals with mild to moderate disabilities, and elderly individuals or their family members who are eligible for the low-income elderly living allowance under the Elderly Welfare Act. This program aims to provide basic protection through micro insurance to help vulnerable populations. In the event of unexpected accidents, the micro insurance coverage can provide assistance and reduce the financial impact on families. Additionally, KGI Life Insurance actively collaborates with banks, government agencies, and non-governmental organizations to promote micro insurance services to every corner in need of care.

In 2023, KGI Life Insurance was honored with three major awards: the 'Excellent Performance Award in the micro insurance Competition', the 'Disability Care Award in the micro insurance Competition', and the 'Silver Award in the micro insurance Promotion Excellence Award'. The micro insurance Competition has been consistently winning awards for nine years, showcasing its commitment to inclusive finance and Treating Customer Fairly.

KGI Life Insurance plays a crucial role in stabilizing society by providing insurance coverage and support to vulnerable groups. We are committed to achieving a comprehensive and financially-friendly goal. Moving forward, we will remain focused on vulnerable groups and expand our micro-security network to ensure that insurance continues to play its part in stabilizing society and fulfilling our social responsibilities.

2023 Microinsurance		
Number of Beneficiaries	Premium Income	Cases
97,403	NT\$21 million	642 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. KGI 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	100,000~600,000	Limited period payment whole-life coverage is limited to only three policies with coverage cumulative o NT\$600,000 in all life insurance companies.

Long-Term Care Life Insurance

In recent years, the life expectancy of Taiwanese people has increased due to advances in medical technology. According to the Ministry of the Interior's '2022 Year Simple Life Table', the average life expectancy of Taiwanese people is 79.84 years. The Ministry of Health and Welfare's announcement for the year 2021 states that the average healthy life expectancy of individuals is 73.3 years. This means that the average unhealthy life expectancy of Taiwanese people is approximately 7 years. The term 'average unhealthy life expectancy' includes disability, bedridden, and chronic illnesses. It is important to address the issue of long-term care and promote awareness of long-term care insurance. Long-term care policies can provide comprehensive protection.

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3.2.3 Sustainable Insurance Mechanism

Product Development and Design Procedures

1. KGI 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," KGI Life Insurance holds at least one policy management task force meeting every half-year to ensure sustainable operations and uphold consumer rights.
2. Product design implements the spirit of inclusive financing 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 and Underwriting Process

1. Based on the policyholder's risk level, which includes factors such as age, coverage amount, and physical condition, we establish various risk control measures and conduct the policyholder underwriting process. We assess the risks of money laundering and terrorism financing through a combination of system matching and manual review.
2. 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 Treating Customer Fairly.
3. Underwriting procedures include AML/CFT risk assessments. And, set 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.

Claims Procedures

1. Policyholders can now access claims services more easily
Continuously introducing convenient services, such as hospital prepayment, fast counter claims, and home pickup, to address policyholders' pain points in claims application.
2. Demonstrating Friendly Care for Vulnerable Elderly Households
In addition to providing an expanded version of the claim application form, the payment notification also includes various services, such as fraud prevention reminders, to fulfill our social responsibility.
3. The claims service process has been made more transparent
To ensure customer satisfaction, we not only send immediate acceptance and closure text messages, but we also offer the option to download our app. With the app, customers can independently check their claims history and track the progress of their case. This allows them to stay fully informed about the status of their claims service.
4. Providing More Efficient Claims Services
After completing the claims review, policyholders can receive their claim payment within 30 seconds using eACH's 'Instant Remittance' service. This enables policyholders to optimize their funds and access superior medical care more efficiently.
5. Using financial technology to enhance service efficiency and implement the concept of corporate sustainability
By utilizing big data audit models, we help claims adjusters carry out claims audit operations more intelligently, effectively preventing adverse selection and insurance fraud to safeguard

the rights and interests of our policyholders. To continuously enhance the digital claims application service experience for our policyholders, they can utilize the 'Mobile Claims' service to promptly complete their claims applications. They can also take advantage of the 'Claims Alliance Chain Service' and 'Digital Identity Verification' to simultaneously apply for claims with multiple insurers using a single claims application document. This achieves a 'one-stop application, document sharing' approach that reduces paper usage and embodies the principles of sustainable ESG management.

After-sales services

1. With a customer-centric approach and a commitment to love and care, we coordinate relevant departments, plan self-service options, optimize processes, manage hardware infrastructure, and execute front-end services. Our objective is to deliver attentive, timely, and high-quality service to our customers, while building a strong, interactive, and trustworthy relationship to enhance customer loyalty and retention.
2. In compliance with the 'Principle of Treating Customer Fairly in the Financial Services Industry,' we will promptly maintain and update our after-sales service management measures. Additionally, we will improve our employees' understanding of consumer protection through internal communication and educational training.

3.2.4 Sustainable Insurance Internal and External Engagement

Internal awareness promotion for Sustainable Insurance

To internalize the corporate sustainability thinking of KGI 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 23,468 hours. The content of educational training includes Human Right Policy, Treating Customer Fairly, Information Security, Codes of Ethical Conduct, climate risks, and climate related financial disclosure issues.

External communication for Sustainable Insurance

- KGI 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, KGI 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 "KGI 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. KGI Life Insurance has made significant investments in digital and data infrastructure to accelerate digital. They have embraced 'artificial intelligence', 'an agile culture', a 'data-driven approach', and 'cloud services' to drive their digital transformation. Their goal is to develop a comprehensive digital innovation strategy.
 5. KGI Life Insurance considers sound corporate governance and ethical business practices to be the cornerstone of sustainable development. We are committed to treating financial consumers fairly and extending our services to vulnerable groups. We aim to bridge the digital divide by catering to the unique characteristics and needs of our disadvantaged customers through various approaches.
 6. Cooperate with private enterprises to promote barrier-free travel: KGI 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.

In commitment to pursuing a balanced development of environmental sustainability, social participation, and corporate governance, KGI Bank creates positive sustainable impacts through funding and financial services, integrating ESG-related aspects into risk assessment and credit decision-making processes. Specifically, in accordance with CDF's "Sustainable Finance Commitment" and the bank's "Credit Policy", the "Sustainable Credit Guidelines" have been established. When conducting corporate credit reviews, KGI Bank adheres to the "Sustainable Credit Guidelines" and establishes sustainable credit review principles under these guidelines, thoroughly considering whether borrowers fulfill their obligations in terms of environmental protection, social responsibility, and corporate integrity, and incorporating ESG-related issues into credit decision-making, credit evaluation items, and post-loan management mechanisms:

1. When applying for credit cases, all are in accordance with the "Operational Guidelines for Credit Information Reporting by Financial Institutions" of the Joint Credit Information Center (JCIC), which defines green credit and sustainable performance-linked credit. Each case discloses in the credit review report relevant information such as green credit, sustainable performance-linked credit, ESG rating, corporate carbon emissions and carbon intensity, and the amount of carbon emissions avoided by renewable energy project financing. If the counterparties or group members are involved in high carbon-emitting industries, have been involved in highly sensitive industries and climate change-related issues in the past three years, or have had negative incidents related to environmental protection, corporate social responsibility and corporate governance, the results should be listed in the "Sustainability Risk Assessment Checklist", and it should be explained whether there are plans for improvement or transition.
2. 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.
3. Post-loan management continuously monitors the dynamics of borrowers, reviewing whether borrowers fulfill their obligations in environmental protection, social responsibility, and corporate integrity. If there are related negative events, it should understand the borrower's improvement or transition plans, and continuously track and evaluate the extent of the impact and take appropriate response measures.
4. 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 clients 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 participated in landmark large-scale renewable energy plant financing projects and has actively supported the investment in pollution prevention, green building, and other green credit-related financing. 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
	2020	2021	2022	2023
Green Credit Balance (Banking Bureau)	16,578	20,579	-	-
Green Credit Balance (JCIC)	-	11,512	16,060	17,073

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). By the end of 2023, KGI Bank's renewable energy financing amount reached NT\$13.618 billion, an increase of over 6% from NT\$12.798 billion at the end of 2022; the financing for indicative projects is as follows:

Project Name	Estimated device capacity	Expected annual carbon reductions	Credit Balance in 2023
Whole Sun No.1 Co., Ltd.	78MW	56 thousand tons	NT \$1,866 Million
Chenya Energy / HoldGood Energy	181MW	125 thousand tons	
New Moon Energy	120MW	92 thousand tons	
Bei He Power Company, Ltd.	45MW	31 thousand tons	
Eternal New Energy Co., Ltd.	83MW	51 thousand tons	
HuahSuan Green Energy Co., Ltd./ United Renewable Energy Co., Ltd.	192MW	121 thousand tons	
Total	699MW	476 thousand tons	

Note 1: The carbon emission coefficient for power is calculated according to the carbon emission coefficient for power in Taiwan in 2023 (0.494 kg CO2e/kWh) announced by the Bureau of Energy of Ministry of Economic Affairs.
Note 2: The unused balances of Xin Yue Energy and Beihe Energy are cases approved in 2023, and the balance of credit does not include these two projects.

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.
	Green building Complies with regional, national, or international renewable energy standards or certifications.
	Products, production technologies or processes with ecological benefits and adaptation to a circular economy Research and development or introduction of sustainable environment products. These products should be accompanied by ecological, eco-friendly or environmental certifications, as well as packaging and transportation methods that conserve resources.

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. A customer rights group has been established in the Sustainability Committee, led by the Personal Finance Division, with the Consumer Finance Division, Payment Finance Division, and Fintech Division serving as dedicated units. Together, they use digital technology to create inclusive financial products and services to assist 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	2023
"Giving You A Hand" Revolving Personal Loan Project	Accounts Number	485	318	164	63
	Balance	8,147,084	3,480,511	3,440,304	2,606,655
Taxi Driver Loan	Accounts Number	217	168	83	73
	Balance	6,011,975	4,326,912	2,873,274	3,857,534
E-Commerce Seller Loan	Accounts Number	-	181	578	128
	Balance	-	5,737,895	48,169,539	18,771,531
Delivery Person Loan	Accounts Number	-	496	549	508
	Balance	-	16,314,014	35,510,000	38,513,303

"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 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 processes and preferential prices. In 2023, there were 168 applicants, and among which, 63 applications were successful, representing a success rate of 38%.

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 2023, there were 428 applicants, and among which, 73 applications were successful, representing a success rate of 17%.

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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 2023, there were 1,004 applicants, and among which, 128 applications were successful, representing a success rate of 13%.

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 2023, there were 2,088 applicants, and among which, 508 applications were successful, representing a success rate of 24%.

"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. In 2023, there were 31,565 applications, of which 8,315 were successfully processed, resulting in a success rate of 26%.

Product Name	2020	2021	2022	2023
"Quick Repayment" Limited Amount Loan	11,413 applications / NT\$235 million was used	16,461 applications / NT\$286 million was used	23,799 applications / NT\$785 million was used	31,565 applications / NT\$853 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.

Amount: NT\$ Million					
		2020	2021	2022	2023
Small and micro business financing (*note)	Balance	1,852	1,522	1,772	1,640
	No. of Cases	2,072	1,661	806	573

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 2023, KGI Bank has been entrusted to manage 6 public welfare trust funds with a total management amount of more than NT\$26.68 million. We aim to help individuals or legal persons implement their social welfare goals, and assist in social welfare affairs and account management.

Online medical payment facilitates the popularization of telemedicine

KGI Bank continues to innovate its service model, integrating its core strength of "KGI inside" into various payment scenarios. In 2023, the "KGI Medical Payment" platform was introduced into the "Taiwan Primary Clinic Telemedicine System (health-online)". After patients have completed their online consultations at primary clinics, they can directly pay their medical fees online via credit card. This effectively solves the pain point of not being able to make online payments for telemedicine, creating a convenient payment scenario to boost telemedicine. It also helps residents in remote areas to enjoy immediate and convenient medical services. KGI Bank and its system integrators provide free training services for clinics, enabling them to guide residents in remote areas or others who need telemedicine to use online payment methods. The comprehensive service allows the public to use it easily. At this stage, KGI Bank has connected with the top three medical information providers in the market, reaching up to 14,000 clinics. Currently, 16 clinics have implemented the platform. After the "Telecommunication Diagnosis and Treatment Measures" are implemented on July 1, 2024, it will gradually be introduced to 14,000 clinics across Taiwan.

Payroll transfer service for non-profit organizations

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 2023
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 1.47 times the announced interest rate, to increase school income.	Serving 5 schools and 123 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 1.47 times the announced interest rate, to increase foundation income.	Serving 19 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	2023
Cultural and Creative Industry Loan Balance (NT\$ million)	8,273	5,444	5,572	5,446
Cultural and Creative Industry Loan (No. of Cases)	149	203	194	189

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3.4 Customer Experience

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. Furthermore, KGI Bank customers can view their stock inventory and current value purchased through securities with one click on the KGI Mobile Banking APP, eliminating the need to log in to the securities APP again, creating seamless financial management services.

In addition, the overview and details of the KGI Life Insurance policies purchased through KGI Bank have been integrated into the customer asset overview of the KGI Mobile Banking APP. This integration offers customers a more comprehensive and complete financial planning and information.

KGI Life Insurance has also teamed up with KGI Bank to launch the "Electronic Authorization Premium Deduction Service". Through the online verification mechanism of KGI Internet Banking, customers can complete the application for KGI Life Insurance premium deduction agreement without having to keep a seal or sign, and they can know the authorization result immediately, providing 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 72,400 people to ask 116,000 questions in 2023, 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

KGI Life Insurance

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

KGI 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 has been approved for trial across all channels 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. So far, it has processed over 39,000 cases, leading to a 25% improvement in administrative efficiency.

2. World Gym Cross-industry Collaboration - Healthy Together GO Event

Health is the foundation of happiness. As the guardian of customer happiness, KGI Life Insurance promotes the corporate value proposition of 'Committed to Your Happy Life'. To encourage customers to take charge of their health and adopt a healthy lifestyle, we have partnered with World Gym, the largest fitness chain in Taiwan, and the Chi Mei Medical System. Through online and offline customer guidance and business matching activities, we utilize digital platforms to connect various sectors of the health industry, motivating customers to engage in regular exercise, acquire diverse health knowledge, and build their health capital. This shift from post-claims insurance to proactive health promotion and prevention enriches our customers' insurance service experience.

In addition, customers can also join the official KGI Life Insurance LINE account, complete the insurance needs questionnaire, and access protection through online appointment consultation services. This will help individuals achieve a healthy and happy life. KGI Life Insurance is committed to health promotion, expanding insurance coverage, and providing comprehensive health management and medical care services. We are dedicated to accompanying our customers on their journey to happiness.

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

Upholding to the "customer oriented" concept, KGI 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, health management, and customer benefits and information alerts. The comprehensive digital insurance service of "KGI 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 KGI 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. "KGI 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.

As of the end of 2023, the number of members using the "KGI i-Life" APP has exceeded 200,000, with a total usage of over 2.3 million times. The app's download platform rating continues to lead the industry, and its digital services have been highly praised by policyholders and members. Since its launch, the KGI Life Insurance app has provided over a hundred functions, including policy inquiries and changes, online payments, claims applications and inquiries, policy loans, health management, policyholder benefits, and reservation of counter services. 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 'Alfred'

"Alfred" is a life insurance intelligent assistant developed by KGI Life Insurance using natural language processing technology. It assists sales agents in quickly obtaining various work-related information. Through system API integration, "Alfred" not only provides sales agents with real-time customer service information, but also helps them seize warm and considerate service opportunities, thereby improving customer satisfaction and reducing the number of customer phone inquiries and waiting time. "Alfred" has become the most trusted and reliable AI intelligent assistant for sales agents. In 2023, through continuous iteration and optimization, "Alfred" has added and optimized over 300 knowledge points throughout the year and launched 7 new functions. These efforts have resulted in impressive achievements, including a 2.3 times increase in problem-solving coverage rate compared to the previous year, a 3.1 times increase in usage, a 2.1 times increase in user count, and a 76.8% increase in NPS.

5. Big Data Platform

KGI Life Insurance utilizes big data to gain a deep understanding of customer information and tailor products and services to meet their specific needs. Additionally, through big data analysis, it identifies top-notch insurance professionals who can deliver comprehensive and long-lasting services to customers.

KGI Life Insurance consolidates data from various systems within the company to serve as a foundation for data analysis. The objective is to identify crucial customer information, establish a data dictionary, develop data lineage, and implement a comprehensive data monitoring mechanism.

6. Customer Analysis Market Data

In order to enhance customer service, KGI Life Insurance has developed a 360-degree customer analysis data marketplace. We regularly update and consolidate customer information, attributes, behaviors, and transaction records for analysis. This comprehensive approach enables us to gain a thorough understanding of customer needs and optimize their experience.

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 processesIn 2023, the number of online loan applications reached 50,000, and the annual loan application amount reached NT\$63.6 billion. The released loan amount reached NT\$19.7 billion, and the online utilization percentage reached 99%.
	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 80 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	Outsourced/self-developed	<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 2023, we will introduce additional biometric transaction verification features, including transfer and cardless withdrawal, to offer customers a more convenient authentication method and significantly reduce transaction time.
Cardless withdrawal feature	Outsourced/self-developed	<ul style="list-style-type: none">In August 2023, we will be introducing the cardless cash withdrawal feature, which will enhance customer mobility and convenience by allowing them to use their mobile phones as withdrawal cards.
Online Payment Services	Outsourced/self-developed	<ul style="list-style-type: none">Instead of printing paper bills, you can now use the mobile banking app to display the barcode for the convenience store and make payments for your KGI Bank credit card bill at designated convenience stores.The mobile banking app has launched 16 functions for making payments and setting up automatic payments for water, electricity, gas, roadside parking fees, and other living expenses. Users can easily complete payments or set up automatic payments by entering bill information online. This feature is both convenient and fast, and it also provides a single section to consolidate all payment records for easy reference and bookkeeping.
Mobile Banking APP upgrade	Outsourced/self-developed	<ul style="list-style-type: none">KGI Bank has implemented agile development and a Net Promoter Score (NPS) customer feedback mechanism. We use customer feedback to continuously improve the user experience of our digital channels and expand our range of services.Development Financial Holdings commissioned a prominent international market research agency to conduct a Net Promoter Score (NPS) survey among the ten major banks under its umbrella. Based on the survey results at the end of 2022 and 2023, KGI Bank has consistently ranked first in NPS recommendation score for two consecutive years. The primary reason why customers are willing to continue using KGI Bank as their main banking institution is the ease of operation and use of its digital platform.The mobile banking app is continuously being upgraded to enhance customer experience and efficiency. The number of logins to the mobile banking app has been growing by over 20% annually, resulting in improved customer engagement.
mPOS	LG World Fitness 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 servicesSupport primary and secondary account usage/account inquiryPersonal 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">Pre-filled account opening and branch transactions (pre-filled service for TWD deposits, withdrawals, and remittances) 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, partners, 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.

The subsidiary, KGI Bank, has revised and issued a new version of its internal regulations to strengthen the bank's control procedures for the external transmission of personal and sensitive data. The bank has also disclosed its Client Data Protection and Confidentiality Statement (<https://www.cdfholding.com/zh-tw/others/confidentiality-statement>), Privacy Policy (<https://www.kgibank.com.tw/zh-tw/others/privacy-protection-policy>), and Personal Information Protection Notification (<https://www.kgibank.com.tw/zh-tw/others/personal-information-protection-notification>) on its official website; KGI Securities has also revised its internal regulations to clearly define the reporting process to be followed by branches in the event of a suspected personal data security incident, and to ensure the integrity of internal handling and processing records. The Client Data Protection and Confidentiality Statement (<https://www.kgi.com.tw/zh-tw/others/confidentiality-statement>), Privacy Policy (<https://www.kgi.com.tw/zh-tw/others/privacy-policy>), Personal Information Protection Notification (<https://www.kgi.com.tw/zh-tw/others/cdfh-personal-data-notification-statement>) and Statement of Use of Personal Data (<https://www.kgi.com.tw/zh-tw/others/statement-of-use-of-personal-information>) have been disclosed on the official website; KGI Life has also disclosed its Privacy Statement (<https://www.kgilife.com.tw/zh-tw/accessible/about-us/privacystatement>), Personal Data Management Policy Statement (<https://www.kgilife.com.tw/zh-tw/Footer/Corp/LegalInfo/Personalinfo>), and Client Data Protection and Confidentiality Statement (<https://www.kgilife.com.tw/zh-tw/-/media/files/kgil/footer/corp/legalinfo/confidentiality.pdf>) on its official website.

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

Personal Data Management Policy and Personal Data Notification Statement <https://www.cdfholding.com/en/others/personal-data>

Privacy Policy website <https://www.cdfholding.com/en/others/privacy-policy>

Client Data Protection and Confidentiality Statement <https://www.cdfholding.com/en/others/confidentiality-statement>

Letter of Undertaking regarding Sustainability for Suppliers <https://www.cdfholding.com/en/-/media/files/cdf/esg/governance/en/regulations/letter-of-undertaking-regarding-sustainability-for-suppliers.pdf>

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) <https://www.cdfholding.com/en/-/media/files/cdf/esg/governance/en/regulations/personal-data-protection-and-management-policy.pdf> 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. The Compliance Dept. is responsible for convening and chairing core team meetings, as well as consolidating the matters that the core team should handle. The members of each department's core team serve as the contact point for personal data protection management matters within their respective departments. They participate in core team meetings to address relevant issues and provide suggestions, and also monitor the implementation of personal data protection management matters within their departments.

The company's Compliance Dept. has completed the Business Process Identification and Personal Data Inventory Operation and Risk Assessment Operation for the year 2023 in accordance with the Personal Data File Security Maintenance Plan and Personal Data Processing Guidelines. Based on the inventory and assessment results, the company's management of personal data risks remains within an acceptable range, and appropriate protective measures have been implemented for higher-risk business processes. To further enhance personal data protection, the company will undertake appropriate risk management for business processes with a risk ranking of 5% or higher. After review, it has been confirmed that each department has completed the Personal Data Process Operation Risk Assessment Form as specified in the aforementioned guidelines. The core team has conducted a risk ranking and assessed the company's acceptable risks. Personnel from the core team's administrative unit have prepared a Personal Data Management Risk Self-Assessment Report based on the assessment results, which was submitted for discussion and approved by the President and CEO in August 2023. The company is now effectively controlling the personal data management risks associated with the aforementioned business processes.



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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 Personal Data Protection Core Team, 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 and consultation service hotline taken by the Company. If the personal data security incident constitutes a significant accidental event, 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.

Collection, Processing, or Utilization of Personal Data and Client Rights Exercise

I. Personal Data Collection

The personal data of clients obtained by the Group is because the clients are already existing clients of any subsidiary of China Development Financial. The provision of services is based on the client's consent or expressly agreed upon in various types of documents or contracts, in accordance with relevant laws and regulations, publicly available information, disclosed by government agencies, or legally provided by third parties.

II. Storage and Maintenance Methods of Personal Data

The Group will strictly conform with the principle of safety and confidentiality to safeguard the clients' personal data. In addition to the safety controlling equipment and mechanism, the Group also sets up a backup storage in another place so as to maintain the clients' data in a safe and sound condition and continuously provides the clients with good services in the event of emergency or disasters.

III. Methods for Securing and Protecting Personal Data

After obtaining the clients' data, the Group will file and store them in the database in accordance with the relevant operation standards. The access and use of the database shall be managed by a designated person pursuant to its authority and function of business, and the firewalls have been set up to prevent the invasion of external messages and to control the transmission of internal messages in order to protect the clients' data from any unauthorized or illegal acquisition or any destruction.

IV. Purposes of Personal Data Utilization

The Group only discloses, refers, or exchanges clients' data for the purpose of providing services, marketing (including cross-selling), entrusting a third party to handle business-related affairs, or complying with the requirements of the competent authority for supervision or management, as permitted by laws, regulations, or clients, in order to provide comprehensive and diversified financial products and services to clients. The Group shall conscientiously and carefully manage the personal data to ensure that it is well-protected.

V. Personal Data Disclosure

The clients' data will be used and disclosed in compliance with the "Financial Holding Company Act," "Regulations Governing The Cross-selling by and among Subsidiaries of Financial Holding Company," "Self-Disciplinary of Financial Holding Company and its Subsidiaries," and "Personal Data Protection Law" by the Group for the purpose of conducting cross-selling. Except as required by relevant laws, with clients' consent, or by parties commissioned by the Group to collect, use, and process the clients' data under the authority of and on behalf of the Group, the personal data will not be disclosed to any other third party.

Privacy Protection Practices



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

1. The purpose of the collection, processing, use, and international transmission of personal data.
2. Categories of the collected personal data.
3. Time period, territory, recipients, and methods of which the personal data is used.
4. According to Article 3 of the Personal Data Protection Act, the party involved has the right to request the following rights regarding their personal data held by this group, using the contact methods provided by the group (email: ir@cdibh.com; phone: (02)2763-8800):
 - (1) Make an inquiry or request to review or obtain copies of personal data, for which CDF 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 collection, processing, 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.
6. When providing customer's personal data to a third party, the following conditions should be met:

The customer's data is handled in accordance with the "Financial Holding Company Act", "Regulations for Joint Marketing Management among Subsidiaries of Financial Holding Companies", "Self-discipline Regulations of Financial Holding Companies and their Subsidiaries", "Personal Data Protection Act" and other relevant laws and regulations. The data is only used and disclosed within the group for joint marketing as permitted by law. Except as required by law, with the customer's consent, or when the group entrusts the processing of related business, the customer's personal data will not be disclosed to any other third party.

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 stored and safeguarded.
 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 (CDF will not disclose customer personal data to any third parties unless required by law, with the customer's written consent, or commissioned by CDF 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.

CDF 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, KGI Life Insurance and KGI Bank have passed the ISO 27001 (the certificate remains valid till 2025) information security management system verification, in order to continuously improve the personal data protection and management capabilities. Subsidiaries including KGI Securities, KGI 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. KGI 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. KGI Life Insurance also won the Information Security Award in the 2023 Taiwan Corporate Sustainability Awards and were recognized with the "IT Award for Excellence in Information Security Governance" by SGS in 2023. KGI Securities also received the "Digital Information Security Award" at the 3rd "Commercial Times Digital Financial Awards." Additionally, KGI Bank participated in the 2023 Taiwan Financial Industry Cybersecurity Defense Competition organized by the Financial Supervisory Commission and was recognized as an outstanding institution. CDF'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.

✓	In 2023, CDF and its subsidiaries did not experience any incidents of information leakage, theft, or loss of customer data by regulatory authorities. However, KGI Securities had two cases of customer data leakage, which have been addressed through education and improvement measures. The affected customers were notified of the data breach and the subsequent actions taken, and no further complaints were received.
✓	There was no secondary data use in 2023.

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 Charter of Sustainability Committee" Article 5 that stipulates the establishment of a "Client Relations Working Group." and Treating Customer Fairly Guidelines have been formulated. At the same time, KGI Bank, KGI Securities, KGI Life Insurance and KGI SITE 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	<div>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.</div> <div>II. Implementation</div> <div>1. The board of directors of KGI Bank has assigned a dedicated team to plan and execute the 'Treating Customer Fairly Principle'. The supervisory department is responsible for overseeing the implementation of the principle in all departments, identifying any potential violations, proposing specific solutions, and regularly reporting to the Treating Customer Fairly Committee for review and action.</div> <div>2. The Customer Service Department conducted a satisfaction survey and collected a total of 35,000 questionnaires. The overall service satisfaction rate is 97.15%.</div> <div>3. KGI Bank has implemented the Net Promoter Score (NPS) and an automated platform to consistently collect and monitor customer feedback for the purpose of improvement. As of December 2023, the overall NPS score has reached 74.</div> <div>4. Customer complaint and feedback management</div> <div>(1) In 2023, there were 233 customer complaint cases, of which 91% were resolved within 3 business days, exceeding the target of 85%.</div> <div>(2) The customer service department consistently analyzes the types and causes of customer complaints. They review and implement improvement measures, which include enhancing operational processes, optimizing website and voice platform functions, strengthening system performance, and providing education and training. In total, there are 37 items.</div>	<div>1. 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 treating customer fairly in the self-assessment and regular review of legal compliance.</div> <div>2. KGI Bank Conducts Education and Training on Treating Customer Fairly Principles for All Bank Employees and Board Members.</div> <div>3. KGI Bank has implemented the 'Customer Demand Management Key Risk Indicator (KRI)' system. This system establishes monitoring thresholds and alert activation thresholds for each indicator on a quarterly basis. If these thresholds are met or exceeded, individuals are required to enhance their practices or submit improvement reports. They will be monitored until the improvements are completed. Additionally, for operational risk incidents related to consumer protection cases, relevant units must submit improvement measures on a case-by-case basis. These measures are then included in the tracking and control system. A monthly report is submitted to the Business Risk Committee to address materiality business risk issues.</div> <div>4. KGI Bank has incorporated the customers protection into self-audit item and the Principles for Treating Customer Fairly into internal audit and conducts internal audit periodically to ensure consistency.</div>	<div>1. Actively promoting financially-friendly services - [i Service Taiwan]: Domestic Bank receives 'Silver Award'.</div> <div>2. The implementation of inclusive finance has been recognized by all sectors, winning the national first prize in the 'Best Product Category' at the 20th National Brand Yushan Award.</div> <div>3. Actively promoting financial services that are tailored to meet the needs of the elderly, we are proud to have been awarded the 'Elderly Financial Planning Consultant' Outstanding Achievement Award by the Trust Association.</div> <div>4. Creating a customer-centric quality service - awarded the '17th Wealth Management Bank and Securities Evaluation' and the 'Best Customer Satisfaction Award' by 'Business Weekly'.</div> <div>5. Guarding Customer Assets: AI Fraud Prevention System Wins the 20th National Brand Yu Shan Award for 'Best Product Category'.</div> <div>6. Optimizing Customer Experience - CSEA Excellence in Customer Service Award for Best Customer Experience Enterprise.</div>
KGI Life Insurance	<div>I. In 2023, KGI Life Insurance updated its 'Treating Customer Fairly Policy', 'Treating Customer Fairly Strategy', and 'Treating Customer Fairly Execution Guidelines' to align with current practices. This ensures that there are well-defined standards to be followed, ranging from high-level policies and promotional strategies to implementation guidelines.</div> <div>II. Implementation</div> <div>1. KGI Life established Treating Customers Fairly Committee to regularly compile and report the measures related to fair treatment of customers to the Board of Directors for review.</div> <div>2. KGI 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.</div> <div>3. 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.</div>	<div>1. Taking the comprehensive insurance "Friendly Protection" service package for the disabled as an example, KGI 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.</div> <div>2. 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.</div> <div>3. 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 diversity of channels.</div> <div>4. KGI Life Insurance offers a range of communication channels to cater to different customer needs. These include a toll-free customer service hotline, a toll-free financial-friendly service hotline for elderly and disabled customers, an email service mailbox, a postal mailbox, an official website, a website message board, a customer service counter, as well as free sign language translation service and free multilingual translation service. In 2023, we received a total of 4,189 calls, with an additional 26,670 calls utilizing the hotline voice explanation service. To provide thoughtful assistance, 080 customer service representatives implemented a memory aid system by sending text messages to elderly policyholders after their consultation calls. These messages highlight key consultation points for easy recollection and reference. In 2023, a total of 3,057 friendly care text messages were sent.</div> <div>5. In mid-June of fiscal year 2023, we introduced the 'In-person Translation Reservation Service' online. This service offers assistance through three-way calls with interpreters.</div>	<div>1. KGI Life Insurance has always adhered to the corporate philosophy of 'fairness and empathy, treating customers as if they were ourselves'. With a focus on customer satisfaction, the company consistently enhances its efforts to provide support to the elderly and vulnerable in the financial industry. In 2023, it has once again received recognition by ranking in the top 25% of the 'Treating Customer Fairly Principle Evaluation' conducted by regulatory authorities for the fifth consecutive time.</div> <div>2. KGI Life Insurance has been honored with the 2023 TSAA Taiwan Sustainable Action Award in the 'Social Inclusion' category, specifically the Bronze Award, for its program titled 'Smart Aging School: Land, Sea, and Air Fraud Prevention'.</div>

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KGI Securities	<p>To establish the principle of Treating Customer Fairly as a shared value system and code of conduct within the company, KGI Securities will revise and amend the internal regulations pertaining to Treating Customer Fairly in 2023 as outlined below:</p> <ol style="list-style-type: none">The 'Guidelines for Sustainable Development' and the 'Organizational Charters of the Sustainability Committee' have been established. The Sustainability Committee has formed a 'Client Relations WG' to protect customer rights and ensure Treating Customer Fairly.Established the 'Guidelines for the Selection of Branch Service Stars' to implement the Standard Operating Procedure (SOP) for branch service etiquette.Established the 'Scope of Duties for Independent Directors' to enable independent directors to fulfill their functions in the board of directors and company operations. This amendment establishes a foundation for corporate governance in accordance with the principles of Treating Customer Fairly and integrity in business.The 'Guidelines for Official Website Content Management' have been amended to establish a mechanism for regular updates and reviews of the official website, thereby ensuring that customers are informed of their rights.The 'Board of Directors Performance Evaluation Criteria' has been established to include the attendance of directors, their input and suggestions on resolutions, and other factors as part of the evaluation of the board and its members' performance. This amendment aims to enhance the efficiency of the board's operations and align with the principles of Treating Customer Fairly and integrity in business management.Established the 'Ethical Corporate Management Best Practice Principles', 'Operating Procedures and Behavioral Guidelines for Business Integrity', and 'Organizational Regulations for the Business Integrity Committee', and revised the 'Operating Procedures and Behavioral Guidelines for Business Integrity'.The 'Guidelines for Derivative Financial Product Transactions with Elderly Clients' have been amended to strengthen the protection of the rights and interests of elderly clients.Established "Guidelines for Financial Product Transactions with Vulnerable Customers (including Elderly Customers)" to strengthen the protection of the rights and interests of vulnerable customers.	<ol 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.	<ol style="list-style-type: none">The Wealth News biweekly magazine's 'Wealth Management Awards' include six categories: Best Customer Recommendation Award, Best Wealth Management Award, Best Public Welfare Promotion Award, Best Digital Finance Award, Best Business Team Award, and Innovative Trust Service Award.Received the Service Quality Award at the China Times Financial Service Evaluation Awards.The bank received 10 major awards, including the Best Wealth Management Securities Firm Award, in the Fortune Management Bank and Securities Evaluation by the current weekly magazine, making it the biggest winner in the securities industry this year.We have received two major awards, namely the 'Digital Inclusion Award' and the 'Digital Information Security Award,' from the Business Times for our achievements in Digital Finance.Received the '2023 CSEA Customer Service Excellence Awards' by the 'Taiwan Customer Service Center Development Association.' The only one to receive this award in the securities industry.
KGI SITE	<ol style="list-style-type: none">KGI SITE is committed to treating customers fairly.Implementation<ol style="list-style-type: none">The principle of Treating Customer Fairly in our company encompasses policies, strategies, internal compliance codes of conduct, and implementation procedures.The department in charge of new business development is the New Business Development Department. Its responsibilities include planning and implementing the principle of Treating Customer Fairly, as well as supervising the business units that interact with customers and providing self-inspection results on the implementation status of the previous year.At the conclusion of each fiscal year, pertinent data will be compiled and specific improvement strategies will be developed. Regular reports will be presented to the board of directors.	<ol style="list-style-type: none">Provide education and training on the principles of Treating Customer Fairly, involving all employees.	None

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Educational Training Procedure	
Subsidiary	Implementation Status of Educational Training
KGI Bank	<ul style="list-style-type: none">• In 2023, KGI Bank completed a 4-hour education and training program on the principle of Treating Customer Fairly for all employees. In addition, online courses on corporate integrity management (0.5 hours) and legal compliance (topics: consumer protection, integrity management, whistleblower system; 1 hour) were also conducted."• KGI Bank's educational training course on the 'Principles of Fair Treatment in the Financial Services Industry' for all directors in the fiscal year 2023 (course duration: 3 hours).• 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.
KGI Life	<ul style="list-style-type: none">• To shape the "attentive" culture of KGI 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, coving issues related to maintenance of rights of financial consumers, seniors, persons with physical and mental disability and other disadvantaged customers with friendly finance. In 2023, the trainings were expanded to hold 19 online/offline educational trainings with 46,465 employees participated.
KGI Securities	<ul style="list-style-type: none">• In 2023, KGI Securities organized two internal Treating Customer Fairly training courses, both in-person and online. Each course had a duration of 3 hours, and a total of 2,467 participants attended. In addition, 22 participants from external organizations also attended related courses. Therefore, the total number of participants in the Treating Customer Fairly training in 2023, including directors and executives, was 2,489. The total training duration amounted to 7,470 hours.• KGI Securities regularly conducts company-wide "Legal Education and Training Courses for Employees," which covers the principles for treating customer fairly, relevant regulations on financial consumer protection, customer complaints and dispute resolution, important penalty cases, and laws.• KGI Securities 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.
KGI SITE	<ul style="list-style-type: none">• In 2023, KGI SITE organized an internal online course on the Treating Customer Fairly Principles. The course, which lasted for 3 hours, had a total of 107 participants.

Violations				
Subsidiary	No. of Violation	Nature of Violation	Background	Improvement Measures
KGI Bank	1	Related to financial consumer protection	The customer alleges that KGI Bank sold insurance products in 2016 without obtaining the customer's signature on the application documents. The insurance agent and branch manager, without the plaintiff's consent, used the plaintiff's friends and family members as proxies to purchase the insurance products. As a result, the plaintiff is requesting KGI Bank to provide joint compensation of NT\$100,000 in accordance with the Civil Code and Personal Information Protection Act. Furthermore, it is claimed that the insurance agent failed to comply with the requirements of the Insurance Agent Business Management Rules regarding personal meetings and signatures. Therefore, the plaintiff is requesting KGI Bank to jointly refund the insurance premium of US\$30,682 in accordance with the Civil Code. (This case is currently in litigation).	<ol style="list-style-type: none">1. Regarding insurance application transactions, there is a mechanism for confirming counter/over-the-counter transactions. For insurance cases solicited by insurance agents during external visits, the confirmation must be conducted by a third party other than the insurance agent, through telephone calls with the customers.2. In order to minimize situations where the insured and the policyholder have not met in person and the policyholder has not personally signed the insurance application and consent form, the 'Insurance Product Application Statement and Consent Form' has been revised. It is now mandatory for a third party, other than the insurance agent, to 'verify that the transaction documents are personally signed by the customer' and to further emphasize the importance of insurance agents meeting with the policyholder and obtaining their personal signature on the insurance application.

Note: Except for KGI Bank, CDF and its other subsidiaries did not have any violation to the principles of treating customers fairly and protection of financial consumers in 2023.

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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.

KGI Life Insurance

In line with its customer-centric philosophy, KGI Life Insurance continuously optimizes its administrative processes to enhance customer satisfaction. The company also places great importance on customer interaction and offers a variety of service channels and thoughtful services. To gain a better understanding of customer thoughts and needs, regular Customer Satisfaction Measurements are conducted, and customer complaints are promptly and actively addressed. To further strengthen interaction with policyholders, the company has established seven customer service centers throughout the province, providing localized services. Additionally, a toll-free 0800 service hotline is available for consumers to contact the company. Moreover, to ensure friendly and convenient services for people with disabilities, the company has implemented a financial-friendly service area in accordance with the 'Insurance and Financial Friendly Service Guidelines'. Specifically for the elderly and vulnerable groups, home collection and delivery services are provided to cater to individual needs.

Starting in May 2022, we will be collaborating with the Association for the Deaf to introduce sign language interpretation services. Additionally, our company is committed to developing digital platforms to align with the trend of digitization. Customers will have access to online services such as insurance applications, policy changes, and inquiries through the KGI Life Insurance Corporate website. In response to the aging society, we are promoting services that cater to the needs of vulnerable elderly individuals. In addition to providing in-home assistance for policy-related matters and claims, we strive to offer more considerate services to our elderly policyholders. To ensure Treating Customer Fairly, we have established counter reservation services and sign language video interpretation reservation services, among other user-friendly services. Furthermore, we have improved website accessibility to provide warm and professional financial services for individuals with disabilities.

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 Securities' 2023 Annual Key Awards and Achievements: Please refer to the KGI Securities 2023 ESG Report for information on our sustainable development performance.

KGI Bank		
Product/ Services	Content	2023 Performance
Credit Card	<ul style="list-style-type: none">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 25% YOY in 2023.
Transaction Services	<p>Continuously diversify product services and trading channels, while enhancing convenience features and product information</p> <ul style="list-style-type: none">Fund: Offer customers preferential transaction fees, invite customers to experience our products, and expand our range of fund services, including private equity funds.Bonds: Offer mobile banking and customer service ordering services to expand customer transaction channels.Insurance: Implementing a paperless application process not only reduces paper usage but also enhances process accuracy.Foreign stocks/ETF: We offer online banking and mobile banking order placement services for purchasing foreign stocks and ETFs. We strive to continuously expand our product offerings and provide a wide range of options to our customers.Structured products: Provide more structured products that are linked to diverse targetsSavings: Offering more convenient application channels and personalized services that are closer to customersMake check deposit interbank transactions availableMake holiday payroll transfer functions availableFormless foreign remittanceContinuous transactions for tax collection	<ul style="list-style-type: none">Continued to expand diverse financial services.
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 54.8%
Automatic notification of corporate internet banking messages	<ul style="list-style-type: none">KGI Bank has implemented agile development and NPS customer feedback mechanisms to enhance the customer's digital channel experience and expand the range of services offered. These services include deposits, credit cards, loans, payments, funds, ETF/ foreign stocks, bonds, insurance, and cardless withdrawals. A total of 95 new features and optimizations have been launched, utilizing data analysis, digital footprints, and remarketing tools to provide customized services and improve digital platform traffic and conversion rates. Additionally, customer labels are used to offer personalized product recommendations and promotional information, ensuring accurate and tailored information for an enhanced digital experience.	The mobile banking app has been continuously upgraded, resulting in a 24% increase in the number of logins compared to 2022.

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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. KGI Life is also customer-centric, conveying love and care through creative content close to life, actively creating exposure and enhances brand favorability.

Social Media	2023 Operating Status	2024 Goals
KGI Bank Facebook	No. of fans: 114,000 No. of posts during the year: 140 Post engagement: Approx. 2.24 million times Counts of post interactions: Approx. 110,000 No. of shares for the posts: Approx. 10,000 No. of direct messages from customers: Approx. 600 cases	By integrating various social media platforms and tailoring them to the characteristics and needs of different ethnic groups, the bank expands its influence in the digital community. This is achieved by combining the platforms with intelligent customer service to provide diverse real-time service channels. The bank aims to achieve the following objectives: (1) Reduce the public's psychological barriers towards understanding financial services by delivering professional and engaging content. (2) Showcase more personalized styles, targeting a wider range of age groups, and offering personalized services and customized promotional activities. (3) Establish a consistent brand image to increase touchpoints and interaction opportunities, prioritize customer needs, foster customer loyalty, and become their preferred choice.
KGI Bank Instagram Official Account	Official Instagram accounts reaching over 1.4 million potential customers.	
KGI Bank Official Line Account	No. of fans: 50,000 people (+14%)	
KGI Securities < e-commerce > Official Line Account	No. of Friends: 1.95 million people No. of Bound Accounts: Approx. 57,441 people	Continue to contact customers with diverse themes, interactive programs, and professional research, effectively exert the influence of content, shorten the distance between brokers and investors through the community, make LINE and FB a bridge of rapid interaction with young people, and improve the youth group. Investors' willingness to invest, and launch the new content "Investment Video" in the community to provide consumers with better daily market analysis, monthly money line reports, and investment advisors' opinions, so as to guide customers to quickly grasp the market dynamics of Taiwan stocks, and the pulse of overseas popular industries, to promote the trading willingness of Taiwan stocks or overseas stocks (re-entrustment) .
KGI Securities Facebook	No. of Fans: 36,000 people No. of posts during the year: 359 posts Post engagement: Approx. 2.334 million times Counts of post interactions: Approx. 49,000 No. of shares for the posts: Approx. 972	
KGI Life Insurance Facebook Official Instagram Account	No. of fans: 43,000 people (+0.5%) No. of posts during the year: 425posts Post engagement: Approx. 15 million times (+25%) Counts of post interactions: Approx. 365,000	KGI Life Insurance's community management is based on brand promotion. It utilizes creative graphics, popular videos, and other digital formats to design communication materials. The content is relatable to real-life situations, fostering empathy and accompanying customers in their pursuit of a happy life. Additionally, there is a strong emphasis on promoting sustainability initiatives, treating customers fairly, providing friendly support to vulnerable populations, and sharing award-winning achievements. Through innovative community initiatives, KGI Life Insurance enhances the presentation of its ESG highlights, making care more genuine and continuously enhancing the brand's exposure and reputation.

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 2023, a total of 45 briefing sessions were held nationwide, serving 1,324 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 2023, a total of 17,749 people had been promoted.

Year	2021 (Sep – Dec)	2022 (Jan – Dec)	2023 (Jan – Dec)	Total number of people addressed
No. of People	1,697	5,784	10,268	17,749

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.

Anti-fraud in senior and disadvantaged groups is becoming the key part of promoting fair treatment of customers and senior finance friendly by KGI 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. KGI Life KGI Life Insurance has launched the innovative 'Smart Aging School' online platform. This platform provides financial knowledge and anti-fraud information for the elderly in a simple and easy-to-understand format. It includes graphics, texts, and animated videos to remind senior citizens to be cautious. Additionally, KGI Life Insurance collaborates with local elderly organizations to promote offline anti-fraud campaigns. By 2023, the program will expand its target audience to include elderly indigenous people, disadvantaged individuals in rural areas, people with disabilities, youth, financially vulnerable individuals, new immigrants, individuals with dementia, and their families. The program aims to help vulnerable populations improve their basic insurance knowledge, bridge the urban-rural gap, and organize a total of 22 'Financial Fraud Prevention' events throughout the year. This initiative will benefit 840 elderly individuals in rural areas and those with limited financial knowledge.

2023 Financial Seminars				
	Target	Content	Sessions	No. of participants
KGI Bank	Customer	Insurance Small Customer Conference	2 Sessions	676 people
		Fund Major Customer Seminar	30 Session	360 people
		Tax Customer Conference	10 Sessions	636 people
	Community Residents	Anti-Fraud Promotion on "Guard your Wealth Security"	5 Sessions	328 people
KGI Securities	Customer	Small Customer Conference	414 Sessions	10,268 people
	Customer	Major Customer Conference	3 Sessions	650 people
	Customer	KGI Securities Online Investment Financing Seminar	15 Sessions	2,545 people
KGI Life Insurance	Elderly seniors, elderly indigenous people, individuals in rural areas who are disadvantaged, individuals with disabilities, youth, financially disadvantaged individuals, new immigrants, individuals with dementia, and their families.	Financial Fraud Prevention Promotion	22 Sessions	840 people
Total			3,095 Sessions	67,547 people

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Friendly service mechanism for the disabled

Demographic		Inclusion Facilities and Policies																																																																																																			
<div><p>Visually impaired (total blindness or amblyopia)</p></div>	<p>KGI Bank</p> <ul style="list-style-type: none">The official website has established a user-friendly section and a single entry portal, and the webpage has been upgraded to AA certification for accessibility for enhanced convenience of customer information inquiries.Internet banking and mobile banking offer services such as account inquiries, scheduled and non-scheduled transfers. These services are integrated with the built-in screen reader function on mobile phones to assist visually impaired individuals. Voice prompts guide them through the operations, reducing barriers and making digital financial services more accessible and convenient for visually impaired individuals.【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.【Other Services】 The number calling machine has added a priority calling function for the Care Service. It now provides A3 enlarged forms for customers with weak vision to read. The forms also include a QR code that allows customers to use visual impairment apps or built-in mobile phone assistive functions to listen to the content of the forms.The intelligent customer service 'Pocket Assistant' combines the latest voice interaction technology (TTS/STT). By simply pressing the microphone button on the screen, 'Pocket Assistant' can provide spoken answers to address various financial inquiries from customers through full voice interaction. <p>Kgi 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.KGI Life Insurance launched the "KGI 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. In order to enhance self-service, reduce paper usage (energy conservation and carbon reduction), and allow policyholders to inquire at any time and anywhere, we continue to promote the use of digital services online. In 2023, a total of 18,666 people were promoted.																																																																																																				
	<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, or open a digital deposit account online will be provided according to the customer's and competent authority's requirements.【Transaction Services】 Non-counter visitors can be provided with online, mobile banking electronic transaction and branch transaction pre-fill 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, and priority call function for love care service to the queuing machine.The intelligent customer service 'Pocket Assistant' combines the latest voice interaction technology (TTS/STT). By simply pressing the microphone button on the screen, 'Pocket Assistant' can provide spoken answers to address various financial inquiries from customers through full voice interaction. <p>KGI 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.																																																																																																				
<div><p>Those with hearing impairments and speech impairments</p></div>	<p>KGI Bank</p> <ul style="list-style-type: none">【Deposit account opening】 Provide branch transaction pre-fill services. The application content must be confirmed by the customer and all application documents must be signed. Onsite and offsite account opening services, or open a digital deposit account online 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.【Transaction Services】 provide pre-filled services for telephone banking, internet banking, mobile banking, and branch transactions, as well as 24-hour telephone inquiry and answer services.【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:							<p>KGI 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, KGI 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 for the disadvantaged】 KGI 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 2023, there were 83 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 2023, a total of 4,189 calls used the hotline consulting services for elderly. Additionally, we proactively consider the needs of the elderly, improve situational heartwarming services, and customize "Assistive Memory Text Messages" totaling 3,057.【Deployment of Accessibility Facilities at all Service Locations of KGI Life Insurance】	<p>KGI Securities</p> <ul style="list-style-type: none">Accessible hardware equipment and software services:<ul style="list-style-type: none">In 2023, the Hukou branch will serve as a demonstration site and receive an accessibility environment inspection from the Multiple Assistance Association.Software services: Obtained a Level A certification for Web Accessibility Guidelines 2.0.Achievement Rate of Accessible Facilities in Branch Offices: Ramp accessibility is at 60%, toilets at 44%, parking spaces at 23%, elevators at 50%, and friendly counters under 120cm are at 94%. Further improvements will be made according to the permissions of each branch environment. Additionally, the placement of reading glasses at the checkout counters has reached 100%.																																																																																												
<div><p>Physically handicapped</p></div>	<table><tr><th>Item</th><th>Branch/ Self-Installation</th><th>Leased Branch</th><th>Unit</th></tr><tr><td>Wheelchair Accessibility ATM</td><td>111</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>8</td><td>25</td><td>Branch</td></tr><tr><td>Accessible Parking Space</td><td>2</td><td>18</td><td>Branch</td></tr></table>	Item	Branch/ Self-Installation	Leased Branch	Unit	Wheelchair Accessibility ATM	111	—	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	8	25	Branch	Accessible Parking Space	2	18	Branch	<table><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><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></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	●	●	●	●	●	●
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3.4.4 Customer Recognition

KGI Bank upholds a customer-centric corporate philosophy and fulfills customer needs through innovative digital services. We continuously enhance the customer experience by optimizing our processes, providing convenient and personalized services. In the 2023 i Service Taiwan, KGI Bank was honored with the Banking Industry Silver Award and the Service Vanguard Award for the fifth consecutive year. This recognition marks our commitment to delivering high-quality service experiences across all channels and promoting customer-friendly financial services. Moreover, we value customer feedback and implement practices that prioritize their financial well-being, resulting in comprehensive and satisfactory services. As a testament to our dedication, we have been awarded the Best Customer Satisfaction Award by This Week magazine. The Customer Service Department supervisor and the exceptional customer service team at KGI Bank have also received the prestigious Customer Service Oscars from the Taiwan Customer Service Center Development Association. This includes the titles of Best Senior Supervisor of Customer Service Center and Best Customer Service Management Team, acknowledging our outstanding performance and commitment to customer service.

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. Collected a total of 35,000 questionnaires in 2023. The overall service satisfaction rate is 97.15%.

Business Survey Results (Total)					2023 Goal
Year	2020	2021	2022	2023	
No. of People Completed the Survey	24,000	20,000	22,000	35,000	30,000 surveys and more
Satisfaction Rate	98.85%	98.80%	96.70%	97.15%	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 number of respondents to the questionnaire increased by 2023.
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. Starting in 2022, we will gradually implement NPS questionnaire surveys at different touchpoints. The annual NPS for customers has increased from 47 points to 74 points in 2023, including the official website, online/mobile banking, branch channels, business channels, and customer service phone channels.

KGI Life

1. Counter Satisfaction Survey

KGI 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. KGI 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

KGI Life Insurance has improved the Taiwanese language proficiency of its telephone service staff to address Taiwan's aging society. This enables them to effectively communicate with customers who prefer to use Taiwanese, enhancing the overall customer service experience. The customer satisfaction survey showed 99.2% in average score of over 4 points for the telephone service satisfaction survey (out of 5 points) in 2023.

3. Customer Net Promotion Survey (NPS)

KGI 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, KGI Life NPS score ranked first in life insurance industry, better than the average industry by 10 points¹, with service quality highly recognized by customers.

Year	2020	2021	2022	2023
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	99.16%	98.71%	99.06%	99.06%

Note: ¹ According to the survey results at the end of 2023, the overall NPS recommendation score for the surveyed life insurance industry peers was 14 points, while KGI Life Insurance scored 26 points on the NPS recommendation scale. An average score of 4 or more is classified as "satisfactory"

KGI Securities

KGI Securities comprehensively adopted NPS survey starting 2022:

In 2023, KGI Securities ranked 5th overall in NPS in the market and 4th in Digital. KGI Securities is dedicated to improving the classification and communication of customer feedback with relevant departments in order to convert customer feedback into optimization solutions.

- Within 48 hours, cases scoring 0-6 will be closed, achieving a 98% completion rate.
- Set Net Promoter Score (NPS) as the key performance indicator (KPI) for department supervisors. The company aims to achieve a 97% NPS target rate by 2023.
- Customer feedback should be analyzed on a monthly basis to identify the key factors that affect the Net Promoter Score (NPS) and make continuous improvements.
- Twice a year, market research is conducted in the Taiwanese securities industry to understand the key factors that influence recommendation scores. Optimization plans are then developed based on these factors

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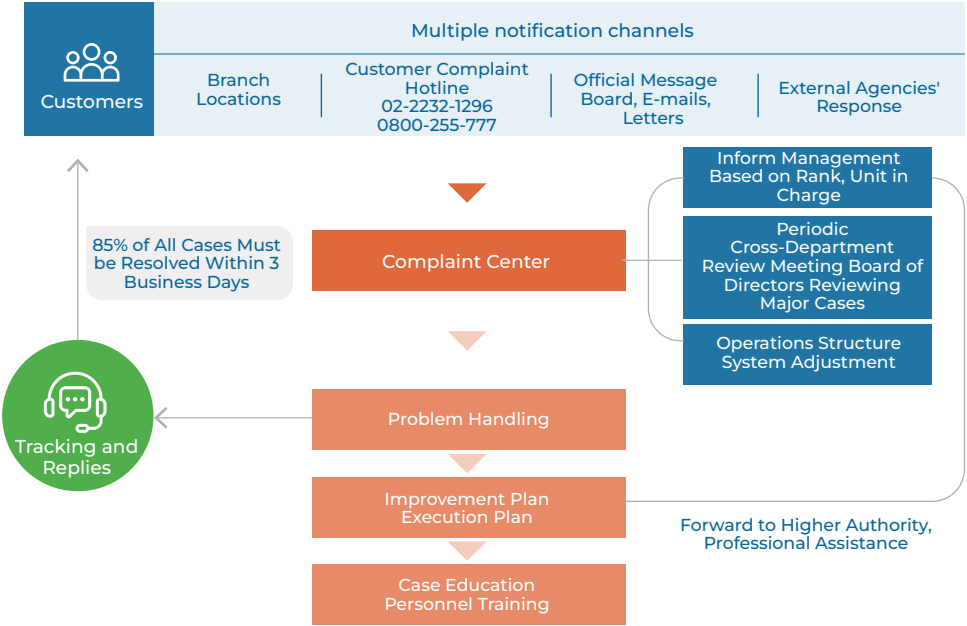
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Diverse notification channels and handling procedures

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. At the same time, the Treating Customer Fairly Committee receives quarterly compilations of complaint case statistics, along with analysis and improvement plans, for regular review. The committee's administrative unit presents the meeting records to the board of directors for reference.

Customer Complaints Handling of KGI Bank



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 32 cases of customer complaints and disputes cases in 2023. Among which, 21 cases of customer complaints have reasons related to personnel service, 2 case related to operation process, 5 cases related to system, and 4 cases related to professional services. As of present, with a total of 31 case in which 97% have been duly processed and closed.

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Customer complaint handling result

In 2023, KGI Bank received 233 complaints from clients, 91% of which were handled within three business days, exceeding the set target of 85%. The other 27 complaints were mainly related to issues of service attitude and proficiency, and operational processes and systems. A total of 29 improvements have been made to effectively resolve the issues and thus improved customer service. Additionally, additionally 23 friendly services were provided to the 206 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

Year	2020	2021	2022	2023
No. of Complaints (KGI Bank)	235	265	190	233
Percentage of Cases resolved within 3 working days	92%	92%	92%	91%

Statistics and analysis of improvements of KGI Bank's customer complaints				
Type of improvements made	2020	2021	2022	2023
Education and training / sampling/case advocacy	28	42	16	14
Current workflow adjustment	9	7	12	5
Improvement of enhancement of system functionality	5	15	4	4
Adjustment of official website/voice mail/text message	2	4	3	5
Adjustment of the operative manual / education training materials	1	1	2	-
Adjustment of the form style or notification content	-	-	-	1
Testing or replacement of machine/ATM	-	7	-	-
Adjustment of manpower	-	5	-	-
Total Improvements Made	45	81	37	29

Service quality improvement

KGI Bank continues to conduct mystery visits. Internal units conduct inspections in the first half of each year, while external organizations conduct inspections in the second half 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 2023, 81.2% 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 14 for credit card, 6 for loan, 4 for the Flexible Card, 2 for deposit/ wealth management, and 11 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 foundation of an enterprise. China Development Financial Holding Corporation (CDF) is committed to attracting, developing, motivating, and retaining talent, and includes "Become Employer of Choice "as one of our five major strategies. In terms of our vision and strategy for sustainability, we aim to "Become the Employer of Choice for Talent Sustainability."

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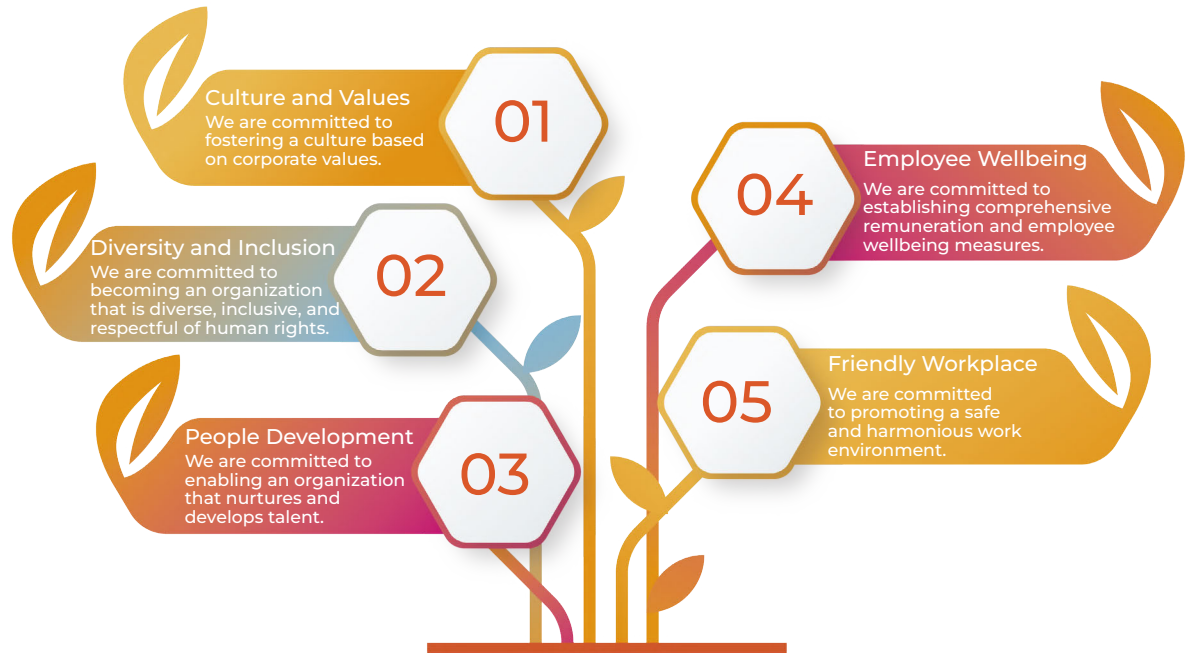
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Talent is the foundation of an enterprise. China Development Financial Holding Corporation (CDF) is committed to attracting, developing, motivating, and retaining talent, and includes "Become Employer of Choice "as one of our five major strategies. In terms of our vision and strategy for sustainability, we aim to "Become the Employer of Choice for Talent Sustainability." We have developed short, medium, and long-term action plans to progressively implement various measures to achieve the goal of talent sustainability. We focus on five key dimensions, each carrying our commitment.



We are advancing step by step towards our goal of becoming the employer of choice for talent sustainability. In 2023, our efforts have been well recognized internally and externally.



External Recognition

- CDF received the "Talent Development Leadership Award" and the "Gold Award for Happy Enterprise"
- KGI Life Insurance received the "Talent Development Leadership Award" and the "Gold Award for Happy Enterprise"
- KGI Securities received the "Silver Award for Happy Enterprise" and its Hong Kong subsidiary received the "Caring Company Award"



Internal Recognition

The 2023 Employee Opinion Survey reached a record high in both participation rate and engagement score. With 99% of employees participating in the survey, employee engagement rose to 73%, a 5% increase from the previous year and a significant 20% increase from the first group-wide survey four years ago (2020).

Key Strategies & Goals				
Strategy	2023 Goal	2023 Progress	2024 Goal	2025-2028 Mid to Long-term Goal
Culture and Values	<ul style="list-style-type: none">Introduce formal and informal recognition programs to recognize employees demonstrating values-aligned behaviors.	<ul style="list-style-type: none">Launched the Values Award, a formal award, to recognize employees who demonstrate exceptional values-aligned behaviors. In 2023, a total of 179 employees received the recognition.Launched "Embrace Feedback!", an online recognition platform that allows employees to give feedback at any time, recognizing positive behaviors of others. From its launch in August 2023 to December, a total of 386 employees gave out 1,435 feedback to recognize other colleagues.	<p>Deepen the corporate values through the following mechanisms:</p> <ul style="list-style-type: none">Continue to promote the recognition mechanism.Launch the "CDF Leadership Way" mandatory program for managers.Incorporate values into personnel decisions.Develop a values evaluation mechanism.	Establish a culture based on corporate values.
Diversity, Inclusion, Human Rights	<ul style="list-style-type: none">Elevate the importance of human rights.Increase employees' awareness of human rights.	<ul style="list-style-type: none">The Board of Directors approved the upgrading of the "Human Rights Commitment" to "Human Rights Policy" and extended it to all subsidiaries.Completed training on human rights policies for regular employees, with a 100% completion rate.	<ul style="list-style-type: none">Strengthen the diversity, inclusion and human rights training program to enhance staff awareness.	Become a diverse and inclusive organization that values human rights.
People Development	<ul style="list-style-type: none">Build CDF competencies, and develop competency-based resourcing, training and development programs.Develop a training and development infrastructure.	<ul style="list-style-type: none">Launched CDF Competency Framework comprising six major competencies; introduced Competency-based Interview (CBI) to enhance the effectiveness of talent selection; and gradually established competency-based training and development programs.Developed "CDF Learning & Development Academy," covering four major programs: generic fundamentals/ functional/ competency-based/ leadership programs, and four major developments: employee/manager/ talent/ successor.Implemented 360-degree competency assessment for executives at EVP and above level to help executives understand their personal strengths and areas that need to be strengthened in order to enhance their leadership capabilities. <p>Please refer to 4.3 for details of the specific employee development results.</p>	<ul style="list-style-type: none">Comprehensively apply competency to a, training and development.Launch relevant courses and development programs based on the four major programs and four major developments of the CDF Learning & Development Academy.	Become an organization that nurtures and develops talent.
Employee Wellbeing	<ul style="list-style-type: none">Continue to optimize employee wellbeing.	<ul style="list-style-type: none">Increased maternity leave and paternity leave days beyond legal requirements, and provided volunteer leave.Introduced flexible working program, including flexible working schedule, reduced working hours, sabbatical leave, and off-site/home working.	<ul style="list-style-type: none">Keep on optimizing employee wellbeing. Starting from January 2024, all employees will be entitled to birthday leave, making CDF the first financial holding company to provide such benefit.	Build comprehensive employee wellbeing measures.

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4.1 Culture and Values

Corporate culture refers to the values and beliefs that an organization holds onto, as well as the organization's way of doing things. Core to corporate culture are its values, which reflect the organization's commitment to employees and customers, providing guidance to members when facing significant decisions and challenges. A strong set of values shapes a positive corporate culture, which, in turn, fosters talent attraction, development, retention and ultimately contributes to the goal of talent sustainability.

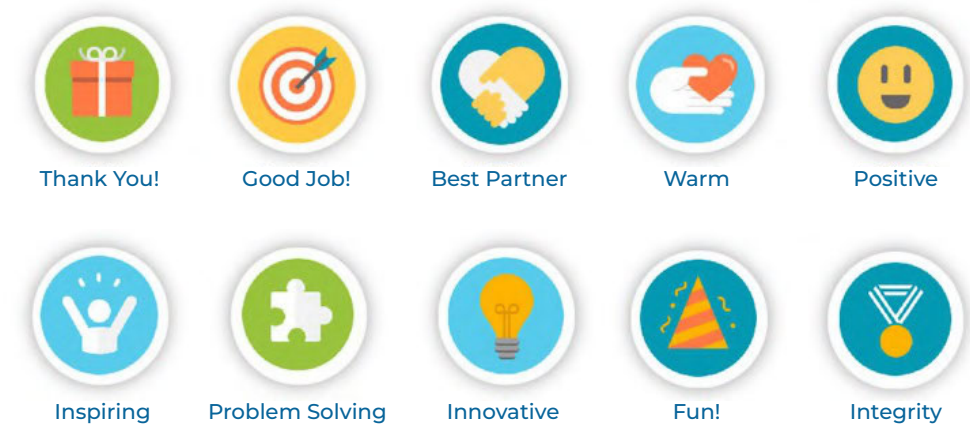
To build CDF corporate culture, supporting our vision of "becoming a leading financial company in Asia through our entrepreneurial spirit and innovative capabilities", and our goal of becoming the "employer of choice for talent sustainability", we introduced four core corporate values in 2021: "Customer Centric", "Trustworthy", "Entrepreneurial", and "Collaborative". This marked the beginning of CDF's journey in shaping its corporate culture. In 2022, "Values Behavior Guide" was launched to provide succinct interpretation on values through sixteen practical behaviors, helping colleagues understand how to embody these values in the daily work.



CDF celebrates International Women's Day and embraces equity at workplace

To encourage employees to display behaviors consistent with the corporate values, we introduced the "Values Award" at the beginning of 2023 to regularly select and recognize exemplary colleagues who demonstrate exceptional values-aligned behaviors. This formal award is open to all employees to nominate, allowing nominations across departments and subsidiaries. Nominators must provide specific evidence of how the nominee embodies the corporate values. After an initial selection process, the final winners will be chosen by a selection committee composed of cross-department executives. All recipients of the "Values Award" are properly rewarded and publicly recognized. Their actual cases and demonstrated behaviors are shared with all employees as role models. In 2023, a total of 179 employees received the award.

We took one step further in mid-2023 by launching the "Embrace Feedback!" online recognition platform. Employees can proactively provide feedback, acknowledging positive behaviors in others. This personalized and informal approach allows employees to give feedback anytime, from any location, across departments and even across the companies. The goal is to encourage colleagues to proactively and timely recognize other's good behavior or express gratitude. Since its launch until the end of December, a total of 386 employees have submitted 1,435 pieces of feedback and recognitions.



In addition, we have also included corporate values as one of the criteria for promotion. Managers are required to provide information on the nominee's behavior in four corporate values, and those whose behavior does not meet the value standards will not be eligible for promotion.

The cultivation of corporate culture requires consistent nurturing. We will continue to put forward measures to shape CDF culture based on four core values, aiming to become the employer of choice for talent sustainability.

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4.2 Diversity, Inclusion and Human Rights

4.2.1 Diversity and Inclusion

CDF adheres to the goal of becoming the employer of choice. We value and actively recruit talent, striving to create a diverse and inclusive workplace where individuals of different nationalities, ethnicities, social classes, genders, ages, and the disabled can all unleash their potential at CDF. We are headquartered in Taiwan with overseas operations across Greater China, Southeast Asia, and North America. As end of 2023, we have 8,837 employees in Taiwan, 583 overseas employees, and 15,796 non-employee workers, totaling 25,216 personnel, which has no significant headcount difference compared to the previous year. Our workforce includes various employment types: full-time personnel account for 38.2%, part-time 15.4%, and non-guaranteed-hour 46.4%. Over 60% of our employees fall within the 30 to 49 age range, forming a crucial foundation for the organization's steady growth.

Workforce Classification							
		2021	2022	2023			
				Taiwan	Overseas	Total	
		No. of People	No. of People	No. of People	No. of People	No. of People	Ratio (%)
Employee	Male	5,008	5,130	3,421	305	3,726	40
	Female	8,433	8,544	5,416	278	5,694	60
	Sub. Total	13,441	13,674	8,837	583	9,420	100
Non-Employee	Male	4,184	4,602	5,346	260	5,606	35
	Female	6,843	7,631	10,071	119	10,190	65
	Sub. Total	11,027	12,233	15,417	379	15,796	100
Total	Male	9,192	9,732	8,767	565	9,332	37
	Female	15,276	16,175	15,487	397	15,884	63
	Total	24,468	25,907	24,254	962	25,216	100

Note:

- Employees refer to regular employees and contract employees ; non-employees are dispatched workers, contracted workers, and dual-contract workers. Those on leave without pay are not included.
- Unless otherwise specified, the content of this chapter (Chapter 4) primarily focuses on employees, including both Taiwan and overseas employees.
- The main responsibilities of financial consultants (contracted worker) in KGI Securities include engaging in financial services such as soliciting, executing trades, and customer service related to the company's overseas financial and wealth management product platforms.
- The main responsibilities of sales agent (contracted worker and dual-contract worker) in KGI Life Insurance involve direct interaction with policyholders and the general public, engaging in business related to the company's insurance products and services.
- Due to adjustment in workforce classification in 2023, there are differences in the number of employees and non-employees compared to the previous year.

Workforce Employment Type				
		No. of People	Ratio (%)	% to All Workforce
Full-Time	Male	3,806	40	38.2
	Female	5,828	60	
	Sub. Total	9,634	100	
Part-Time	Male	1,270	33	15.4
	Female	2,623	67	
	Sub. Total	3,893	100	
Non-Guaranteed-Hour	Male	4,256	36	46.4
	Female	7,433	64	
	Sub. Total	11,689	100	
Total	Male	9,332	37	100
	Female	15,884	63	
	Total	25,216	100	

Note: The above includes employees and non-employees.

Employee by Age and Level						
		Non-Management	Management	Total		% of This Age Group to All Employees
		No. of People	No. of People	No. of People	Ratio (%)	
<= 29 years old	Male	412	1	413	43	10.2
	Female	551	1	552	57	
	Sub. Total	963	2	965	100	
30 – 49 years old	Male	1,886	332	2,218	39	60.2
	Female	3,119	334	3,453	61	
	Sub. Total	5,005	666	5,671	100	
>= 50 years old	Male	721	374	1,095	39	29.6
	Female	1,325	364	1,689	61	
	Sub. Total	2,046	738	2,784	100	
All Employees	Male	3,019	707	3,726	40	100
	Female	4,995	699	5,694	60	
	Total	8,014	1,406	9,420	100	

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Employee by Level and Gender

	Male		Female		Total	
	No. of People	Ratio (%)	No. of People	Ratio (%)	No. of People	Ratio (%)
Non-Management	3,019	81.0	4,995	87.7	8,014	85.1
Management	Junior Management	251	6.7	349	6.1	600
	Middle Management	363	9.8	287	5.1	650
	Top Management	93	2.5	63	1.1	156
All Employees	3,726	100	5,694	100	9,420	100

Driven by the vision of becoming a leading financial enterprise in Asia, we recruit professionals of different nationalities, ethnicities, and backgrounds at our domestic and overseas operations. We emphasize diversity in our talent pool to strengthen our competitive advantage. By the end of 2023, we employed a total of 567 foreign nationals, representing 6% of all employees. Their nationalities span 19 countries, including China, Southeast Asian nations, and the United States. Non-Taiwanese executives constitute 7.3% of our overall leadership team, and 89.1% of top-level management positions are filled by local residents. Additionally, we actively support the employment rights of individuals with disabilities and indigenous people, and hired a total of 164 employees with this background.

Employee by Nationality、Ethnicity and Minority

Nationality	Non-Management		Management		Total	
	No. of People	% to All Non-Management Employees	No. of People	% to All Management Employees	No. of People	% to All Employees
Taiwan	7,550	94.2	1,303	92.7	8,853	94.0
China (incl. HK)	260	3.3	64	4.5	324	6.0
Singapore	88	1.1	18	1.3	106	
Indonesia	70	0.9	1	0.1	71	
Malaysia	19	0.2	4	0.3	23	
U.S.	10	0.1	3	0.2	13	
Others	17	0.2	13	0.9	30	
Total	8,014	100	1,406	100	9,420	100

Ethnicity	Non-Management		Management		Total	
	No. of People	% to All Non-Management Employees	No. of People	% to All Management Employees	No. of People	% to All Employees
Asian: Taiwanese	7,552	94.2	1,303	92.7	8,855	94.0
Asian: Non-Taiwanese	396	4.9	92	6.5	488	5.2
Caucasian	14	0.2	10	0.7	24	0.2
Other Ethnic Groups	52	0.7	1	0.1	53	0.6
Total	8,014	100	1,406	100	9,420	100

Minority	No. of People	% to Taiwan Employees
Disabled Employee	109	1.2
Indigenous Employee	55	0.6

Note: The above only covers employees in Taiwan.

4.2.2 Fair Treatment

CDF is committed to treating employees of different genders fairly, whether in recruitment, compensation and benefits, or talent development and promotion, with the goal of achieving gender equality. By the end of 2023, female employees represent 60% of total employee population, female managers account for nearly 50% of the management team, and female managers in sales functions make up 44%. The proportion of female employees in roles related to science, technology, engineering, and mathematics (STEM) is 43%. Through continuous efforts, most of the female indicators for 2023 have already met the 2027 targets, with gaps only between 0.3% and 1.8% for those not yet meeting the targets. We will continue to strive toward these targets in the future.

2023 Female Workforce Indicators

Female Workforce Indicator	Ratio (%)	2027 Target (%)
Share of women in total workforce	60.4	>=50
Share of women in all management positions	49.7	>=50
Share of women in junior management positions	58.2	>=50
Share of women in middle management positions	44.2	46
Share of women in top management positions	40.4	39
Share of women in management positions in revenue-generating functions	44.0	45
Share of women in STEM-related positions	43.0	34

2023 Internal Transfers and Promotions

The Company's internal transfer and promotion takes into account the employee's competencies, relevant qualifications, academic and working experience, as well as performance. Under this principle, the Company's ratio of women to men in terms of internal transfers and promotions in 2023 is comparable to the overall ratio of women to men, thus demonstrating gender parity. For detailed analysis, please refer to 4.3.1.

2023 Female-Male Compensation Comparison

Our average compensation, regardless of gender, is higher than the market level to ensure market competitiveness. At the same time, we continue to pay attention to and endeavor to reduce the gender pay gap at different levels, aiming to achieve gender equality. For detailed analysis, please refer to 4.4.1.

CDF is committed to building a work environment of diversity, inclusion and equity. In 2023, we participated in the Bloomberg Gender Equality Index (GEI) for the first time. The GEI evaluates companies based on 70 indicators across five key dimensions related to diversity and gender equality policies. These dimensions include leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, anti-sexual harassment policies, and external brand. Participation in the Bloomberg Gender Equality Index demonstrates our determination to build a workplace that is diverse, inclusive, and equitable, as we strive toward our goal of becoming the employer of choice for talent sustainability.

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4.2.3 Human Rights

CDF adheres to the beliefs and values of human rights and complies with international human rights conventions, including the Universal Declaration of Human Rights, the Ten Principles of the UN Global Compact, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the International Labor Office Tripartite Declaration of Principles, etc., and observes the relevant laws and regulations for the protection of human rights in the locations where CDF operates. In 2023, the Board of Directors approved the upgrading of CDF Human Rights Commitment to the level of CDF Human Rights Policy, showing our commitment to human rights. The Policy covers the following human rights commitments: no discrimination, no bullying, no harassment; no forced labor; freedom of association and labor-management communication; workplace safety and health; work-life balance; information security and privacy protection.

In addition, a "Letter of Undertaking regarding Sustainability for Suppliers" is in place, and we also have a "CDF Sustainable Financial Commitment" for business partners. We require our suppliers and new business partners to adhere to the same standards and emphasize human rights risk management.

The Company's specific management mechanism for human rights protection includes regular human rights risk assessments, and ongoing promotion and training on issues such as workplace inclusion, gender equality, prevention of sexual harassment, personal data protection, and workplace safety. These initiatives aim to enhance awareness of human rights among our colleagues. In 2023, we continued to arrange for all regular employees to take the mandatory training on "Human Rights Policy and Friendly Workplace", with a completion rate of 100%.

CDF aligns human rights issues with the commitment items outlined in the Human Rights Policy. Assessment is conducted every year covering all employees (including interns) to monitor the execution of human rights related issues and the associated risks to prevent any violations of human rights. Refer to the table below for detailed processes and the 2023 assessment results.

Human Rights Due Diligence Process



2023 Human Rights Assessment				
Issue Assessed	Groups Covered	Assessment Method	Assessment Results	Management and Mitigation Measures
No Discrimination, No Bulling, and No Harassment	All Employees/ Female/ Indigenous People	No. of case related to workplace discrimination, workplace illegal infringement, and sexual harassment	Extremely low risk	<ul style="list-style-type: none">Formulate "Guidelines for Prevention, Appeal and Disciplinary of Sexual Harassment at Workplace" , "Handling Procedures for Sexual Harassment Prevention, Compliant and Investigation", and "Preventive Management Program for the Prevention of Unlawful Infringement on the Performance of Duties" in accordance with the law, in order to prohibit all kinds of unlawful assaults in the workplace.Establish a dedicated complaint channel to enable employees to lodge complaints in a safe manner and to ensure that their complaints are handled in a confidential and timely manner.Make "Human Rights Policy and Friendly Workplace" a mandatory training every year to enhance employees' awareness of human rights.
No Forced Labor	Interns, Child Labor	<ul style="list-style-type: none">Intern's salary no less than regulatory requirements.CV screening of candidate's age	Extremely low risk	<ul style="list-style-type: none">Provide interns with reasonable salary.Implement a well-planned internship program, and assign a dedicated mentor to provide professional knowledge, so as to avoid any abuse of the intern's labor.No child labor in the Company.
Freedom of Association and Labor-Management Communications	All Employees	<ul style="list-style-type: none">Protection of freedom of associationNo. of labor-management communication	Extremely low risk	<ul style="list-style-type: none">Conduct labor-management meetings quarterly.Adopt diversified communication methods. In addition to face-to-face meetings, employees can also express their opinions and suggestions through e-mail, instant messaging, and employee suggestion mailboxes. The Company also adopts an open attitude, responding, evaluating and providing solutions in a timely manner.Employees are free to join unions or industrial unions and are not unfairly treated because of their union membership.

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2023 Human Rights Assessment

Issue Assessed	Groups Covered	Assessment Method	Assessment Results	Management and Mitigation Measures
Workplace Safety and Health	All Employees	No. of occupational accident reported	Extremely low risk	<ul style="list-style-type: none">Develop an occupational safety and health management program to enhance the safety and health awareness of all employees, eliminate potential hazards, and promote employee safety and health.Formulate and implement four major programs: "Ergonomic Hazard Prevention and Management Program", "Prevention and Management Program for Unlawful Assault in the Line of Duty", "Workplace Maternal Health Protection Program", and "Disease Prevention and Management Program for Abnormal Workloads".Implement safety and health education and training programs for new employees and employees in general.Arrange, in accordance with the law and regulations and in a timely manner, for specific personnel to receive education and training on first aid and disaster prevention.Provide regular health information promotion and health consultation services.
Work-Life Balance	All Employees	No. of employees with average monthly overtime hours exceeding 45 hours.	Low risk	<ul style="list-style-type: none">The work rules stipulate that when employees need to work overtime, they should obtain the consent of their managers. The extended working hours, together with the normal working hours, shall not exceed 12 hours a day; and the extended working hours shall not exceed 46 hours a month. The attendance system is also equipped with a functionality to remind employees and managers.Provide regular reports of abnormal attendance to managers, and educate managers on work hour management, remind managers to utilize the attendance reports to review employee attendance, and take initiative to care for employee's working conditions to avoid long hours of overloaded work.Proactively evaluate excessive workloads and implement necessary adjustments and on-site improvement measures in collaboration with the attending physician of the on-site health service.Implement flexible work arrangements by providing employees with options for flexible work schedules, such as flexible shift schedules and reduced working hours.

Note::

1. Risk levels range from Extremely Low Risk, Low Risk, Medium Risk, High Risk to Extremely High Risk.
2. The number of employees with human rights risks was assessed to be 1% of all employees. (i.e. those with average monthly overtime hours exceeding 45 hours, and the employees involved in substantiated complaint cases)
3. The management and mitigation measures cover all the Company's sites and 100% of employees.

Supplier Human Rights

Regarding suppliers, the Company regularly reviews and updates the human rights risk issues every year to understand the human rights risk situation of major suppliers and their third parties (The assessment coverage rate is approximately 85.43%, as shown in 5.2.1 with details of 2023 proportion of major supplier types, labor intensity, human rights risk management and mitigation measures of supplier types.). The Company annually tracks the improvement status of suppliers that were subject to labor penalties in the previous year, and the results of the tracking in 2023 have all been improved or the payment of fines has been completed, and there are no cases in the petitions. The Company also conducts regular reviews based on its human rights policy and the risk of suppliers' human rights, evaluates and adjusts supplier management rules and measures in a timely manner, and regularly invites CDF and its subsidiaries' procurement units to exchange and discuss relevant issues.

In addition to "no discrimination/no bullying/no harassment, no forced labor, freedom of association/labor-management communication, workplace safety and health, and work-life balance." in 2023, the Company also added human rights concerned issues related to prevention of work-related injuries, absenteeism statistics, fair trade and honest business practices, and social care for suppliers, which were collectively incorporated in CDF's "Supplier Human Rights Risks and ESG Due Diligence" (as described in Section 5.2.1). Additionally, safety and health management clauses, along with ESG provisions, were attached to procurement contracts. If a supplier violates relevant clauses, the Company may request compensation or terminate the contract in accordance with the contract.

Human Rights Complaint Mechanism and 2023 Results

The Company has formulated the "Safety and Health Work Code", "Guidelines for Prevention, Appeal and Disciplinary of Sexual Harassment at Workplace ", "Sexual Harassment Prevention and Treatment, Complaints and Investigation Key Points", and the "Handling Procedures for Sexual Harassment Prevention, Compliant and Investigation", which set out the units in charge of the related issues, education and training, and the complaint mechanism. The Company also announces employee complaint procedures on its internal website, including the unit and personnel responsible for handling complaints, the scope of complaints, and the complaint procedures, as well as the responsible unit, complaint hotline, and fax number. Dedicated personnel are responsible for handling employee complaints, ascertaining the investigation of the facts are undertaken in a fair, lawful, and reasonable manner, and the complaints are handled appropriately and thoroughly to foster a working environment that aligns with human rights.

In 2023, the Company had a total of two substantiated complaints. One case involved unlawful interference with the performance of duties, while the other was related to sexual harassment. These complaints were handled in a fair and equitable manner in accordance with the Company's relevant policies and procedures, ensuring the complainants' rights were protected and that the complainants are not subjected to any improper treatment. The Company also imposed appropriate disciplinary actions against the accused individuals. During the course of handling the cases, the relevant units not only adhered to confidentiality principles but also implemented necessary protective and caring measures, including isolation and providing psychological counseling to complainants.

The Company remains committed to preventing workplace violence and sexual harassment and adhering to a zero-tolerance policy. Through management meetings, the company educates managers about workplace violence prevention and anti-sexual harassment policies, raising awareness and eliminating any violent or harassing behavior. Training and promotion are also provided to managers and employees to protect employees from threats and to build a friendly and safe working environment.

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4.3 Talent Attraction and Development

4.3.1 Talent Attraction

In line with the commitment of "Become Employer of Choice" in CDF's ABCDE strategies, the Company has been actively exploring the potential talent market, attracting both internal and external talents, and continuing to optimize the selection process and candidate experience.

In terms of external talent, the Company utilizes diverse channels such as social media (LinkedIn, Instagram, Facebook), online job fair, and digital recruitment platforms, sharing important concepts related to digital innovation, sustainable management, corporate values, and competencies.

We actively manage our employer brand, and break the geographical barriers to invite outstanding talent from both domestic and international markets. Additionally, we maintain collaborations with universities to jointly plan courses and seminars. We offer company on-site visits to help students experience the workplace atmosphere and gain insights into practical business operations. Furthermore, we provide summer internship opportunities, allowing students to develop professional skills in advance and gain practical experience, laying a solid foundation for their future careers. This year, we continued to recruit management associates, and tailored rotation programs for this group of young and potential talents so as to cultivate future financial leaders within the group.

In terms of internal talent, the Company regularly publicizes group-wide job openings both domestically and internationally, providing rotation opportunities for internal applications to increase learning and development opportunities. In addition, we offer an employee referral program to encourage employees to recommend external talent, thereby strengthening internal cohesion. Furthermore, we keep on optimizing our HR system to enable managers to access critical information and key performance data (such as vacancy filling status) in real time through the platform. Employees can also use the HR system to check the group's job vacancy status at any time and recommend friends and relatives to apply, thus facilitating talent mobility.

In 2023, a total of 1,496 new employees were hired.

2023 New Employees Distribution					
		Taiwan	Overseas	Total	
		No. of People	No. of People	No. of People	Ratio (%)
Gender	Male	610	84	694	46.4
	Female	734	68	802	53.6
Age	<= 29	480	51	531	35.5
	30 – 49	731	83	814	54.4
	>= 50	133	18	151	10.1
New Employee Type	Experienced Candidates	1,117	143	1,260	84.2
	Fresh Graduate	209	5	214	14.3
	MA	22	-	22	1.5
Total		1,344	152	1,496	100

Internal Job Application and Transfer

To promote internal talent mobility and encourage diverse career development, we regularly review the internal talent pool. Additionally, every month, we issue internal announcements about job opportunities within the group, encouraging employees to stay informed about the latest job openings and proactively apply for job transfers. This includes opportunities for cross-departmental, cross-company, and international transfers. In 2023, a total of 377 employees applied for internal job openings and successfully transferred to new roles.

	2020	2021	2022	2023
Total No. of Job Opening	904	1,269	2,290	1,866
Total No. of New Recruit	3,592	4,500	4,493	1,496
No. of Internal Employee Replacement	322	347	398	377
Internal Employee Replacement Rate	35.6%	27.3%	17.4%	20.2%
Avg. Hiring Cost per New Employee(NT\$)	9,231	4,458	4,818	18,983

Note: 1. Internal Employee Replacement Rate = No. of Internal Employee Replacement/Total no. of Job Opening
2. The avg. hiring cost is increased in 2023 due to decrease in no. of new recruits caused by shift of dual-contract worker from employee to non-employee.

Internal Transfer and Promotion

In addition to applying for internal job openings, the Company has established an internal transfer guideline, promotion criteria, as well as training and development plans. Under the principle of fair treatment, we provide employees with opportunities for internal growth within the group, aiming for sustainable talent development. In 2023, a total of 2,141 employees underwent internal transfers or promotions, accounting for 23% of the entire workforce. If adding the 377 employees who successfully transferred as the result of applying for internal openings, the overall transfer and promotion rate will increase to 27%.

	Internal Transfer		Promotion		Total	
	No. of People	% to the Employees of the Gender	No. of People	% to the Employees of the Gender	No. of People	% to the Employees of the Gende
Male	493	43	409	41	902	42
Female	645	57	594	59	1,239	58
Total	1,138	100	1,003	100	2,141	100
% to All Employees	12%	-	11%	-	23%	-

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Industry-Academia Collaboration

To actively cultivate the next generation of financial talent, the Company continues to invest in collaboration with universities and colleges, laying foundation of students' financial knowledge and accumulating students' practical experience through campus sharing, internships, corporate visits, and specialized lecture. This year, a total of 556 students participated in the industry-academia collaboration.

Organizer	Title	Description	Beneficiary	Results
Jointly organized by the Group: CDFH CDIB KGI Bank KGI Securities KGI Life Insurance	Campus recruitment for MA and summer intern; promotion of financial technology knowledge	The seminars were held on campus to help students understand CDF Group, the current demand for talents and the development trend of financial technology. Senior executives shared their experiences and invited students to have direct and close communication, creating a recruitment process that is different from the ordinary recruitment and helping students with their career planning, networking and expansion of their vision. In addition, in-program MAs are on site to share their MA experiences and help clarify questions raised by the students.	Online sessions for domestic and international students, and physical sessions at National Taiwan University, National Chengchi University, National Sun Yat-sen University, and National Tsing Hua University	A total of 414 participants
CDFH CDIB KGI Bank KGI Securities KGI Life Insurance	Summer internship program	Through the summer internship program, we offer college students the opportunity to gain practical experience in our Company's operations. This program allows them to participate in significant projects and explore potential career paths. Our goal is to identify and nurture future talent for the financial industry	Junior to Senior year students and first-year master's to second-year master's students in domestic and overseas universities.	Total 58 interns • CDFH: 14 • CDIB: 3 • KGI Bank: 13 • KGI Securities: 13 • KGI Life Insurance: 15
CDFH	Corporate visit	CDFH managers introduced the Group's business, strategic direction and the trend of AI application, while colleagues of the subsidiaries shared their personal development experience and growth journey. Opportunities for future career development are also provided.	MBA of National Chengchi University	Approximately 20 teachers and students visited
KGI Securities Investment Trust	Seminar on asset management practices	This is a practical course jointly organized by the Department of International Business, the Department of Finance and KGI Securities Investment Trust, with the theme of "KGI Securities Investment Trust Trend, Sustainability and Competitiveness Forum". The Chairman of KGI Securities Investment Trust led the senior executives to give lectures and shared their experiences, bringing rich learning energy to the students. In addition to group discussions and competitions, a e-platform collected students' questions on workplace practices every week, and KGI's trainers and instructors guided students to produce special reports to diversify the learning effect and guided students to understand the professional skills and operational practices of the asset management industry.	Students of National Chengchi University	Number of course enrollees: 64 Semester NPS: 70

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4.3.2 Talent Development

Talent development is the key to becoming the employer of choice. In 2023, the Company launched the "CDF Competency Framework" based on the four corporate values. The framework applies to all companies and positions within the Group. Each competency is further expanded to key actions for managers and team members, serving as the indicators and basis for the observation of competencies. The competency framework further applies to the selection, development, utilization, and retention of talents. Competency-based Interview was introduced to enhance the effectiveness of selection; learning and development infrastructure was revamped to tie in with corporate values and the competency framework, hence CDF Learning & Development Academy was established with coverage of 4 major learning programs (generic fundamentals, functional, competency-based, and leadership) and 4 major developments (employee, manager, talent, and successor).

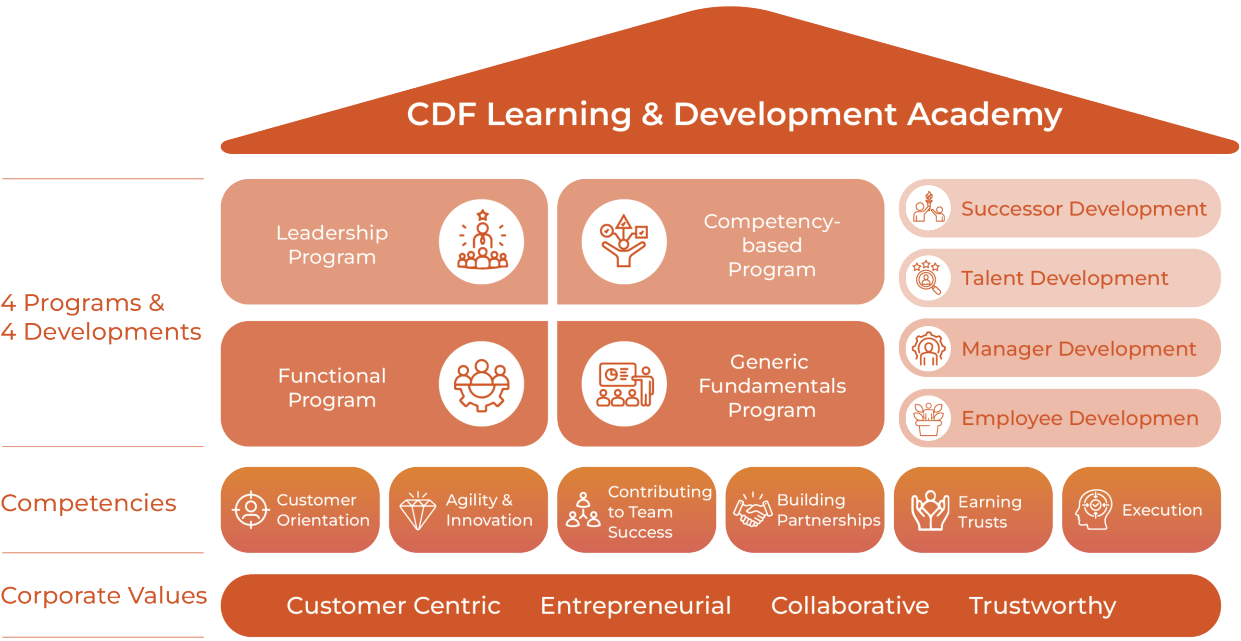
Four Major Learning Programs

- The leadership program focuses on the development of managers at all levels, cultivating leadership skills and management qualities for self and team success.
- The competency-based program comprises courses developed in accordance with the six competencies under CDF competency framework aiming to develop the key knowledge, attitudes, and skills required by employees.
- The functional program is designed to meet the needs of regulations and job requirements, and thus planned by respective specialized units. For example, courses on sustainability, compliance, information security, and occupational safety.
- The generic fundamentals program assists colleagues in understanding corporate culture and values as well as essential information for the workplace, such as courses on newcomers training and performance management cycle.

Four Major Developments

- For employee development, we provide a variety of learning resources, performance management measures, two-way career talks, and an internal transfer system to cultivate employees' abilities and encourage them to proactively grasp development opportunities.
- For manager development, we offer progressive training starting with new managers, provide specialized leadership development resources, and conduct regular evaluations.
- For talent development, every year we conduct strategic talent review to select employees with high potential, and provide focused development resources. Management trainees are included in the regular review of the talent pool.
- For successor development, we regularly conduct succession inventory review for senior positions and continue to cultivate future senior leaders of the organization.

In 2023, CDF was honored with the "Talent Development Leadership Award", an external recognition for the Company's efforts in developing talent.



Four Major Learning Programs: 2023 Statistics

	Description	Total Training Hours	Total No. of Trainees
Leadership Program	The leadership program is designed for new managers, junior managers, mid-level managers, and senior managers, and is based on manager's developmental progress and needs at different stages of the development process, helping managers strengthen their leadership skills in a gradual manner.	2,090	318
Competency-based Program	Based on CDF six competencies, the program includes a variety of courses such as communication and negotiation, project management, data capability, agile transformation, and problem analysis, etc. Colleagues or managers can choose the most suitable resources for individual development based on personal situation, strengths, development needs, and career direction.	5,354	1,206
Functional Program & Generic Fundamentals Program	<ul style="list-style-type: none">• The functional program refers to professional curriculum based on job requirements, including training to meet internal and external regulations and licensing requirements, as well as important courses such as compliance, information security, integrity management, human rights policy and friendly workplace. The employee coverage rate is 100%.• The generic fundamentals program includes courses such as newcomer training and performance management.	368,548	194,127

The participation of the CDF Learning Programs in 2023 is 100% of employees.

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Highlight of Employee Development

Program	Description	Participation and Outcome	Employee Participation Rate
 MA Program (Youlead Program)	This an 18-month MA program with intensive, diverse and tailored training and development. It includes specially designed new MA induction courses, professional training in each functional department, as well as quarterly group training, fostering a collaborative learning environment and building interpersonal networks. Senior executives serve as MAs' mentors, while senior in-program MAs provide support to new MAs. At least three cross-department rotations are arranged for them to gain cross-functional experience. They also engage in cross-level and even cross-company project initiatives. The goal is to enable talented individuals to rapidly absorb financial expertise and skills, combining their ambition for rapid growth to become outstanding future leaders of the Company.	In 2023, a total of 23 MAs (22 new recruits and 1 internal transfer) were recruited and formally commenced the 18-month program from July 1.	1.5% of 2023 new recruits
 KGI Life Insurance - Rock Program	Strategic talent pool plays a crucial role in a company's long-term development. In this case, the focus is on creating a strategic solution for developing underwriting professionals within the organization. By understanding the current state of underwriting talent, clarifying talent levels, quantities, and structures, and aligning them with business needs, the goal is to provide sufficient talent cultivation. This approach ensures that the company is well-prepared to address business demands and gain a competitive advantage in a dynamic and changing environment.	<p>In the first training cohort, 23 colleagues completed their training, and in the second cohort, 15 colleagues successfully finished their training. Furthermore, 7 of the colleagues who completed the two cohorts passed their internship and are now contributing to new contract underwriting since January 2024.</p> <p>Business benefits:</p> <ul style="list-style-type: none">• Cultivating multi-skill talents By job rotations, employees switch between different roles to acquire a diverse skill set. Simultaneously, this practice identifies the most suitable individuals for various positions within the organization.• Preparing talent pool Anticipate future talent needs based on business development trends. This approach ensures that relevant talent is readily available to support the business needs.• Establishing a pool of underwriting professionals Train non-underwriting colleagues on underwriting skills, preparing them for potential involvement in underwriting in the future. This talent pool serves as a primary strategic resource for maintaining an adequate workforce.	A total of 38 employees completed their training, representing 13.9%of the new hires at KGI Life Insurance.
 KGI Life Insurance - Agile Academy	Through practical exercises and coaching sessions, KGI Life aims to grow internal Scrum Masters, and for them to further coach teams to become agile capable. The goal is to have 10 agile teams in place in 2025.	<ul style="list-style-type: none">• Cultivated 8 Agile teams with more than 140 practitioners who have participated in Agile teams for at least 3 months, including 9 Product Owners (PO) and 12 Scrum Masters.• Workday launched the online Agile foundation course, the first round of training has been completed by 254 colleagues, with a course satisfaction score of 8.3 (on a 10-point scale).• Completed the physical Agile foundation course for more than 150 people, with a total of 623 hours of training.• Trained 5 in-house Agile instructors for over 50 hours.• Provided team coaching/agile consulting services to multiple departments/cross-unit organizations for more than 20 hours.• Invited external Agile consultants to conduct professional training for Product Owners (PO) and Scrum Masters for nearly 20 hours.	A total of 378 employees were trained in 2023, accounting for 15.8% of the workforce of KGI Life Insurance
 Internal Trainer System	Internal trainer development plays a crucial role in establishing a sustainable learning organization, encouraging employees to share knowledge and engage in meaningful exchanges, thereby fostering continuous learning within the organization. In 2023, the first internal trainer certification program was initiated and completed. Participants included colleagues from the group and the subsidiaries. The certification process involved classroom training and practical teaching assessment, ensuring that certified trainers are well-equipped to contribute to the organization's learning.	As of the first quarter of 2024, a total of 16 colleagues have obtained internal trainer certification. They have collectively accumulated 66 hours of course delivery experience, and the average course satisfaction rating stands at 9.5 out of 10.	0.17% of Total CDF employees
 Competency-based Interview Training Program	To enhance employer branding, it's crucial to begin with professional interview experiences. In line with CDF's six competencies introduced in early 2023, the Company has implemented "Competency-based Interviews" as a vital talent selection tool. By understanding the capabilities and knowledge possessed by job seekers and confirming alignment with the company's required competencies, this approach allows for preliminary screening of candidates who resonate with the organization's values. Ultimately, this process improves job performance and productivity post-hiring, contributing to the organization's sustainable development goals. Additionally, in-depth interviews foster strong working relationships and effective communication mechanisms, promoting organization stability and ongoing growth.	In 2023, 8 pre-training courses have been completed, with 153 managers participating from the group and the subsidiaries. The plan is to complete training for all people managers across the entire organization by the first half of 2024.	10.9% of all people managers
 Online Learning Platform	The "Hahow online learning platform" was launched in 2023 to encourage employee self-directed learning and personal development. This platform allows employees to learn anytime, anywhere, providing a flexible and convenient learning experience. Employees can choose suitable courses and resources based on their individual needs, learning at their own pace to enhance motivation and flexibility. With over 400 diverse learning resources, including articles, audio, and videos, the online platform caters to various learning styles and preferences. It is a great initiative to adapt to the ever-changing demands of work and life.	Since its introduction in July 2023, the "Hahow online learning platform" has accumulated a total reading time of 35,037 hours. The platform has received a commendable net promotion score of 72.	44.5% of total CDF employees
 Employee Development - Career Forum	To enhance colleagues' mindset and actions in personal career planning, active learning and self-development, the Company organized a group-wide Career Forum in 2023, inviting a well-known industry professional to give speech on the theme of "I Own My Career," with the speaker sharing her valuable career experiences. We followed up by organizing the "Career Essay Writing" to activity collect colleagues' views on career and selected ten excellent submissions for internal publicity and social media posting, so that the awareness of career exploration will continue to ferment.	There were over 500 online and in-person participants attending the forum. A total of 197 feedback was received, with a satisfaction rating of 9.5 (on a 10-point scale). The follow-up essay campaign also received 138 submissions.	5.3% of total CDF employees

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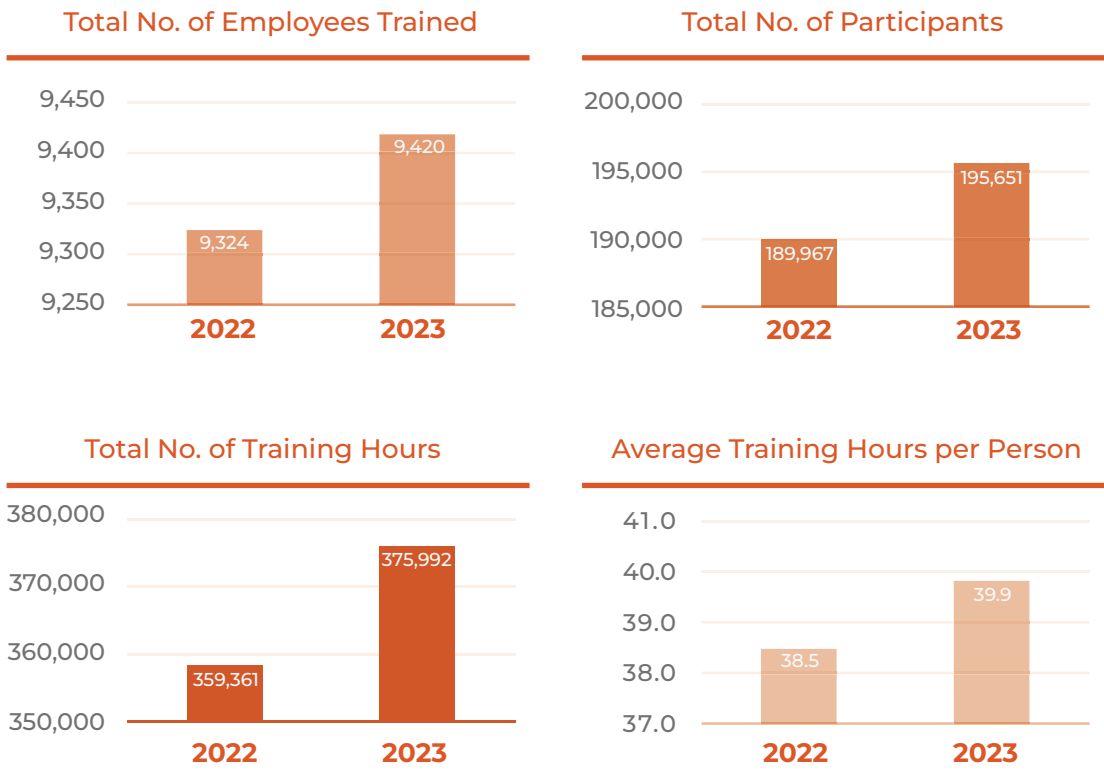
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Training Statistics and Effectiveness

In 2023, the Company introduced four major learning programs under the CDF Learning and Development Academy, including competency-based, Leadership, functional, and generic fundamentals programs. These programs aim to enhance colleagues' competencies, knowledge, and attitude, equipping employees to adapt to the ever-changing business environment. A total of 195,651 participants engaged in these training courses, accumulating 375,992 training hours. Compared to 2022, the overall training effectiveness improved with total number of trainees increased by nearly 3%, total training hours rose by 4.6%, and average training hours per employee grew by 3.6%. This reflects our commitment to people development. Moving forward, we will continue to strengthen employee capabilities and contribute to the sustainable growth of the organization, creating even greater value.



	2023	Male	Female	Age <=29 years old	Age 30-49 years old	Age >=50 years old	Non-Management	Management	Average per Employee
Training Hours	Total Hours	141,568	234,424	48,869	228,196	98,928	314,952	61,040	375,992
	Avg. Hours	38.0	41.2	50.6	40.2	35.5	39.3	43.4	39.9
Training Cost (NT\$)	Total Cost	14,427,717	22,314,634	4,918,809	21,950,064	9,873,479	27,960,027	8,782,303	36,742,330
	Avg. Cost	3,872	3,919	5,097	3,871	3,547	3,489	6,246	3,900

Kirtpatric Model is utilized as an evaluation tool for training effectiveness with four levels: Reaction (L1), Learning (L2), Behavior (L3), and Results (L4).

2023 CDF Learning & Development Academy – Leadership and Competency-based Learning Programs			
Kirtpatric Scale	Description	Index	2023
L1 Reaction	Measures participants' immediate response to the training experience	Training Satisfaction (5-point scale)	4.74
L2 Learning	Assesses the extent to which participants acquire the knowledge and skills	Training Completion Rate	98.20%
L3 Behavior	Evaluates the extent to which participants apply their newly acquired knowledge and skills in their work.	Employee Opinion Survey (Learning Related)	78%
L4 Results	Examines the impact of training on organizational performance and economic benefits	Contribution per Person (NT\$ Thousand) *	2,011

*Contribution per Person = Net profit after tax / No. of employee

Additionally, the Company's 2023 Human Capital ROI is 1.42%, with previous 3 years (2020 – 2022) 12.21%, 8.07% and 5.09%.

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4.3.3 Performance and Individual Development

The Company has established a "Guidelines for Employee Performance Management" with coverage of 100% regular employees excluding new employees hired in Q4. This serves as basis for employee development. The annual performance management cycle includes the following key components:

Beginning of the Year	Goal Setting	Goal setting is based on the company's strategy and takes into account recent major themes to establish annual key objectives. For example, in 2023, senior executives are aligned in indicators such as employee engagement, people development, internal controls, compliance, cybersecurity, and risk management. The goals are further cascaded from top to bottom for employees to incorporate in their individual objectives using SMART (specific, measurable, achievable, relevant, time-bound) principle. This approach ensures connectivity and alignment towards the same direction across the organization.
Mid-Year	Agile Management	<ul style="list-style-type: none">The sales team conducts performance review monthly or quarterly and timely provide incentives to enable dynamic adjustment, effective motivation and continuous improvement.Performance improvement mechanism is in place to assist employees in understanding reasons for underperformance, establishing improvement actions, measurement indicators and expected timelines. Timely feedback and coaches are provided to facilitate progress.
	Mid-year Performance and Development Review	Mid-year reviews play a crucial role in assessing the progress toward the goals and performance indicators set at the beginning of the year. They allow us to adapt to environmental changes, strategic adjustments, and other factors. During these reviews, we evaluate our current performance outcomes and assess individual development plans. It's an opportunity for timely feedback and recommendations, ensuring necessary adjustments for the second half of the year. Managers and employees realign focuses and record the feedback formally in the HR system.
End of the Year	Year-end Evaluation and Performance Communication	<ul style="list-style-type: none">During the year-end performance employee self-assessment and manager evaluation, both parties engage in communication and feedback regarding performance outcomes.Performance reviews go beyond assessing outcomes; they also involve a two-way discussion about an individual's future expectations and aspirations. During these reviews, consensus is reached on personal development needs, which serve as basis for the planning of performance coaching, project engagement, training programs, or job rotations, fostering positive growth for the individuals and teams.In addition to evaluating the results of performance objectives, this year we also incorporated employees' demonstration of corporate values-aligned behavior in the year end performance evaluation process. The behavior evaluation results serve as reference for performance incentive distribution, promotion, merit increase and career progression.
Teams	Cross-team Evaluation	For specific areas such as governance and control, cross team evaluation is conducted between the parent company and its subsidiaries, and amongst cross departments within a subsidiary. Each department undergoes annual evaluations conducted by specialized units, focusing on governance and control. The results of cross team evaluation are incorporated in the team and individual's year end performance assessment.
Multi-dimensional Evaluation	Timely Feedback and 360-degree Competency Assessment	<ul style="list-style-type: none">This year, we implemented 360-degree competency assessments specifically for executive vice president and above roles. These assessments provide multidimensional information, helping executives recognize their strengths and areas for improvement. The goal is to enhance leadership and management capabilities.An online "Embrace Feedback!" program based in HR system was introduced. It not only promotes a culture of recognition but also allows managers and colleagues to dynamically give recognitions or provide feedback to others. In 2023, more than 1400 feedback and recognitions were submitted through this platform.

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4.4 Talent Retention

In addition to robust talent development programs, CDF also offers competitive compensation and welfare measures that contribute to employee happiness. These initiatives aim to motivate and retain talent, ultimately increasing employee engagement and strengthening talent retention.

4.4.1 Competitive Compensation

The Company's compensation and bonuses are performance-oriented, taking market competitiveness into account. It links business results with individual performance, creating a win-win situation for employees, the Company, and shareholders. All employees' salary conditions adhere to local labor laws, and initial salaries are determined based on their professional abilities and job roles. We follow equal employment regulations and provide competitive compensation, with starting salaries for new graduates reaching up to 2.7 times of the statutory minimum wage.

The employee compensation structure includes base salary, allowances, and variable bonuses. Annual performance bonuses are distributed based on overall business performance and individual performance. The goal is to optimize resource allocation, ensuring that high-performing or exceptionally contributing employees receive corresponding rewards. This approach reflects the company's profitability and strongly links individual performance with compensation. According to the 2023 employee survey results, majority of employees agree that they and their colleagues receive appropriate rewards for their contributions.

The Company participates in annual market compensation survey. Employee salaries are adjusted according to market salary levels, economic trends, and individual performance. Through a fair and comprehensive promotion mechanism, we promote outstanding talent, granting higher positions and better compensation. In 2023, the average merit increase was 3%, while high-performing employees received salary adjustment exceeding 10%.

The Company's compensation policy for directors and managerial officers follows the guidelines set by the Remuneration Committee. It undergoes independent review by the Compensation Committee. For further details, please refer to section "2.1.4 Remuneration Policy".

Compensation Structure



Payout Frequency	Monthly	Monthly/Quarterly/Yearly/Irregular	Yearly/Irregular
Description	Competitive fixed compensation considers factors such as operational locations, business nature, common practices, or local market standards.	<div>1. Design performance-linked and timely incentives targeted to front-line sales based on business types.</div> <div>2. Considering the usual compensation levels for similar business types both domestically and internationally, while also taking into account responsibilities, goal achievements, and evaluating individual performance in relation to the company's short-term and long-term business performance, financial status and future risks.</div> <div>3. All bonuses are designed with claw-back or deferral mechanisms to prevent executives from engaging in conducts that go beyond the company's risk appetite for the purpose of pursuing higher bonus.</div>	

Salary Adjustment Mechanism

The Company participates in an annual market compensation survey, and employees' salaries are adjusted based on market compensation levels, economic trends, inflation indices, and individual performance. A fair and well-designed promotion mechanism is in place to identify and promote outstanding talents, providing them higher positions with expanded responsibilities and corresponding competitive compensation.



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Compensation for Non-management Full-time Employees				Unit: NT\$ Thousand
	2020	2021	2022	2023
Median Annual Compensation	1,026	1,143	1,025	1,100
Average Annual Compensation	1,268	1,468	1,243	1,359
No. of Non-management Full-time Employees	7,194	7,313	7,414	7,494

Note: The data calculation method is the same as that reported to the Taiwan Stock Exchange. The median annual compensation increased by 7.3% compared to the previous year, and the average annual compensation rose by 9.3%.

Salary Comparison to Market		
2023 Full-time Employees in Taiwan	Male	Female
The ratio of average annual regular salary to market ^{Note 1}	134%	117%
The ratio of entry level salary to base salary ^{Note 2}	1~4.23	1~4.05

Note 1: Market salary data is sourced from the average regular salary published by the Directorate-General of Budget, Accounting and Statistics.
Note 2: The Base Salary refers to the statutory minimum wage (NT\$26,400 for 2023). The entry-level personnel's base salary ratio = entry-level personnel's salary / minimum wage. Only one male received the minimum wage and only 2 females received 1.05 times the minimum wage.

Annual Total Compensation Comparison	
	2023
The ratio of the total annual compensation of the highest-paid individual to the median total annual compensation of other employees ^(Note 1)	148
The ratio of the increase percentage of the total annual compensation of the highest-paid individual to the median increase percentage of other employees ^(Note 2)	0 ^(Note 3)

Note :
1. The total annual compensation of the highest-paid individual / the median total annual compensation of all employees (excluding the highest individual)
2. The increase percentage of the total annual compensation of the highest-paid individual / the median increase percentage of all employees (excluding the highest-paid individual)
3. There was no increase in the total annual compensation of the highest-paid individual (CEO) in 2023.

Compensation Ratio of Material Risk Taker (MRT) in 2023		
Ratio of Variable Pay to Total Compensation	(A)	43%
	(B)	62%

Note :
1. Total compensation = fixed pay + variable pay
2. (A) is the average ratio of MRTs, and (B) is the cumulative variable pay divided by the cumulative total compensation for MRTs.
3. In 2023 , there were changes in 2 positions, and 4 of them were paid during their service period.

2023 Average Female and Male Compensation Comparison	
Female : Male	2023
Top Managers (Base Salary)	92%
Top Managers (Base Salary + Cash Bonus)	114%
Junior and Middle Managers (Base Salary)	87%
Junior and Middle Managers (Base Salary + Cash Bonus)	87%
Non-management Employees	90%

Salary Increase %	Male	Female	Female/Male Comparison
2023	2.7%	2.8%	103.7%

Note: Data coverage of those eligible for salary increase is 100%.

Long-term Incentive

In terms of talent retention, we offer mid to long-term motivational rewards: "Stock Ownership Trust" and "Restricted Shares Units (RSU)s" to retain stellar professional talent. Both "Stock Ownership Trust" and RSU are linked to the company's share performance and include deferral mechanism. This encourages employees to grow together with the company over the long term, aligning with sustainable business goals. The actual implementation results include annual performance bonuses processed in accordance with deferral guidelines to purchase stocks and put under trust, as well as the issuance of RSU in 2021 with duration of 6 years. RSU was granted in two phases, and the total number of recipients accounted for 26% of the eligible positions at that time.

For the deferred performance bonuses, a claw-back mechanism is established: The claw-back also applies to Material Risk Takers (MRT), and the percentage of total remuneration that can be clawed back is 65% for MRTs. For RSU, performance criteria have been set, and the vesting of shares could be partially or fully reclaimed depending on the actual performance achievement ratio. This is highly linked to the Company's overall performance with inclusion of a reclamation mechanism.

1. RSU

There is a three-year performance evaluation period, at the end of which the overall performance ratio is calculated in accordance with the performance criteria, with a reclamation mechanism whereby the shares corresponding to any unachieved performance is partially or wholly reclaimed by the Company.

Those who have not violated the Company's (or its subsidiaries') labor contract or received a major demerit or more in accordance with the Company's (or its subsidiaries') Guidelines for Employee Reward and Disciplinary during the period of performance measurement and those who have attained a personal performance rating of 3 or more will be vested over a 3-year vesting period.

Employees who leave or retire during the performance evaluation period, or any employees who have acquired new RSU shares, shall comply with the provisions of the RSU rules. If there is any violation, the unvested portion of the shares shall be deemed to be unvested and shall be reclaimed by the Company without any compensation and canceled by the Company's reclaim mechanism.

2. Deferred Bonus

Performance bonuses are awarded based on annual performance, market level, etc. However, if the amount exceeds a certain amount, the Company should follow the Company's performance bonus deferral criteria to operate on stock trust, and if the employee has not been subjected to any major violations of laws and regulations, employment or appointment contracts, or has received a demerit or more in accordance with the employee incentive and penalty system, and is still employed, the Company will consider that the conditions for vesting have been met and the bonus will be vested in three years; conversely, the Company will consider that the conditions for vesting have not been met, and will recover the bonus from the employee after the penalty is applied. The Company has a mechanism to reclaim the benefits.

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4.4.2 Employee Wellbeing

Employee welling is an important source of employees' happiness. All full-time employees of the Company are eligible to the following welfare measures.

Item	Description																																																				
Flexible Working Program	Flexible Working Program was launched in 2023 to cater for employees' diverse needs. <ul style="list-style-type: none">Flexible Working Schedule: 3 different work schedules allow colleagues to choose flexibly based on their individual needs.Reduced Working Hours: In addition to legally mandated reductions, employees can apply for reduced working hours due to special circumstances.Sabbatical Leave: Apart from statutory leave without pay, employees can request leave without pay for specific situations.Off-site/Home Working: Employees can apply for off-site or home working due to special circumstances. In 2023, 120 colleagues used flexible work schedules, 2 colleagues had reduced working hours, 23 took sabbatical leave, and an additional 551 people worked remotely or from home.																																																				
Maternal and Childcare	<div><div><ul style="list-style-type: none">Maternity Leave / Paternity Leave Both leaves were upgraded in 2023 to care for both female and male employees.<ul style="list-style-type: none">Maternity leave was extended to 10 weeks of full pay, exceeding legal requirements.Paternity leave was increased to 8 days of full pay, also exceeding legal requirements.Childbirth Subsidy In 2024, CDF has enhanced the childbirth subsidy. Starting from the second child, an additional NT\$10,000 is provided per child, in addition to the existing NT\$20,000 per child.Breastfeeding Rooms The Company respects and supports every nursing mother's breastfeeding journey, and is committed to providing dedicated spaces which are warm, safe, and comfortable. These nursing rooms have controlled access and individual compartments. Inside each compartment, there are power outlets, comfortable seating, and storage space to ensure a secure environment for nursing. Common areas in the lactation rooms are equipped with refrigerators, sinks, cabinets, and hot/cold water dispensers, providing a convenient and comfortable space for mothers. Regular cleaning and disinfection are conducted to maintain hygiene.</div><div><ul style="list-style-type: none">Childcare Benefits The company has signed contracts with external childcare facilities to offer discounted services for employees' children.Parental Leave without Pay In 2023, the company's parental leave return rate and the retention from those returned in the prior year both exceeded the previous year's records.</div></div> <table><tr><th rowspan="2">Parental Leave without Pay</th><th>2022</th><th colspan="3">2023</th></tr><tr><th>Total</th><th>Male</th><th>Female</th><th>Total</th></tr><tr><td>No. of eligible applicants</td><td>151</td><td>63</td><td>97</td><td>160</td></tr><tr><td>No. applied</td><td>70</td><td>8</td><td>45</td><td>53</td></tr><tr><td>No. scheduled to reinstate (a)</td><td>67</td><td>6</td><td>68</td><td>74</td></tr><tr><td>No. reinstated (b)</td><td>46</td><td>4</td><td>50</td><td>54</td></tr><tr><td>Reinstatement rate (%) (b/a)</td><td>68.7</td><td>66.7</td><td>73.5</td><td>73.0</td></tr><tr><td>No. reinstated in prior year (c)</td><td>40</td><td>9</td><td>37</td><td>46</td></tr><tr><td>No. reinstated in prior year and remained for at least 1 year (d)</td><td>26</td><td>5</td><td>28</td><td>33</td></tr><tr><td>Retention rate of employees reinstated in prior year (%) (d/c)</td><td>65.0</td><td>55.6</td><td>75.7</td><td>71.7</td></tr></table> <p>Note: No. of eligible applicants includes the total female employees taking maternity leave and male employees applying childbirth subsidies in that year.</p>				Parental Leave without Pay	2022	2023			Total	Male	Female	Total	No. of eligible applicants	151	63	97	160	No. applied	70	8	45	53	No. scheduled to reinstate (a)	67	6	68	74	No. reinstated (b)	46	4	50	54	Reinstatement rate (%) (b/a)	68.7	66.7	73.5	73.0	No. reinstated in prior year (c)	40	9	37	46	No. reinstated in prior year and remained for at least 1 year (d)	26	5	28	33	Retention rate of employees reinstated in prior year (%) (d/c)	65.0	55.6	75.7	71.7
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Group Insurance	<ul style="list-style-type: none">Employees are entitled to life insurance, accident insurance, accident medical insurance, hospitalization medical insurance, and cancer insurance. Spouses and children can also be covered by accident medical insurance, hospitalization medical insurance, and cancer insurance. The premium is fully borne by the Company.Additionally, to further care for employees' families, the Company offers preferential premium rate to encourage employees to add life insurance and accident insurance for their spouses and children, and accident insurance and hospitalization medical insurance for their parents.																																																				
Staff Canteen	Free and quality lunch for employees. <ul style="list-style-type: none">The food options are diverse, with separate areas for main dishes, noodles, salads and fruits, soups and desserts, and beverages.The meals are delicious and nutritious, including organic vegetables in salads, calorie information provided for each dish.Dining environment is comfortable, with pleasant background music, and attentive service crew on site.																																																				
Physical Health	<ul style="list-style-type: none">Health Check-ups Employees can enjoy company-paid health check-up benefits. In 2023, 5,883 employees completed health check-ups, accounting for 74% of eligible employees.Health Check Leave To further encourage employees to take care of health, starting from 2024, all employees are entitled to full-pay health check leave.																																																				
Mental Health	<ul style="list-style-type: none">The company provides Employee Assistance Program - EAP to assist employees with personal issues including emotions, conflicts, stress, interpersonal relationships, communication, career, parenting, marriage, family matters, and legal consultations. Not only employees but also non-employees are covered by this benefit.Employees can use the toll-free telephone counseling line without any limitations. Additionally, each person is entitled to a certain number of free face-to-face counseling sessions annually. In 2023, there were 262 counseling usages, circa 1.8 times growth compared to the previous year.																																																				
Financial Health	<ul style="list-style-type: none">Employee Trust Shareholding Plan To enhance employees' future retirement or post-employment stability and allow them to share in the company's long-term success, the Company offers an Employee Trust Shareholding Plan. Employees of all grades can decide their monthly contribution amount from three options. As an incentive, the Company also provides a 100% matching contribution. As of the end of December 2023, over 90% of employees participate in this plan.Preferential Saving Deposits KGI Bank offers preferential saving deposit rates to its employees, with the interests remitted to individual account every month.																																																				
Volunteer Leave	Starting from 2023, all employees can enjoy 4 days of fully paid volunteer leave. This initiative encourages employees to participate in volunteer activities organized by the CDF Foundation, and step out of the office to engage in altruistic endeavors for the community.																																																				
Birthday Leave	<ul style="list-style-type: none">We continue to strengthen employee wellbeing. Starting from January 2024, all employees can enjoy fully paid birthday leave, making CDF the first financial holding group to offer birthday leave benefit in the industry.Employees can take their birthday leave during their birth month, whether engaging in activities they enjoy or celebrating with family and friends.																																																				

CDF has long been committed to enhancing employee wellbeing and creating a high-quality workplace environment. Our efforts have been well recognized in 2023, i.e. both CDF and KGI Life Insurance received the "Gold Award for Happy Enterprise" organized by 1111 Job Bank., and KGI Securities was honored the "Silver Award for Happy Enterprise." These achievements demonstrate CDF's dedication to becoming an "employer of choice".

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4.4.3 Employee Opinion Survey

Employee engagement is a critical indicator to measure employee retention. Since 2020, CDF has conducted an annual group-wide employee opinion survey. The survey targets employees who have served for at least three months. By conducting regular surveys, CDF gains insights into employees' perspectives across various aspects of the organization. In the initial 2020 survey, the employee engagement level was only 53%. Through tremendous efforts and our ambition to become employer of choice, the employee engagement score has been significantly improved in the past four years.

Employee Engagement						
Year			2020	2021	2022	2023
No. of eligible participants			8964	8900	8939	8746
Actual no. of participants			8346	8516	8621	8655
Participation Rate			93%	96%	96%	99%
Engagement Level			53%	61%	68%	73%
Survey Results	Gender	Male	54%	63%	67%	72%
		Female	53%	60%	67%	74%
	Level	Management	51%	63%	72%	77%
		Non-management	54%	61%	68%	73%
	Age	<=29	-	62%	69%	75%
		30 - 49	-	61%	68%	74%
		>=50	-	60%	65%	72%

Note 1: The employee opinion survey targets employees who have been with the company for at least three months.
Note 2: Due to a previous error, the 2020 employee participation rate has been corrected and updated in this year's report.

We have specifically picked the questions directly related to employee retention. These questions are categorized as follows:

Category	Job Satisfaction	Sense of Purpose	Level of Happiness	Work Stress	Resources
Questions	<ul style="list-style-type: none">I can see a clear career path for me which makes the best use of my talents.I can rapidly implement my best ideas for improving things.	<ul style="list-style-type: none">I am excited by the purpose of my organization.Creating value for my customers is the highest priority in my job.	<ul style="list-style-type: none">The team I work in is a source of energy to me.I am rewarded for the results I achieve.	<ul style="list-style-type: none">I can progress my work because decisions that affect me are made at the right time.I am able to quickly recover from setbacks	<ul style="list-style-type: none">I get the training and development I need to reach my potential.I feel supported during difficult times.

4.4.4 Employee Attrition

Employee attrition is the second critical indicator to measure employee retention. The decrease in our employee attrition since 2021 indicates that various measures implemented by the Company over the past few years have effectively improved employee retention.

2023 Employee Turnover			
		No. of Leavers	Ratio to No. of Employees of the Segment
Location	Taiwan	1,506	17.0%
	Overseas	128	22.0%
Gender	Male	753	20.2%
	Female	881	15.5%
Age	<= 29	458	47.5%
	30 – 49	932	16.4%
	>= 50	244	8.8%
Total		1,634	17.3%

Turnover Rate				
	2020	2021	2022	2023
Total No. of Leavers	1,172	2,254	1,887	1,634
Total Turnover Rate	13.0%	24.5%	20.0%	17.2%
Total Voluntary Turnover Rate	11.3%	24.2%	18.7%	16.5%

Note: The formula to calculate turnover rate is adjusted in 2023 ESG Report, i.e. no. of leavers / ((no. of people at period start + no. of people at period end)/2). The 2020-2022 turnover rates have also been adjusted simultaneously.

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4.5 Safe, Healthy and Friendly Workplace

4.5.1 Safe Workplace

CDF is committed to providing a safe and healthy workplace environment, which is a sign of care and respect for employees. It also has a profound impact on employee productivity, morale, and the overall operational efficiency of the Company. Therefore, CDF continuously invests resources to improve our safety management system and through education and training, every employee is able to understand and comply with our safety regulations.

- In 2020, we started planning to introduce ISO 45001:2018 occupational safety and health management system.
- In 2021, KGI Securities passed the ISO 45001:2018 checking and the certificate is valid from 2021/05/19 - 2024/05/18, covering Dazhi Building and Taiwan Land Building.
- In 2022, KGI Securities passed the ISO 45001 annual re-inspection and maintains the validity of ISO 45001:2018 certificate.
- In 2022, we released the Occupational Safety and Health Policy which was approved by CEO and applicable to all workforce (including employees and non-employee workers)
- In 2023, KGI Securities ISO 45001 coverage was expanded to include the Dazhi Building, Taiwan Land Building, and Hongqi Building with a total of 3,155 workers (3,082 employees and 73 non-employee workers, a 98:2 ratio and a coverage ratio of 100%), and to maintain the ISO 45001:2018 certificate validity.
- In 2023, we announced the key points of occupational safety and health management, which apply to all employees of CDF, in order to effectively prevent occupational hazards and promote labor safety and health.

Occupational Safety and Health Committee

Among CDF, KGI Life Insurance and KGI Securities have established Occupational Safety and Health Committees (OSHC), which focus on issues related to occupational safety and health risks. The OSHCs are approved by the president, who appoints one of the committee members to be the chairperson, with KGI Life Insurance having 8 members (including 1 chairperson), including 4 labor representatives, which account for 50% of the total number of members. KGI Securities has 9 members (including 1 chairperson), including 3 labor representatives, accounting for 33% of the total number of members. The term of office of the members is two years, and meetings are held regularly on a quarterly basis, with interim meetings held when necessary.



The main duties of the Occupational Safety and Health Committee are as follows:

- (1) Provide recommendations for the Company's proposed occupational safety and health policy.
- (2) Coordinate and propose plans for occupational safety and health management.
- (3) Review and implement the safety and health education and training plan.
- (4) Examine the workplace environment monitoring plan, monitoring results, and measures to be taken.
- (5) Examine health management, occupational disease prevention and health promotion issues.
- (6) Review various safety and health proposals.
- (7) Examine the automatic inspection and safety and health audit of business units.
- (8) Examine preventive measures against hazards of machinery, equipment, or raw materials.
- (9) Examine occupational disaster investigation reports.
- (10) Examine on-site safety and health management performance.
- (11) Examine the safety and health management of contracted businesses.
- (12) Other matters related to occupational safety and health management.

KGI Securities implements the Occupational Safety and Health Management System in accordance with its established management procedures. Each year, ISO 45001 personnel from each unit, who have been trained in occupational safety and health hazard identification and risk opportunity assessment, communicate with stakeholders according to the scope of each unit's authority and responsibilities, operations/processes, etc., and conduct an identification of possible hazards within the Company, with the core of the Occupational Safety and Health Policy. The Labor and Safety Department will prepare recommendations, control plans or procedures for high-risk items and report them to the president for approval and implementation, and the Labor and Safety Department will follow up on the implementation progress of the improvement measures and target plans. In addition, high-risk items are tracked at the annual management review meeting, and announcements are made by email or posted on the ISO section of the Company's intranet site.

In order to continuously improve workplace safety, CDF has carried out the process of reporting and optimizing the process of occupational accidents, encouraging employees to report accidents in a timely manner, ensuring that the causes of accidents can be investigated and analyzed in a timely manner, and that corresponding preventive measures can be formulated. At the same time, we provide necessary assistance and care to affected employees.

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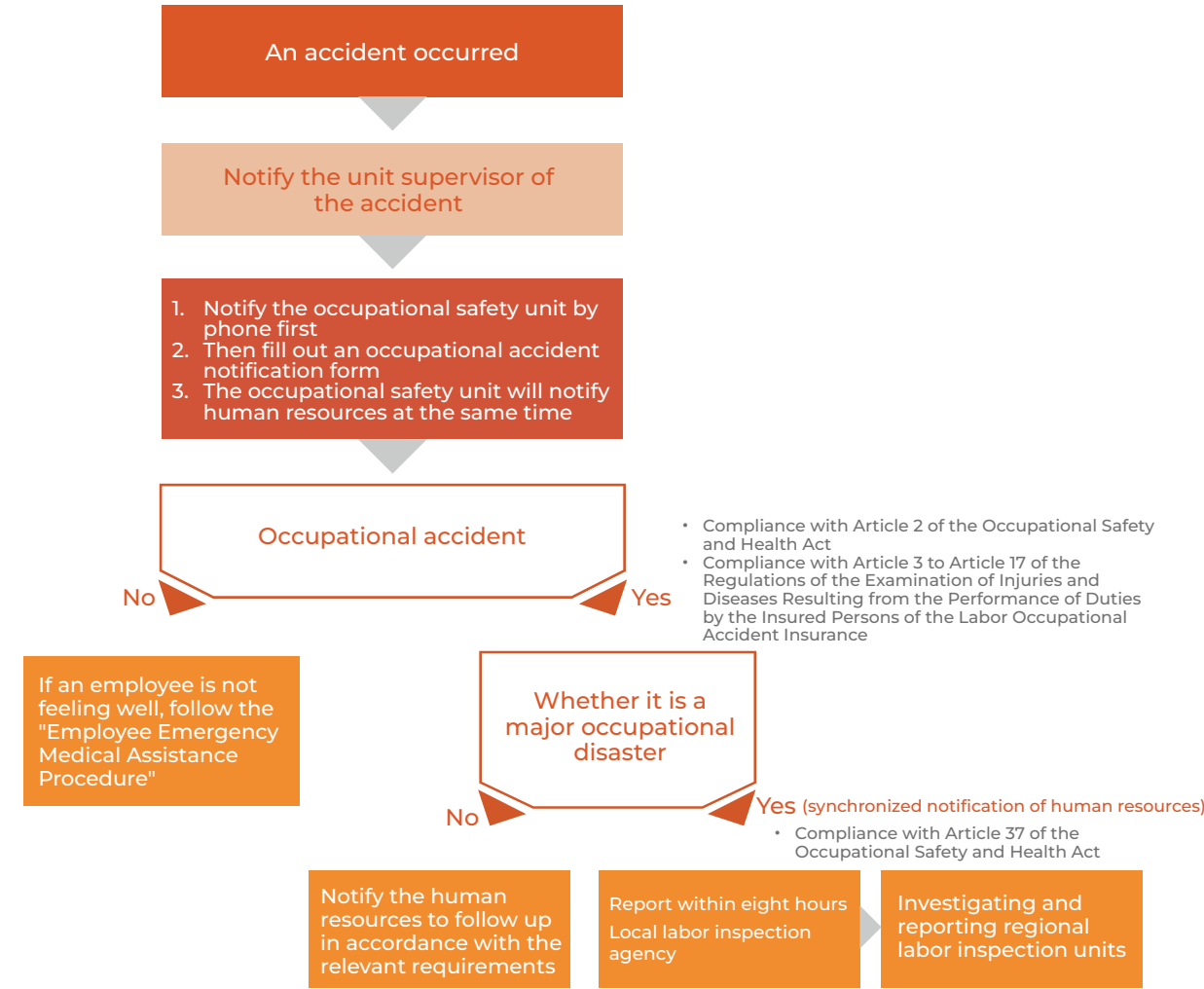
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Occupational Accident Investigation Flowchart

CDF announced the flowchart and notification form of occupational accidents, in order to provide colleagues with a basis for notification and to implement the notification of occupational accidents:



Contingency Measures for Occupational Accident

- Provide fire safety facilities such as fire hydrants, fire extinguishers, emergency smoke switches and automatic sprinklers.
- Regularly submit workplace fire safety equipment inspection and maintenance reports every year, and submit building public safety inspections every two years.
- Set up fire prevention managers and self-defense firefighting teams, and organize firefighting lectures and escape drills every year.
- Actively cooperate with and participate in joint fire drills or emergency evacuation exercises organized by the building management unit.
- Establish an emergency response plan and notification mechanism to enhance the concept of disaster prevention and disaster response capability of colleagues.

Contractor Safety Management

While enhancing the safety of CDF's employees in the workplace, the Company also pays attention to and emphasizes the safety management of its contractors. In the contractual agreements, CDF agrees to comply with governmental occupational safety and health laws and regulations and internal occupational safety and health contracting requirements, and requires the contractors to promise to comply with the laws and regulations related to labor health and occupational safety and health, and to comply with the internal safety and health and environmental management regulations; when the contractors enter the construction site, the construction personnel sign a hazard information sheet, so as to allow the construction personnel to understand the hazards of the operation. Before the commencement of construction, a meeting of the joint operation agreement is held to determine the organization of the occupational safety and health agreement and the work supervision and management of the joint operation, and inspect the construction area from time to time during the construction period. Through different channels and external stakeholders, we comply with occupational safety and health laws and regulations to create a safe and hygienic working environment.

License and Training

In order to enhance employees' knowledge of occupational safety and health, we provide various training courses for employees to obtain occupational safety and health related certificates, as well as internal/external courses and lectures according to different employee needs, such as: occupational safety and health, fire safety, disaster prevention, medical and healthcare information, physical and mental health, and AED+CPR first aid courses.

Occupational Safety and Health License				
Category	Occupational safety and health administrator	Occupational safety and health supervisor	First aid personnel	Total
Number of people	8	247	406	661

Occupational Safety and Health Education and Training

We continue to implement a 3-hour general safety and health education and training program for new employees and a 3-hour general safety and health education and training program for current employees every 3 years to raise the safety awareness of our employees, and we keep training records electronically in the form of online courses, which resulted in a cumulative total of 9,184 hours of occupational safety and health education and training for employees in 2023; we also arrange for regular physical refresher training for occupational safety and health management personnel.

In response to emergencies, each office building is in accordance with the provisions of the annual fire safety equipment inspection and repair and reporting, and fire safety drills are held annually to enhance the concept of disaster prevention and disaster response and handling capabilities of colleagues; and AEDs, first aid kits, and other first-aid supplies are built in accordance with the law and first-aiders are regularly trained to minimize the risk of a possible disaster.

	2020	2021	2022	2023
Hours	16,288	6,047	13,171	9,184
Number of people	14,598	4,242	8,671	6,803
Participation rate	99%	99%	99%	99%

Note 1: Occupational safety related courses require Group employees to attend 3 hours of related courses every 3 years. 14,408 employees should be trained in 2020, 4,284 employees should be trained in 2021, 8,689 employees should be trained in 2022, and 6,817 employees should be trained in 2023.
Note 2: The reason for not achieving 100% participation rate is that the employees left the Company before the training.

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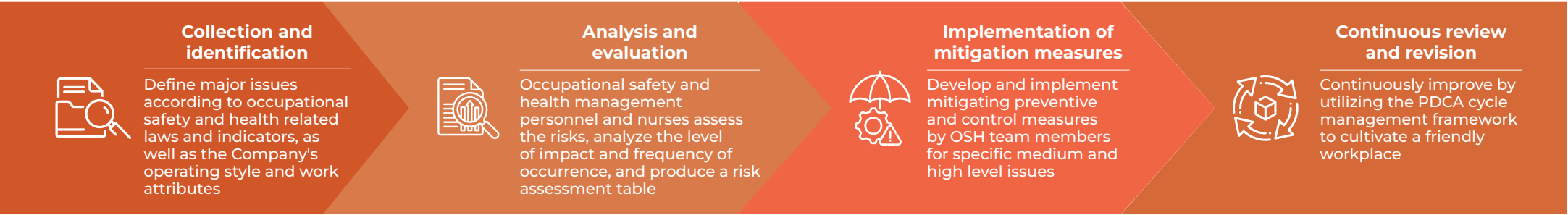
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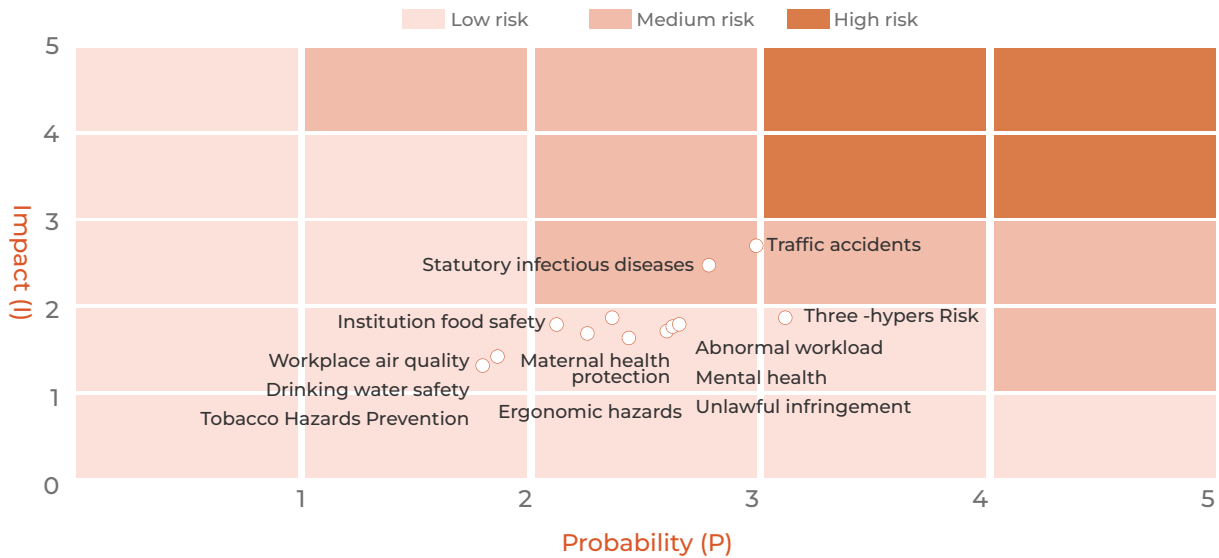
4.5.2 Healthy Workplace

CDF continues to create a healthy workplace, improve employee health care measures, and in order to effectively identify workplace hazards and risks, in 2023, in accordance with occupational safety and health related laws and regulations and indicators, as well as the Company's operating style and work attributes, the Group's occupational safety management personnel, nurse practitioners, and relevant members jointly assessed twelve major risk issues, analyzed the degree of impact and the likelihood of occurrence, and produced a risk assessment map and corresponding risk mitigation plan for occupational safety and health.

Occupational Risk Analysis and Risk Assessment Process



Occupational Safety and Health Risk Assessment Map



Risk level	Risk control planning
High risk	Adoption of risk control measures within a certain period of time may require considerable resources to reduce risks and risk reduction measures need to be carried out as soon as possible.
Medium risk	Efforts should be made to minimize risk: <ul style="list-style-type: none">• Risk reduction measures should be adopted progressively due to cost or financial considerations.• For risks with significant and high impact, the likelihood of occurrence is further assessed as a basis for improving control measures.
Low risk	Risk reduction measures are not required for the time being, but the effectiveness of existing protective measures should be ensured.

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The overall occupational safety and health risk assessment results for 2023 are as follows:

- Medium risk issues: "Traffic accidents" and "Statutory infectious diseases".
- The other ten issues are low risk.

Based on the results of risk assessment, the Company has set up various risk mitigation measures for management and tracking to effectively reduce the frequency of occupational accidents and health hazards of employees, and utilizes the PDCA cyclical management framework for continuous improvement, to create a friendly workplace environment and to safeguard the safety and health of employees.

Risk Level	Risk Issues	Control Measures	Effectiveness	Tracking Mechanisms/Targets
Medium risk	Traffic accidents	<ul style="list-style-type: none">• Optimize the investigation procedures of occupational accidents.• Enhance traffic safety promotion programs.• Provide employees with flexible work schedules so that they can avoid commuting during peak traffic hours according to their needs.• Encourage employees to take public transportation.	<ul style="list-style-type: none">• 0 deaths due to traffic accidents.• We have completed the optimization of the "Occupational Accident Investigation Procedures" to proactively investigate the causes and health care of employees who were injured in traffic accidents in the course of performing their duties, or while on official business, or while commuting to and from work, analyze the causes of the accidents, and propose preventive and improvement measures. According to statistics, the number of work-related injuries in 2023 increased by 19 to 65 compared to 2022, and the main types of work-related injuries were fractures and contusions that occurred while commuting to and from work, so the Company has continued to strengthen the promotion of traffic safety in 2023.	<ul style="list-style-type: none">• 0 deaths due to traffic accidents.
	Statutory infectious diseases	<ul style="list-style-type: none">• Establish a contingency system and monitor the epidemiological situation of emerging infectious diseases.• Organize publicly-funded influenza vaccination campaigns and encourage colleagues to receive vaccination.• Provide up-to-date health information and health education on infectious disease prevention.	<ul style="list-style-type: none">• Completed the annual contingency recovery exercise.• Publicly-funded influenza vaccination campaign for 2023 was held at the Headquarters Building with 234 participants.• Publish at least once a month the latest infectious disease prevention health information and disease hygiene education.	<ul style="list-style-type: none">• Surveillance of emerging infectious disease outbreaks and dissemination of preventive health messages and disease education.
Low risk	Three highs crisis	<ul style="list-style-type: none">• Organize regular health check-ups for in-service employees.• Organize health promotion activities such as walking and weight loss competitions.• Encourage staff to have a balanced diet.	<ul style="list-style-type: none">• The percentage of CDF employees with normal BMI value reached 62%, higher than the target value of 50%.• Provide a variety of health checkups that are better than those required by law, and encourage and care about regular health checkups for employees. In 2023, the number of completed health checkups was 5,883, which accounted for 74% of the total number of available health checkups.• KGI Securities built a workplace health management system: The number of people who opened the Health Manager APP increased to nearly 2,000, and a weight loss competition was held (50 participants lost 204.3 kg) to promote personal health.• CDF Walker 2023, with 2,070 participants and a total of 810 million steps in 30 days.• Established a cafeteria that is superior to the regulatory cafeteria, provides healthy plate recommendations, including daily menu labeling of calories and recommended portion sizes and calories on the cafeteria tables, and strives to be red meat free for 2 days a month.	<ul style="list-style-type: none">• 50% of CDF staff with normal BMI values.
Low risk	The four major programs (mental health/abnormal workload/ergonomic hazards/unlawful infringement)	<ul style="list-style-type: none">• Provide physician on-site services and nursing on-site services.• Implement the four major programs: Continuous tracking of high-risk cases, closure of low-risk cases, and identification of workplace hazards.• Collaborate with psychological counseling organizations to provide EAP for employees in need.• Strengthen education and training.	<ul style="list-style-type: none">• The Group completed 52 physician visits and 133 nursing visits (total number of visitors: 403), with a total number of 609 people cared for.• The actual utilization of EAP totaled 262, an increase of about 1.8 times over the previous year.• KGI Securities completed the results of four major programs:<ul style="list-style-type: none">– Abnormal workload prevention program: A total of 1,604 employees were surveyed and cases were closed, of which 56 were referred to clinical physician services.– Ergonomic hazard prevention program: Intervened in the questionnaire survey of 1,162 colleagues and closed the case, with no referrals to clinical physician services.– Unlawful infringement prevention program: Strengthened publicity and organized a course on "Labor Law Knowledge Essential for Supervisors at All Levels of Modern Enterprises".• Set up sitting areas for colleagues in the lobby or outdoor areas of office buildings and install coffee machines on designated floors to provide a stress-relieving environment for the body and mind.	<ul style="list-style-type: none">• Implement the four major programs: Continuous tracking of high-risk cases, closure of low-risk cases, and identification of workplace hazards.
Low risk	Maternal health protection	<ul style="list-style-type: none">• Provide maternity leave, pregnancy checkup accompaniment and paternity leaves, and leave without pay for childcare that are better than the laws and regulations.• Assist employees in solving childcare problems.• Provide friendly environment and facilities for breastfeeding.	<ul style="list-style-type: none">• Employees can apply for flexible/reduced working hours depending on the needs of childcare or transportation to/from school, and the number of applicants was 122.• KGI Securities Maternity Protection Program has completed interviews with a designated list of 22 colleagues and closed the case.• The Group cooperates with renowned quality childcare organizations such as HESS, Giraffe English, YoYo Kindergarten and Mkids to provide corporate childcare services.• Provide breastfeeding rooms that are superior to the regulations; the Dazhi Building and the Taiwan Land Building have been awarded the Excellent Breastfeeding Room Certification - Superior Classification.	<ul style="list-style-type: none">• Provide maternity leave, pregnancy checkup accompaniment and paternity leaves, and leave without pay for childcare that are better than the laws and regulations.
	Occupational safety facilities and activities (including group food safety/workplace air quality/drinking water safety/smoke prevention)	<ul style="list-style-type: none">• Monitor illumination and carbon dioxide concentration in the workplace.• Regular checking of drinking water and replacement of water dispenser filters.• Provide first aid equipment and regularly update and maintain it.• Promote a comfortable and safe working environment.• Organize training courses on occupational safety and health for employees.• Conduct inspections and regular maintenance of workplace equipment.	<ul style="list-style-type: none">• Completed and passed the monitoring of workplace environment.• Completed fire and evacuation drills.• Equipped with AEDs, blood pressure monitors, wheelchairs, first aid kits, etc. and completed maintenance; KGI Bank and KGI Securities also have medical offices.• Colleagues obtained the "Indoor Air Quality Maintenance and Management Specialist" Certificate of Competence.• Monthly inspection report of food ingredients in staff cafeteria.	<ul style="list-style-type: none">• Passed the monitoring of workplace environment.• Completed fire and evacuation drills.

The effectiveness of each measure will be maintained through regular reviews or discussions, for example, the expiration dates of first-aid kits and medical supplies and equipment will be checked on a monthly basis, and inter-departmental "annual contracted health checkup and medical institution evaluation meetings" will be held regularly to take feedback from colleagues, follow legal requirements, and select high-quality contracted medical institutions. We also regularly present the progress, goal setting, and results of related programs/measures at the Occupational Safety and Health Committee meetings.

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External Award Recognition and Advocacy Activities

In order to continue to provide a better safe and healthy workplace, CDF actively participates in advocacy activities to learn new knowledge, improve standards and receive external recognition:



- CDF's employee cafeterias are certified by the Ministry of Environment, and KGI Securities was awarded the Pioneer Enterprises in Green Dining Award for providing employees with organic, friendly, and seasonal local ingredients.
- KGI Life Insurance and KGI Securities have been awarded the "Healthy Workplace Certification" by the Health Promotion Administration, MOHW.
- KGI Securities: The Dazhi Building and the Taiwan Land Building have been awarded the Excellent Breastfeeding Room Certification - Superior Classification.
- KGI Securities: The Dazhi Building and the Taiwan Land Building are equipped with AEDs and continue to receive "AED Safe Place Certification".

Occupational Injury / Absenteeism Rate					
		2022	2023		
			Male	Female	Total
Occupational Injury	No. of occupational fatalities	0	0	0	0
	Occupational fatality rate (%)	0	0	0	0
	No. of severe occupational injuries	0	0	0	0
	Severe occupational injury rate (%)	0	0	0	0
	Total no. of occupational injuries	46	17	48	65
	Total days lost due to occupational injuries	273	62	633	695
	Injury rate (%)	2.43	2.3	4.25	3.48
	Lost day rate (%)	14.45	8.39	56.03	37.19
Absenteeism	No. of absentees	3,496	1,018	2,128	3,146
	No. of days of absenteeism	17,418	3,970	11,190	15,160
	Total working days	2,361,765	924,048	1,412,112	2,336,160
	Absenteeism Rate (%)	0.74	0.43	0.79	0.65

- Note :
- The data includes all employees.
 - Occupational fatality rate: Number of fatalities caused by occupational injuries / annual scheduled working hours x 1,000,000 (based on 50 weeks per year, 40 working hours per week, per 500 employees)
 - Severe occupational injuries: Other injuries from which the worker is unable to recover (e.g., amputation of a limb) or from which it is impossible/ difficult to recover to pre-injury health within six months, the number and proportion of which have been excluded from the number of deaths.
 - Types of occupational injuries can include death, amputation, lacerations, fractures, hernias, burns, loss of consciousness and paralysis.
 - Injury Rate (IR): (total number of occupational injuries / annual scheduled working hours) x 1,000,000 (based on 50 weeks per year, 40 hours per week, per 500 employees)
 - Lost Day Rate (LDR): (total days lost / annual scheduled working hours) x 1,000,000.
 - Of the 65 occupational injuries in 2023, the primary injury types were bone fractures and contusion during the commute between home and work.
 - There was a significant increase in the total number of total days lost due to injury in 2023 compared to the previous year, with nearly 80% of the increase in the number of injury days concentrated on a small number of employees who were on extended injury leave due to work-related accidents.
 - Occupational diseases include acute, relapsing and chronic health problems caused or aggravated by working conditions or practices. They include musculoskeletal disorders, skin and respiratory diseases, malignant cancers, diseases caused by physical factors, and mental illnesses. The Company had no reported cases of occupational diseases in 2023 and no employees died as a result of occupational diseases.
 - From 2023 onwards, absenteeism days only cover leaves related to physical discomfort, i.e. sick leave, occupational injury leave (including traffic accidents occurring during commuting) and menstrual leave, and no longer include personal leave and family care leave. The 2022 figures are adjusted accordingly in accordance with the principle.
 - The absenteeism rate of male and female employees is calculated based on the scheduled annual working hours of male and female employees.
 - The 2023 absenteeism rate is 0.65%, which is below the annual target of 1%.

4.5.3 Friendly Workplace

CDF adopts a comprehensive approach to create a friendly workplace. This includes advocating for diversity and inclusion, upholding human rights, and providing welfare that contributes to happiness. Additionally, we value harmonious labor relations and maintain open communication channels.

Harmonious labor relations are the cornerstone of stable business operations for companies. To enhance labor-management relations and promote cooperation, the Company holds labor-management meetings on a regular basis., and respect and communicate with labor union in good faith, aiming to build consensus between labor and management and achieve mutually beneficial goals. In 2023, CDF group as a whole held a total of 42 labor-management meetings. Additionally, if there are matters affecting employees' rights, we will notify employees and the union in advance, following legal requirements.

CDF Human Rights Policy explicitly states: "The Company respects and supports its employees and ensures that its employees enjoy the freedom to join or form trade unions that are legally recognized as well as the right to collective bargaining. The Company safeguards the rights and interests of employees, provides effective communication channels, and holds regular labor-management meetings to promote harmonious labor-management relations."

KGI Bank signed the first collective bargaining agreement with its corporate union on June 13, 2019, and renewed the agreement with the union on June 21, 2022, with the new contract valid for 3 years. Under the good faith of the Bank and the goodwill of the corporate union, employees who are not members of the union are also protected by the collective bargaining agreement, that is, all regular employees of KGI Bank are covered by the agreement. In 2023, KGI Bank has circa 29% of its total employees participating in its corporate union, accounting for 26% of the CDF employee population, which means 26% of CDF employees are under the protection by the collective bargaining agreement. At present, KGI Bank's labor-management operations are carried out in accordance with the agreement, and the communication channels between labor and management are unimpeded, and a harmonious and positive relationship is maintained.

In addition, the corporate union of CDF and its subsidiaries, and the corporate union of KGI Securities have not proposed group negotiations and hence not signed any collective bargaining agreement.

In terms of communication channels, the Company leverages various communication channels to communicate with employees to ensure the timeliness and transparency of information, and to protect employees' right to know. We also publish the employee grievance procedures on our internal website, including the personnel of the organization that is responsible for grievance, the scope of the grievance, the grievance procedure, etc., to safeguard the human rights of employees.



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After the conclusion of the 2023 United Nations Climate Change Conference (COP 28), the goal of net zero by 2050 has become a global consensus. CDF has also committed to the goal of "Total Portfolio Net Zero by 2045" 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.



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Strategy, Targets and Progress					
Strategy	2023 Goals	2023 Progress	Short-Term Goals 2024	Mid-Term Goals 2025-2026	Long-Term Goals 2027-2028
Carbon Reduction Operations Management	<ol style="list-style-type: none">Carbon reduction goal<ul style="list-style-type: none">Reduce annual GHG emissions (Scope 1 and 2) by 10% (excluding new inventory scopes).Expansion of environmental data inventory and verification<ul style="list-style-type: none">Expand the scope of ISO 14064-1 inventory to include at least one-third of KGI Securities' overseas locations and all KGI Life Insurance's communication offices.Continue to pass the annual verification for ISO 14001, ISO 14064-1, and ISO 50001Support for renewable energy<ul style="list-style-type: none">Planning renewable energy procurementKGI Securities Dazhi Building applies for Taipei City Net Zero Leadership Award	<p>Better than expected:</p> <ol style="list-style-type: none">Carbon reduction goal<ul style="list-style-type: none">Annual GHG emissions (Scope 1 and 2) (excluding new inventory scopes) were 18,218.02 tCO₂e, a 15% reduction compared with 2022 <p>Fully achieved</p> <ol style="list-style-type: none">Expansion of environmental data inventory and verification<ul style="list-style-type: none">Expanded scope of ISO 14064-1 inventory, KGI Securities completed Singapore and Hong Kong locations (up to 40% of overseas locations); KGI Life Insurance completed 100% of communication offices.Annual verification (ISO 14001, ISO 14064-1, ISO 50001)Support for renewable energy<ul style="list-style-type: none">CDF completed the second phase of renewable energy procurement, with 4,874 MWh of renewable energy per year for a total of five years.CDF used 5,049 MWh of renewable energy in 2023, reducing GHG emissions by 2,499.28 tCO₂e.KGI Securities Dazhi Building applies for Taipei City Net Zero Leadership Award and enters the final round of the competition.	<ol style="list-style-type: none">Carbon reduction goal<ul style="list-style-type: none">Reduce annual GHG emissions (Scope 1 and 2) by 10%CDF Headquarters building carbon neutralityExpand environmental data inventory and verification<ul style="list-style-type: none">Expand the inventory and verification scope of ISO 14064-1<ul style="list-style-type: none">Expand overseas locationsverification of KGI Life Insurance communication officesContinue to pass the annual verification for ISO 14001, ISO 14064-1, and ISO 50001Continue to promote renewable energy	<ol style="list-style-type: none">Carbon reduction goal<ul style="list-style-type: none">Reduce annual GHG emission (Scope 1, 2) by 20% by 2026 compared with 2022CDF headquarters building continues carbon-neutrality based operationExpand 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 50001Continue to promote renewable energy	<ol style="list-style-type: none">Carbon reduction goal<ul style="list-style-type: none">Reduce annual GHG emission (Scope 1, 2) by 40% by 2028 compared with 2022CDF headquarters building continues carbon-neutrality based operationExpand 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 50001Continue to promote renewable energy
Sustainable Supply Chain Management	<ol style="list-style-type: none">Major/new supplier signs "Letter of Undertaking regarding Sustainability for Suppliers" in ratio of 100%Continue to promote the "Procedures for Supplier's Sustainability"Encouraged suppliers to obtain environmental and energy-related ISO certificates for themselves or their products	<p>Fully achieved</p> <ol style="list-style-type: none">Maintained 100% of major/new suppliers signing the "Letter of Undertaking regarding Sustainability for Suppliers"Held a supplier conference in April to promote the "Procedures for Supplier's Sustainability" and recognize excellent suppliers, and encouraged suppliers to obtain environmental and energy-related ISO certificates for themselves or their products	<ol style="list-style-type: none">Establishment of the sustainable management and assessment mechanism for suppliersMajor/new supplier signs "Letter of Undertaking regarding Sustainability for Suppliers" in ratio of 100%Recognize excellent suppliers	<ol style="list-style-type: none">Enhancement of the sustainable management and assessment mechanism for suppliersIdentification of continuous operation and ESG risk value of suppliersRecognize excellent suppliers	<ol style="list-style-type: none">Continuous enhancement of the sustainable management and assessment mechanism for suppliersEnhancement of continuous operation and ESG risk value of suppliersRecognize excellent suppliers
Promotion of a Sustainable Environment	<ol style="list-style-type: none">Promote green procurementLocal procurement amount ratio reaching 80%Green Initiative<ul style="list-style-type: none">Green restaurant certificationLaunch low-carbon diet through "no red meat 2-day monthly" campaignPromote beach clean-up activities and invite employee to contribute to marine waste and plastic reduction.	<p>Better than expected</p> <ol style="list-style-type: none">Promoted green procurement<ul style="list-style-type: none">Green procurement accounted for approximately 19.8%, representing a 2.5% increase from 17.3% in 2022.CDF and KGI Life Insurance have been awarded the Green Procurement Award by the Department of Environmental Protection of Taipei City Government, the Green Procurement Award by the Ministry of Environment, and the Buying Power Award by the Ministry of Economic Affairs.Local procurement accounted for 98.7% of the total procurement amount <p>Fully achieved</p> <ol style="list-style-type: none">Green initiatives<ul style="list-style-type: none">KGI Securities and KGI Life Insurance employee cafeterias are certified as Eco-friendly restaurant and organize 2 days a month of no-red-meat activities.KGI Securities was awarded the "Pioneer Enterprises in Green Dining Award" for its use of local and organic ingredients.CDF organized 47 beach clean-up activities.	<ol style="list-style-type: none">Promote green procurementLocal procurement amount ratio reaching 85%Green Initiative<ul style="list-style-type: none">Eco-friendly restaurant certificationLaunch low-carbon diet through "no red meat 2-day monthly" campaignPromote beach clean-up activities and invite employee to contribute to marine waste and plastic reduction.	<ol style="list-style-type: none">Promote green procurementLocal procurement amount ratio reaching 90%Green Initiative<ul style="list-style-type: none">Promotion of local ingredients in employee restaurantsLaunch low-carbon diet through "no red meat 2-day monthly" campaignPromote beach clean-up activities and invite employee to contribute to marine waste and plastic reduction.	<ol style="list-style-type: none">Promote green procurementLocal procurement amount ratio reaching 90%Green Initiative<ul style="list-style-type: none">Promotion of local ingredients in employee restaurantsLaunch low-carbon diet through "no red meat 2-day monthly" campaignPromote beach clean-up activities and invite employee to contribute to marine waste and plastic reduction.

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5.1 Green Operation

5.1.1 Environmental Policy and Strategy

CDF Environmental Governance Mechanism

The "Environmental WG" of the CDF Sustainability Committee co-operates with CDF and its subsidiaries in planning and implementing environmental policies, and reports on its operations to the Sustainability Committee. The duties of the team are to establish specific objectives and practices for environmental protection, energy conservation and carbon reduction, to actively promote and co-operate in creating a sustainable living environment, to promote the Company's own operating-related climate strategies and objectives, and to develop mitigation and adaptation plans.

In order to strengthen the senior executive's attention to environmental issues, the Company has included environmental performance as one of the indicators for senior management's remuneration incentives.

Environmental Commitments and Policies



Five major environmental commitments to formulate environmental sustainability policies

Full participation in energy and carbon conservation.

Protect the environment and cherishing resources.

Prevent pollution to comply with laws and regulations.

Communicate and reconcile to maintain friendly neighborliness.

Continue to improve for sustainable management.

Since 2015, the Company has introduced the ISO 14001 environmental management system to CDF and its major subsidiaries, KGI Life Insurance and KGI Securities, and has been conducting continuous verification to establish an appropriate environmental management system through a scientific approach.

We are actively working towards the goal of "achieving carbon neutrality for the CDF headquarters building by 2024, reducing Scope 1 and 2 emissions by 42% by 2030 in accordance with SBTi standard, and achieving net-zero for the total portfolio by 2045". In addition, we will continue to promote the greenhouse gas reduction plan, with a 15% reduction in GHG emissions in 2023 (excluding new inventory areas) compared to the base year of 2022.

Promotion of a Sustainable Environment

"Low-Carbon Economy" is one of the five sustainability strategies of CDF. Through this initiative, we not only raise the awareness of sustainability among our employees, but also expand our influence on stakeholders in the value chain and the local community. 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. 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 Earth Day, World Environment Day, Lights out Day, plastic reduction, paper saving, green procurement, taking public transportation, e-services, and resource recycling.

2. Earth Hour

For nine consecutive years, the Company has responded to the "Earth Hour". CDF has 154 business locations that have responded to the light switch-off activity, and based on the estimated electricity consumption of the participating locations in March, a total of 3,407 kWh of electricity was saved, which reduces carbon emissions by 1.69 tCO₂e, and is contributing to the sustainable goodness of the earth.



CDF Supports Earth Hour 2023

3. RE10x10

KGI Securities signed the "RE10x10 Climate Declaration" initiated by Greenpeace, pledging to use renewable energy for more than 10% of the total domestic electricity consumption by 2025 and strive to achieve RE100 by 2050, in order to take practical actions to respond to the energy transformation and energy efficiency advocated by the UNFCCC, and to work together to move towards the path of sustainable energy.

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4. Certified Eco-Friendly restaurant and No Red Meat 2 Days a Month

KGI Securities and KGI Life Insurance staff restaurants have been certified by the Ministry of Environment as Eco-friendly restaurants, and they practice the spirit of sustainable development in their daily meals. Specific actions include: implementing waste separation and food waste recycling; not providing disposable utensils; focusing on local food and reducing unnecessary deliveries to lower the carbon footprint; designing a variety of meals using seasonal vegetables; and estimating the number of diners and counting the amount of leftovers through the leave system on a daily basis to achieve "Reduce at source, use local ingredients, and eat sparingly".

In addition, the "No Red Meat 2 Days a Month" campaign has been implemented for a long time, contributing to the mitigation of climate impacts. 36,010 participants participated in the campaign in 2023, with an estimated carbon reduction of 42.49 tCO₂e.

Note: 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 kgCO₂e 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 2023 reduced carbon emissions by = 1.18 kgCO₂e x 36,010 persons / 1000 = 42.49 tCO₂e
Reference: https://lowestc.blogspot.com/2008/04/blog-post_18.htm



Staff of Certified Eco-Friendly restaurant

5. Promotion of Green Dining

KGI Securities' promotion of green dining has also been recognized with a total of 2,985 kg of organic food ingredients used in the employee cafeteria in 2023, and it has been awarded the "Pioneer Enterprises in Green Dining Award" co-organized by the Taipei Cultural Exploration Association and the GDG, which is the first time for a Taiwan financial company to win the award since it was first established.



Pioneer Enterprises in Green Dining Award

6. CDF Walker

CDF implements the "Employer of Choice" strategy and actively creates a workplace environment that takes care of the wellness of its employees by organizing the 2023 CDF Walker Competition, which encourages its employees to walk 10,000 steps a day to lead a healthy life. More than 2,000 employees participating in the competition in 2023, and the number of steps taken in the one-month event exceeded 810 million, which is equivalent to the carbon reduction by approximately 115 tCO₂e.

Note: According to the Health Promotion Administration press release, if you walk more, calculated at 6km (about 10,000 steps), you can reduce carbon emissions by 1.42kg in a single trip. The total number of steps taken to reduce carbon emissions = 810 million steps / 10,000 steps * 1.42 kgCO₂e, so the activity reduced carbon emissions by 115 tCO₂e.
Reference: <https://www.hpa.gov.tw/Pages/Detail.aspx?nodeid=4141&pid=12767>



CDF Walker

7. Beach cleaning activities

In 2023, CDF colleagues initiated 47 beach clean-up activities with 931 participants, and picked up over 2,434kg of marine debris, which is the highest in the financial industry in the Ministry of Environment's Coastal Clean Beach Adoption System. From Wanli Beach in New Taipei City, Suao Beach in Yilan City, Cijin Beach in Kaohsiung City, and Liugu Island, there are all traces of beach clean-ups, demonstrating the enthusiasm for protecting the coastline. KGI Securities has also adopted the Wanli Guihou Beach in New Taipei City.



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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 and staff cafeteria. 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 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, and intend to implement CDF's goal of "CDF Headquarters building carbon neutrality by 2024", reduce 42% Scope 1 and Scope 2 emissions by 2030, and "Total Portfolio Net Zero by 2045".

2023 Goals and Implementation Status of GHG Management			
Goals	Implementation Plans and Measures	Implementation Status	Achievement Status
<ul style="list-style-type: none">• Reduce annual GHG emissions (Scope 1 and 2) by 10% compared with 2022 (excluding new inventory scopes).	<ul style="list-style-type: none">• Promoted energy saving and carbon reduction programs and evaluated the purchase of renewable energy.• Continued and expanded the scope of ISO 14064- 1 GHG inventory and verification.• Promoted ISO 14001 and ISO 50001 annual verification.	<ul style="list-style-type: none">• 2023 Annual GHG emissions (Scope 1 and 2) were 18,218.02 tCO₂e (excluding new inventory scopes), a 15% reduction compared with 2022	Better than expected

Note: The 2023 inventory includes all domestic offices, KGI Life Insurance Beijing Representative Office and KGI Securities Hong Kong and Singapore branches.

In 2023, the scope of inventory and verification has covered all domestic locations, KGI Life Insurance's Beijing representative office and KGI Securities' Hong Kong and Singapore branches, with an overall inventory and verification coverage rate of 100% domestically and 77.19% overseas, as well as the identification of other indirect GHG emissions (Scope 3).

In line with the Company's submitted SBTi target to reduce 42% of Scope 1 and Scope 2 emissions by 2030, the total Scope 1 and 2 GHG emissions in 2023 would be 21,867.92 tCO₂e, using 2022 as the base year.

GHG Emission (Scope 1 and Scope 2)					Unit : tCO ₂ e	
Inventory Scope		2020	2021	2022(Base year)	2023	2023 Target
Scope 1	Domestic	1,164.25	1,758.97	1,124.07	1,432.45	1,385.45
	Oversea	-	-	0	20.23	
	Total	1,164.25	1,758.97	1,124.07	1,452.67	
Scope 2 (Market-based)	Domestic	20,856.84	20,270.39	20,374.43	19,605.27	21,966.82
	Oversea	-	-	0	809.97	
	Total	20,856.84	20,270.39	20,374.43	20,415.24	
Scope 2 (Location-based)	Domestic	20,856.84	20,270.39	20,374.43	20,084.22	23,596.77
	Oversea	-	-	0	809.97	
	Total	20,856.84	20,270.39	20,374.43	20,894.19	
Total Emission (Scope 1 and 2) (Market-based)		22,021.09	22,029.36	21,498.50	21,867.92	23,352.27
Intensity	Per capita	2.68	2.42	2.47	1.66	
	Per net revenue	0.10	0.11	0.23	0.55	
Inventory and verification Coverage	Domestic	75.50%	99.27%	99.99%	100.00%	
	Oversea	-	-	0.18%	77.19%	
	Total	75.50%	99.27%	96.14%	98.99%	

Note:

1. We use ISO 14064-1:2018, GHG Protocol, 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 MOENV. The data were verified by fair third parties, BSI and SGS.
2. GHG 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), 0.509 (2022) and 0.495 (2023) kgCO₂e/kWh.
4. Per capita emission = total emission / number of employee (including dual contract) in the inventory scope (for details, please refer to Chapter 4 of this report for the number of employees in CDF).
5. The 2023 inventory includes all domestic offices, KGI Life Insurance Beijing Representative Office and KGI Securities Hong Kong and Singapore branches; all KGI Life Insurance communication offices and KGI Securities Hong Kong and Singapore branches have been added compared to 2022.
6. Coverage rate of inventory and verification = Number of employees (including dual contracts) under the scope of inventory and verification / Total number of employees (including dual contracts) of the Company; the coverage rate in 2020, 2021 and 2022 is based on the statistics of all domestic locations only (excluding KGI Life Insurance's communication offices), and the scope of the domestic coverage rate in 2023 includes KGI Life Insurance's communication offices in the statistics. At the same time, we have added overseas inventory and verified locations, and the expansion of inventory scope has led to a relative decrease in the coverage rate of inventory and verification. After adjustment, the domestic coverage rate in 2023 was 100%, the overseas coverage rate was 77.19%, and the total coverage rate of verification scope will be 98.99%.
7. The Company's coverage rate for 2020 is 97.80% for inventory and 75.50% for verification, and from 2021 onwards, the scope of coverage for discovery and verification are the same.
8. Taking into account the change in statistical scope and the Scope 1+2 SBT target submitted by the Company, "Target 10% reduction from 2022", 2023 target = total emissions in 2022 x 90% (expected 10% reduction) + actual emissions in 2023 for the new scope of the inventory (all KGI Life Insurance's communication offices and KGI Securities' branches in Hong Kong and Singapore). The 2023 target for Scope 2 (location-based) is a 2% reduction from 2022.
9. The operational control method is used as the method for consolidating the amount of greenhouse gases.

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Other Indirect GHG Emissions (Scope 3)

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 since 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.

In 2023, Scope 3 GHG emissions were 259,252.91 tCO₂e. Based on the same scope of the inventory (fuel-and-energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, and downstream transportation and distribution), the amount of GHG emissions in 2023 was 6,382.70 tCO₂e, a decrease of 62.61 tCO₂e compared to 2022. In addition, the Company has started to conduct a greenhouse gas inventory of its operating value chain since 2023.

The Company has installed 9 sets of car charging stations and 6 sets of motorbike charging facilities at the CDF headquarters building and KGI Securities Dazhi Building for the use of staff and visitors. KGI Bank also cooperates with a system integrator to provide "Community Charging Station Operation Trust Service", which provides self-service and rental charging station service solutions.

GHG Emissions (Scope 3)		Unit : tCO ₂ e
Category	Emissions	Emissions calculation methodology and exclusions
Purchased goods and services	236.75	CDF continues to promote the paperless policy, counting purchased 70lb A4 photocopying paper and calculating carbon emissions based on the carbon footprint data announced by the Ministry of Environment.
Capital goods	-	It is planed that the Spend-based method will be used for calculation and disclosure.
Fuel-and-energy-related activities	4,082.36	Carbon emissions calculated based on the carbon footprint data announced by the Ministry of Environment, including upstream production and transportation of purchased energy sources such as electricity, gasoline, diesel, natural gas, etc., and indirect emissions from the use of electricity by external ATMs and organizational services (union electricity consumption).
Upstream transportation and distribution	3.04	Carbon emissions calculated based on the carbon footprint data announced by the Ministry of Environment, including the delivery of photocopy paper purchased and warranted maintenance service of photocopier supplier.
Waste generated in operations	801.94	Carbon emissions calculated based on the carbon footprint data announced by the Ministry of Environment, including final waste disposal (including incineration) and domestic waste removal services.
Business travel	297.96	Carbon emissions of business travel including airplanes, high-speed rail, Taiwan Railway, and taxis were calculated based on the carbon footprints announced by ICAO, Taiwan High Speed Rail Corporation, Taiwan Railway, and the Ministry of Environment.
Employee commuting	-	It is planed that the Average-data method will be used for calculation and disclosure.
Upstream leased assets	1,125.12	Including refrigerant and telecommunication services for leased vehicles.
Downstream transportation and distribution	1,197.39	Carbon emissions calculated based on the carbon footprint data announced by the Ministry of Environment, including delivery slips, credit cards and bills, notices of shareholders' meetings and notices of cash dividends to post offices, and parcels in the process of delivery.
Processing of sold products	5.05	Average-data method, Counting the number of new (replaced) credit cards issued, and emissions from the manufacturing phase of the life cycle of the card.
Use of sold products	4.19	Counting the number of credit cards issued and the weight of transaction receipts and calculating the electricity emissions from electronic equipment during the life cycle and the emissions from the carbon footprint of the transaction receipts over the life cycle.
End of life treatment of sold products	3.02	Calculate the weight of credit cards and bank cards issued and calculate the emissions generated from the recycling phase of the life cycle.
Downstream leased assets	251,496.09	Average-data method, Calculated KGI Life Insurance's effective leased assets floor area at the end of 2023, excluding the leases of CDF (the companies have been included in the scope 1 and 2 emissions), and the emissions are estimated based on the emission intensity of the average floor area of the domestic service sector.
Franchises	-	The underlying business is KGI policies sold by brokers. Insufficient accessibility of information to calculate.
Total Emission (Scope 3)	259,252.91	

Note:
1. We use ISO 14064-1:2018, GHG Protocol, 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 MOENV.
2. Fuel-and-energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, upstream leased assets, downstream transportation and distribution, use of sold products, and end of life treatment of sold products are ISO 14064-1 inventory categories. The data were verified by third parties, BSI and SGS.

GHG Emissions (Scope 3) in the past four years				Unit : tCO ₂ e
Scope 3	2020	2021	2022	2023
	6,237.65	7,164.27	6,445.31	259,252.91

Note:
1. The 2023 inventory includes all domestic offices, KGI Life Insurance Beijing Representative Office and KGI Securities Hong Kong and Singapore branches; all KGI Life Insurance communication offices and KGI Securities Hong Kong and Singapore branches have been added compared to 2022.
2. In 2023, the Company's indirect greenhouse gas (Scope 3) inventory categories were added according to the GHG Protocol, including Purchased goods and services, upstream leased assets, Processing of sold products, use of sold products, End of life treatment of sold products, and downstream leased assets, and the overall Scope 3 emissions increased significantly due to the addition of the new inventory of KGI Life Insurance's downstream leased assets.

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. in response to the goal of "Total Portfolio Net Zero by 2045", 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.

We calculated the implicit cost of GHG emissions from operations through the Shadow Price and used the Network for Greening the Financial System to estimate the change in carbon price in Taiwan through the "Comprehensive Evaluation Model" to calculate the expected carbon price in 2045. Considering Taiwan's Net Zero 2050 policy and CDF's Net Zero 2045 goal, the NGFS GCAM 6.0 parameter set estimated the carbon cost to be NT\$4,408-23,838/ton (US\$142.19-US\$768.99/ton) by using the scenario of "Net Zero 2050" for the orderly transition. At the same time, the implicit cost of GHG emissions from the Company's own operations (Scope 1 and Scope 2) was calculated for 2023, and the Company assessed and planned for a low-carbon transformation and carbon reduction pathway for all of the Company's operating locations, and it is expected that ICP will be used to manage the Company's own operational GHG emissions through the system, and will gradually be linked to the performance of emission reductions and incorporated into the Company's internal management measures, so as to continue to promote the Company's internal efforts towards the goal of improving energy use efficiency.

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5.1.3 Energy Management

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

In 2021, the Company relocated to CDF's headquarter building, which incorporates the concepts of environmental friendliness, energy saving and carbon reduction into the planning and design of its own building, and which has been awarded the "Gold Level Green Building Label" by the Ministry of the Interior. 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 2,404 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.

2023 Energy Management Goals and Implementation Status		
Goals	Implementation Plans and Measures	Implementation Status
Reduce electricity consumption by 2% compared to 2022	<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 total electricity saving of the energy saving program is about 232.7 MWh, which is equivalent to a reduction of 115.2 tCO₂e.• Overall annual electricity consumption of CDF (excluding new inventory areas) was 38,830.6 MWh, a reduction of 4.3% from 2022.
Increase renewable energy usage	<ul style="list-style-type: none">• Self-installed solar panel power generation• Renewable electricity procurement	<ul style="list-style-type: none">• Installed solar panels in the CDF HQ and the Beimen Branch of KGIB, with 82.2 MWh of renewable energy generated in 2023, equivalent to a reduction of 40.7 tCO₂e.• CDF purchased and used 4,966.8 MWh renewable energy in 2023, equivalent to the reduction of 2,458.6 tCO₂e.
Pass ISO 50001 verification	<ul style="list-style-type: none">• Expanded implementation of ISO 50001 energy management system and ongoing verification	<ul style="list-style-type: none">• Three new branches of KGI Bank, Kaohsiung, Chihkan and Dongmen, were verified for ISO 50001 energy management system.• CDF Headquarter Building and KGIS Dazhi Building passed ISO 50001 energy management system verification.

Note: Considering the SBT validation submitted by the Company, 2022 is used as the base year.

Energy Conservation Measures and Investment				
Energy Conservation Measures	Investment Amount (NT\$ Million)	Energy Conservation		Carbon Reduction (tCO ₂ e)
		(MWh)	(GJ)	
Replacement of air-conditioning equipment and lighting fixtures that are more environmentally friendly, energy conservation and highly efficient	3.4	232.7	837.6	115.2
Use of purchased renewable energy	26.7	4,966.8	17,880.5	2,458.6
Total	30.1	5,199.5	18,718.1	2,573.8

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. The emission factor for electricity is 0.495 (2023) kgCO₂e/kWh.

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Energy Consumption

In 2023, CDF's energy consumption was 45,843.9 MWh. The main energy consumption was from office buildings and business units, accounting for 96.6% of the total consumption; the second were gasoline used in business vehicles and Natural gas used in the employee cafeterias. The 2023 energy intensity for per capital power consumption was 13.6 GJ; the expenditure for purchased energy was NT\$ 188.4 million in 2023.

Energy Expenses				Unit: NT\$ million
	2021	2022 (Base Year)	2023	Compared with Base Year
Electricity	152.8	160.3	185.4	15.6%
Natural gas	0.7	0.7	1.2	68.6%
Gasoline	3.1	3.6	1.7	-53.1%
Diesel	0.1	0.1	0.1	-8.1%
Total	156.8	164.7	188.4	14.4%
Inventory Coverage	99.27%	96.14%	98.99%	

Note:
1. The 2023 inventory includes all domestic offices, KGI Life Insurance Beijing Representative Office and KGI Securities Hong Kong and Singapore branches; all KGI Life Insurance communication offices and KGI Securities Hong Kong and Singapore branches have been added compared to 2022.
2. Coverage rate of inventory = Number of employees (including dual contracts) under the scope of inventory / Total number of employees (including dual contracts) of the Company; the coverage rate in 2020, 2021 and 2022 is based on the statistics of all domestic locations only (excluding KGI Life Insurance's communication offices), and the scope of the domestic coverage rate in 2023 includes KGI Life Insurance's communication offices in the statistics.



Energy Consumption

	2020	2021	2022 (Base year)	2023	2023 Target
Purchased non-renewable energy / Electricity (GJ)	147,904.6	145,365.3	144,101.6	146,861.6	166,467.6
Self-Generated Renewable Energy / Electricity (GJ)	122.4	325.6	296.0	296.1	296.0
Purchased Renewable Energy / Electricity (GJ)	-	-	1,598.9	17,880.5	17,880.5
Total Electricity (GJ)	148,027.0	145,691.0	145,996.5	165,038.2	184,644.1
Per Capita Electricity Consumption (GJ)	18.0	16.0	16.8	13.0	14.0
Natural Gas (GJ)	2,975.2	2,585.1	2,327.5	4,239.6	
Gasoline (GJ)	4,189.3	3,374.5	3,878.6	3,037.5	
Diesel (GJ)	55.4	169.7	119.4	103.3	
Total Non-Renewable Energy Consumption (GJ)	155,124.5	151,494.6	150,427.2	154,242.1	
Total Energy Consumption (GJ)	155,246.9	151,820.2	152,322.1	172,418.7	
Per Capita Energy Consumption (GJ)	18.9	16.6	17.5	13.6	

Purchased non-renewable energy / Electricity (MWh)	41,084.6	40,379.3	40,028.2	40,794.9	46,241.0
Self-Generated Renewable Energy / Electricity (MWh)	34.0	90.5	82.2	82.2	82.2
Purchased Renewable Energy / Electricity (MWh)	-	-	444.1	4,966.8	4,966.8
Total Electricity (MWh)	41,118.6	40,469.7	40,554.6	45,843.9	51,290.0
Coverage	75.50%	99.27%	96.14%	98.99%	

Note:
1. MWh = 3.6 GJ; 1 GJ, 1GJ= 277.78 kWh; 1 kcal = 0.000004 GJ
2. Converted calorific value according to the "Emission Factor Table Version 6.0.4" announced by MOENV, with natural gas of 9,000 kcal/m³, gasoline of 7,800 kcal/L, and diesel of 8,400 kcal/L.
3. Per capita energy consumption = total energy consumption / number of employee (including dual contract) in the inventory scope (for details, please refer to Chapter 4 of this report for the number of employees in CDF).
4. The 2023 inventory includes all domestic offices, KGI Life Insurance Beijing Representative Office and KGI Securities Hong Kong and Singapore branches; all KGI Life Insurance communication offices and KGI Securities Hong Kong and Singapore branches have been added compared to 2022.
5. Coverage rate of inventory = Number of employees (including dual contracts) under the scope of inventory / Total number of employees (including dual contracts) of the Company; the coverage rate in 2020, 2021 and 2022 is based on the statistics of all domestic locations only (excluding KGI Life Insurance's communication offices), and the scope of the domestic coverage rate in 2023 includes KGI Life Insurance's communication offices in the statistics. At the same time, we have added overseas inventory and verified locations, and the expansion of inventory scope has led to a relative decrease in the coverage rate of inventory and verification. After adjustment, the domestic coverage rate in 2023 was 100%, the overseas coverage rate was 77.19%, and the total coverage rate of verification scope will be 98.99%.
6. Consideration of change in statistical scope, "2% goal reduction in purchased electricity target compared to 2022", estimated that the target value be achieved in 2023 = total consumption in 2022 x 98% (projected reduction of 2%) + actual consumption in 2023 for the additional scope of the inventory (all KGI Life Insurance's Communication Offices and KGI Securities' Hong Kong and Singapore Branches).

Renewable Energy Use

In support of the government's renewable energy policy, the Company procured 5,000 MWh and 4,874 MWh of renewable energy in 2022 and 2023, respectively. In 2023, CDF purchased and used 4,966.8 MWh of renewable energy, as well as the solar panels of the headquarters building of CDF and the Beimen Branch of KGI Bank generated about 82.2 MWh of renewable energy, resulting in a total use of 5,049 MWh of renewable energy, which accounted for 11.0% of the total electricity consumption of CDF, equivalent to a reduction of 2,499.3 metric tons of carbon emissions.

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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.

2023 Water Resource Management Goals and Implementation Status			
Goals	Implementation Plans and Measures	Implementation Status	Achievement status
Water consumption reduced by 2% compared to 2022	<ul style="list-style-type: none">Adopted inductive device.Adopted equipment with water-saving label.Rainwater recycling system in CDF headquarters building.Strengthened propaganda to colleagues to cherish water resources	<ul style="list-style-type: none">Water consumption in 2023 is 223.9 million liters, an increase of 4.3% compared to the 2022 total of 214.6 million liters due to an increase in overall office water consumption, the main reason is the cancellation of work from home policy due to the easing of the pandemic.	Not achieved

CDF used water for domestic use 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 2023. 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 recycling equipment was installed in CDF HQ in 2021 for lawn watering, with a design of rainfall storage and collection tank of 693.5 m³, 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					
	2020	2021	2022 (Base year)	2023	2023 Target
Total water withdrawal (Million Liter)	232.2	213.7	214.6	223.9	210.3
Total water withdrawal (Million m³)	0.23	0.21	0.21	0.22	0.21
Total water withdrawal per capita (m³ per capita)	28.3	23.5	24.7	25.3	24.2
Coverage	97.80%	99.27%	99.99%	93.81%	

- Note:
- CDF mainly uses water for domestic use, and the volume of freshwater withdrawal is equal to the volume of water discharged, so the net consumption of freshwater is 0.
 - 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.
 - 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.
 - Total water withdrawal per capita = Total water withdrawal / Number of employee (excluding dual contract) in the inventory scope (for details of the number of CDF employee, please refer to Chapter 4 of this report).
 - The scope of the 2023 inventory includes all domestic locations (excluding all KGI Life Insurance communication offices).
 - Coverage rate of inventory = Number of employees (excluding dual contracts) in the scope of inventory / Total number of employees (excluding dual contracts) of the Company.
 - 2020, 2021 and 2022 coverage rates are only based on all domestic locations (excluding KGI Life Insurance Communication Office), and 2023 coverage rates are based on global locations (excluding KGI Life Insurance Communication Office).
 - " Target reduction ratio by 2% compared to 2022 ", 2023 target = total water withdrawal in 2022 x 98% (projected reduction of 2%).

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.

2023 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 waste recycled was 291.8 tons and the total waste incinerated with energy recovery was 479.6 tons. These two accounted for 97.6% of the total waste.

Non-Hazardous Waste Statistics						Unit: Tons
Type	Item	2020	2021	2022	2023	2023 Target
Total waste recycled/ reused		204.9	218.0	247.7	291.8	247.7
Non-recycled/ reused	Landfilled	5.0	6.2	9.8	18.8	9.8
	Incinerated with energy recovery	235.0	264.5	415.1	479.6	415.1
	Incinerated without energy recovery	-	-	-	-	-
	Other disposal Method	-	-	-	-	-
	Unknown disposal method	-	-	-	-	-
	Total waste disposed	240.1	270.7	424.9	498.4	424.9
Total waste		444.9	488.7	672.6	790.2	672.6
Waste recycled/ reused + Incinerated with energy recovery Ratio		98.9%	98.7%	98.6%	97.6%	98.6%
Coverage		54.50%	99.27%	99.93%	93.81%	

- Note:
- According to the MOENV's 2021 Yearbook of Environmental Protection Statistics, the domestic average waste disposal method consists of incineration for power generation (averaging 97.7% in 3 years) and landfill (averaging 2.3% in 3 years). The table calculates the incineration and landfill quantity according to this ratio.
 - 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.
 - For CDF and CDIB and its domestic subsidiaries, the amount of waste outside the headquarters building was calculated by multiplying the amount of waste per capita in the headquarters building by the number of full-time employees; for KGI Securities and its domestic subsidiaries, the amount of waste outside the Dazhi building was calculated by multiplying the amount of waste per capita in the Dazhi building after deducting the food waste by the number of full-time employees; and for KGI Life Insurance, the amount of waste was based on the actual scales of offices.
 - The scope of the 2023 inventory includes all domestic locations (excluding all KGI Life Insurance communication offices).
 - Coverage rate of inventory = Number of employees (excluding dual contracts) in the scope of inventory / Total number of employees (excluding dual contracts) of the Company.
 - 2020, 2021 and 2022 coverage rates are only based on all domestic locations (excluding KGI Life Insurance Communication Office), and 2023 coverage rates are based on global locations (excluding KGI Life Insurance Communication Office).
 - The 2023 target is "Implement Waste Recycling Statistics", 2023 target = 2022 waste volume x 100% (Waste volume remain unchanged).
 - The increase in total waste in 2023 compared to 2022 is due to the opening of the employee cafeteria in May 2023 in the CDF headquarters building.
 - The wastes produced from CDF operations are non-hazardous wastes and the wastes does not become hazardous wastes or require special treatment.
 - 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 eco-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 effective 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.
7. CDF and CDIB provide free coffee at CDF's headquarters building, significantly reducing disposable coffee cup waste generated by take-out coffee, saving 37,894 paper cups in 2023.
8. The cafeterias in the CDF Headquarters Building and KGI Securities Dazhi Building adopted ceramic tableware and buffets for a total of 36,010 visits in 2023, so that employees can take their meals according to their needs to avoid food waste and reduce the amount of disposable food containers being disposed of.

Promotion of Paperless

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

2023 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	Compared with the base year of 2022, the reduction in A4 paper consumption is about 8.74 million sheets, which is equivalent to a reduction of 62.9 tCO ₂ e.
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	

Note:
1. According to the calculation of MOENV Carbon Footprint Information Platform: the production of one pack of 500 sheets of 70g A4 paper will produce approximately 3.6 kgCO₂e emissions.
2. The statistical scopes in 2023 are CDF, KGI Bank, KGI Securities, KGI Life Insurance and CDIB Capital Group.

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 Sustainable Supply Chain

5.2.1 Sustainable Supplier Management

The total number of CDF's major suppliers in 2023 was 254, which accounted for approximately 85.1% of the total procurement value, 98.7% of the share of local suppliers, and the signing of the "Letter of Undertaking regarding Sustainability for Suppliers" by new and major suppliers was maintained at 100%; we will continue to strengthen the sustainable management of suppliers and work together to promote a sustainable supply chain.

Supplier Management Procedures and 2023 Implementation Status:			
Management procedures	Pre-screening, evaluation, and commitment	Management and promotion	Tracking and training
Management method	<div>1. New suppliers (first transaction of NT\$500,000 or more) undergo ESG check and transaction risk assessment.</div> <div>2. New and major suppliers sign the "Letter of Undertaking regarding Sustainability for Suppliers".</div>	<div>1. Conduct annual ESG audits for major suppliers.</div> <div>2. Promote the requirements of sustainable management of suppliers in the tender and bidding documents.</div> <div>3. The standard terms and conditions of the procurement contract include integrity and penalty clauses. In case of material breach by the supplier, we are entitled to terminate the contract and claim for damages.</div>	<div>1. Supplier post-management:<ul style="list-style-type: none">Conduct key supplier human rights risk analyses and ESG due diligence.Conduct supplier audits as necessary.Conduct annual supplier evaluation on service performance.</div> <div>2. Supplier recognition and training: Annual service excellence supplier recognition, supply chain ESG presentations and sustainable development advocacy.</div>
Implementation Status	<div>1. 66 new suppliers were added, and a total of 254 major suppliers completed the check and evaluation without any trading suspension.</div> <div>2. 100% of new suppliers and major suppliers signed the "Letter of Undertaking regarding Sustainability for Suppliers".</div>	Completed 110 supplier assessments, representing an increase of about 45% over 2022.	<div>1. 12 suppliers tracked for penalties in 2022 have improved.</div> <div>2. In 2023, 2 major suppliers had environmental penalties, and 21 had labor penalties, which will be pursued for improvement.</div>

2023 Supplier Sustainability Management Results

Goals	Implementation Plans and Measures	Results
Enhancement of Supplier Sustainability Management	<div>1. Revision of the Letter of Undertaking regarding Sustainability for Suppliers</div> <div>2. Enhancement of the Supplier Human Rights and ESG Due Diligence Checklist</div> <div>3. Enhancement of supplier human rights risk mitigation and management measures</div> <div>4. Addition of key supplier and supplier site audits</div> <div>5. Continuously educate suppliers on the Company's human rights and sustainable development policy and supplier engagement</div>	<div>1. Revision of the Letter of Undertaking regarding Sustainability for Suppliers: Added the contents of bribery and acceptance of bribes to strengthen the commitments related to suppliers' integrity and business ethics.</div> <div>2. Supplier Human Rights and ESG Due Diligence Checklist: Enhanced the assessment items on workplace injury prevention, absenteeism statistics, fair trade and honest business practices, sustainable development, and social care.</div> <div>3. Supplier human rights risk mitigation and management measures: Conducted human rights risk assessment of high-risk construction suppliers, and added mitigation measures such as the need to take out comprehensive construction insurance, provide qualified engineering management professionals' licenses, require performance Deposits, and comply with occupational safety and health regulations, etc., so as to appropriately increase the tolerance level of accidental risks and continuously mitigate supplier human rights risks.</div> <div>4. Key supplier and supplier site audits:<ul style="list-style-type: none">For the first time, two key suppliers were selected for on-site audits. The verification items covered environmental protection (environmental policy, energy management, and water resource management's goals and achievements, etc.) and supplier human rights, and the results of the on-site audits were good, with no violations of law, and in compliance with the requirements for sustainable management of suppliers of CDF.The relevant subsidiaries have conducted supplier audits for a total of 26 suppliers (the same as the 27 suppliers in 2022) as required by laws and regulations or relevant operating rules.</div> <div>5. CDF supplier conference: Organized awards for outstanding service suppliers, speeches on sustainable management of suppliers, interactive exchanges on ESG of suppliers and post-conference promotion on sustainable development of suppliers.</div>
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	98.7% share of local suppliers, a slight increase from 97.3% in 2022.
Amount of green procurement up 5% compared with 2022.	Increase green procurement items and coverage, participate in government agency or external screening	<div>1. Green procurement amounted to NT\$360 million in 2023 (including the total amount of green procurement awards of about NT\$180 million and the total amount of procurement of 4 ISO certified projects with energy saving and carbon reduction of about NT\$180 million), which was better than expected. 2023 green procurement accounted for about 19.8% of the total amount of green procurement, which is a slight increase compared with 17.3% in 2022.</div> <div>2. CDF and KGIL continuous awarded by Taipei City Department of Environmental Protection with Green Procurement award, green procurement award from MOENV, and MOEA Buying Power Award.</div>
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 110 suppliers, including 4 Grade-A (best) companies, 93 Grade-B (better) companies, 13 Grade-C (average) companies, and no Grade-D or Grade-E companies. The overall evaluation score was 4.3 points, compatible to the 4.1 points in 2022.

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Sustainable Supply Chain Management

1. New supplier evaluation and assessment:

All new suppliers and major suppliers of CDF in 2023 have completed ESG information check and transaction risk assessment on:

- Tax credit status
- Environmental hazard records
- Records of labor human rights penalties
- Government procurement blacklist
- Litigation cases in the Judicial Yuan (criminal and administrative cases))

Signing of confidentiality agreement, information security declaration, and personal information notification letter by new suppliers and major suppliers.

2. Promoting suppliers' commitment to sustainable responsibility:

CDF continues to encourage 100% of its new suppliers and major suppliers to sign the "Letter of Undertaking regarding Sustainability for Suppliers", which stipulates that " To comply with our and CDF's policies in relation to corporate sustainability and code of ethics; and if it is verified that we commit any breach of policies, cause major impact on environment and society or have unethical behavior, CDF may terminate or cancel the contracts between CDF and us in accordance with the terms and conditions of the contracts ". The Company has signed 100% of the agreements by 2023 and there is no breach of the agreements.

Ratio of New and Major Suppliers Signing "Letter of Undertaking regarding Sustainability for Suppliers"			
Year	2021	2022	2023
No. of New Suppliers	151	125	66
No. of Major Suppliers	279	274	254
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.

3. Results of Supplier Human Rights Risks and ESG Due Diligence (Issues of Concern to Suppliers and Cooperatives):

Unit: points (1~5, 5 is Best)				
No.	Concerned Issues	Content	Permanent and Contractual Employees	Associates
1	Importance to human rights in labor	Prohibition of child labor and human trafficking, emphasis on humane treatment (sexual harassment, bullying and discrimination), avoidance of forced labor, and protection of the rights and interests of vulnerable groups at work (women, Indigenous peoples, third-party contract workers, migrant workers, etc.).	4.94	4.84
2	Personal data protection and fair treatment	Protection of personal data, privacy and information security, protection of freedom of association and collective bargaining rights, and avoidance of labor disputes or strikes. Commitment to equal pay, training and promotion opportunities, and the provision of remedies for grievances.	4.87	4.73
3	Workplace safety and health	Construction of a healthy and safe working environment, provision of education and training on labor safety, environmental hygiene, prevention of sexual harassment, prevention of workplace injuries, and response to occupational disasters, as well as the establishment of a channel for employees to file complaints, and the prevention of accidents or violations of human rights.	4.91	4.68
4	Work-Life balance	Compliance with labor and occupational safety and health laws and regulations, systems/measures for working hours, extended working hours, leave and absenteeism statistics, and timely and full contribution to the labor retirement fund to avoid overtime work and maintain work-life balance for employees.	4.84	4.54
5	Penalties for labor rights violations and environmental hazards	1. The supplier has no record of labor penalties in the self-assessment year. Inquiry system for business units (employers) violating labor laws: https://announcement.mol.gov.tw/ 2. The supplier has no record of environmental penalties in the self-assessment year. Inquiry system for regulated pollution sources (including penalty records): https://prtr.moenv.gov.tw/index.html	4.92	4.06
6	Reducing operational risk in response to climate change	Take out group insurance, labor insurance, commercial fire insurance, product liability insurance, public accident insurance and premises management insurance, etc., in order to reduce operational risks or increase risk tolerance. Identify the risks and opportunities that climate-related risks may bring to the company's operations and establish operational backup facilities or uninterrupted operation measures.	4.82	4.06
7	Environmental protection, energy saving and carbon reduction measures	Continuously respond to environmental protection and energy conservation and carbon reduction to avoid environmental hazards or violations of environmental regulations. Set greenhouse gas reduction targets and implement specific reduction measures and establish an environmental management system to minimize environmental damage.	4.88	4.94
8	Acquisition of environmental labels or ISO certificates	Products or services manufactured or sold have obtained domestic and international environmental labels and ISO certifications (ISO 14001, ISO 50001, ISO 14064-1, ISO 14067) related to energy conservation and carbon reduction and have been publicly disclosed.	4.81	4.87
9	Fair trade and integrity	Suppliers follow the principles of integrity management, including but not limited to integrity management, fair trade, open information, intellectual property rights, avoidance of improper gains, bribes and acceptance of bribes, improper donations/sponsorships, leaking/inquiring of other parties' secrets, and inaccurate advertisements.	4.92	4.50
10	Sustainability and social care	The company has published a sustainability report or formulated a sustainability policy, and the supplier has taken practical actions in the year of self-assessment, such as social welfare and caring for the disadvantaged.	4.85	4.41
Overall self-evaluations score			4.88	4.56

Note:
1. In 2023, the prevention of work-related injuries, absenteeism statistics, fair trade and integrity, and sustainable development and social care are added to concerned issues of the assessment.
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.

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4. Human Rights Risk Assessment of Major Suppliers

In 2023, a total of 254 major suppliers have undergone human rights risk assessment to understand the overall situation of labor human rights sanctions imposed on major suppliers. Only some of the suppliers have been fined by the competent authorities for labor hours and health and safety workplaces, while the situation of major labor human rights risks and forced labor is relatively low. There have been no cases of suppliers terminating contracts or suspending rights due to serious labor rights penalties (a single supplier with a single penalty of up to \$1 million is considered to be a serious penalty).

Year of Identification	2021			2022			2023		
Supplier human rights risk assessment	Category 1	Category 2	Category 3	Category 1	Category 2	Category 3	Category 1	Category 2	Category 3
Supplier Type/ Identification Scope	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
Others and services	14	2	None	12	1	None	14	1	None
Information Equipment and Services	7	None		3	None		3	2	
Construction	1	1		None	4		2	5	
Paper and prints	None	None		None	None		None	1	
Electronic appliance and equipment	None	None		1	1		6	None	
No. of suppliers penalized for the entire year	25			21			21		
Total no. of major suppliers	279			274			254		
Percentage of labor penalties	8.96%			7.66%			8.27%		

5. Environmental Hazards of Major Suppliers

In 2023, the risk assessment of environmental hazards of major suppliers has been conducted, and only one convenience store has been fined by the competent authority for violating the Air Pollution Control Act, while the others were low environmental hazard, and the risk of severe environmental hazards is relatively low, and there has not been any case of termination of contract or suspension of rights of the supplier due to the significant environmental hazards (a single fine of up to \$1 million by a single supplier is regarded as the significant hazards).

2023 Major Supplier Human Rights Risk Assessment:

Supplier human rights risk assessment items	Supplier type	Construction	Information services	Other services	Information equipment	Electrical appliances and equipment	Paper and prints	Transportation and communications	Office supplies	Total
	Labor intensity	High	Mid	High	Mid	Mid	Mid	Mid	Low	
	Number of suppliers	36	108	51	27	14	7	8	3	
	Percentage	14.17%	42.52%	20.08%	10.63%	5.51%	2.76%	3.15%	1.18%	
Supplier human rights risk mitigation and management measures	Signing of "Letter of Undertaking regarding Sustainability for Suppliers"	v	v	v	v	v	v	v	v	
	Requirement to take out comprehensive engineering insurance, provide licenses for qualified engineering management professionals, require performance deposits, and comply with occupational safety and health regulations for engineering tenders	v								
	Continuous public accident insurance	v	v	v	v	v	v	v	v	
	Completion of the "Supplier's Human Rights Risk and ESG Self-Assessment Form"	v	v	v	v	v	v	v	v	
	Improvement tracking for suppliers who were fined in the previous year	v	v	v	v	v	v	v	v	
	Supplier ESG awareness and regular training	v	v	v	v	v	v	v	v	
Number of supplier rights risk assessment		28	101	40	26	10	5	5	2	217
Percentage of supplier's human rights risk assessment		77.78%	93.52%	78.43%	96.30%	71.43%	71.43%	62.50%	66.67%	85.43%
Human rights risk and ESG performance of the supplier		4.88	4.90	4.81	4.88	4.91	4.84	4.92	4.70	4.88
Human rights risk and ESG performance of the supplier's Cooperatives		4.70	4.50	4.56	4.62	4.56	4.64	4.76	4.65	4.56

Items \ Year	2021	2022	2023
Severe Environmental Hazard	None	None	None
Moderate Environmental Hazard (Air / Water Pollution Control Act)	None	None	1
Low Environmental Hazard (Waste Disposal Act)	None	None	2
Minor environmental hazard (Environmental Cleaning)	None	1	None
Number of suppliers penalized for environmental protection	None	1	2
Total number of suppliers	279	274	254
Percentage	0.00%	0.36%	0.79%

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6. Improvement tracking for suppliers that were fined in the previous year:

In 2022, only one supplier was fined for environmental hazards, and no significant environmental hazards occurred. There were 12 suppliers that were fined for labor human rights, and all of them have paid the fines or made relevant improvement plans, and there were no cases in which the suppliers applied for petitions to the fining authority.

7 .Supplier recognition and training:

The Company selects the best service provider of the year based on the annual evaluation results, due diligence and ESG self-assessment, environmental protection/labor penalties, green procurement, ESG and social welfare care, and the closeness of cooperation with CDF. After three stages of evaluation, we have selected the following list of top service providers for 2023, which will be publicly commended and provided to the demand units for priority consideration/adoption.

「Best Supplier」 (3 suppliers): Tatung System Technologies Inc., MMXtion Technology Co., Ltd., SYSJUST CO., LTD.

「Excellence Progress Award」 (1 supplier): Metaage Corporation

「Green Partner Award」 (1 supplier): Systex Corporation

CDF has set up communication channels such as a dedicated mailbox for "CDF Procurement Management" on its official website, and held the 2023 Supplier Conference on April 22, 2024 (World Earth Day), with the following activities:

- 1. 2023 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.



8 .Supplier Integrity Implementation Process:

Items \ Year	2023	2020~2022	2016
"Letter of Undertaking regarding Sustainability for Suppliers"	From May to June 2023, the 4.1 of the Company's "Letter of Undertaking regarding Sustainability for Suppliers" was added to include bribery and acceptance of bribes, improper donations, or sponsorships, etc., to strengthen suppliers' commitment to honest business ethics.	2020 : Amendment to add 1.IV "To comply with our and CDF's policies in relation to corporate sustainability and code of ethics; and if it is verified that we commit any breach of policies, cause major impact on environment and society or have unethical behavior, CDF may terminate or cancel the contracts between CDF and us in accordance with the terms and conditions of the contracts." 2022 : "Letter of Undertaking regarding CSR for Suppliers" renamed as "Letter of Undertaking regarding Sustainability for Suppliers".	In July 2016, the " Procedures for Supplier's Corporate Social Responsibility " and the attached " Letter of Undertaking regarding CSR for Suppliers " were newly formulated to incorporate issues of concern, such as ethical business practices, in order to jointly endeavor to work with suppliers for the sustainable development of the economy, society and the environment.
Honest business practices terms and penalties added to the procurement contract	Same as right.	Amendments to be made to part of the clause.	In order to strengthen suppliers' corporate social responsibility, from 2016 onwards, the Company has automatically attached a standard clause to its procurement contracts, under which the Company may request compensation of 20% of the total contract price in the event of a breach of the "Integrity Management" principle, and the Company may terminate or dissolve the procurement contract in the event of a breach of the "Corporate Social Responsibility" principle or dishonest behavior which has caused significant impacts on the environment and the society.

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5.2.2 Responsible Procurement

1. In 2023, none of our suppliers delivered poor quality or environmentally hazardous products, and at the same time, we supported social enterprises by purchasing socially and environmentally friendly products, which awarded first prize of "Buying Power", and has been recognized for the fifth time by the award.

We continue to promote the "Responsible Procurement Policy" with three key policies:

01. Identify practical needs principles: Necessary but not excessive to avoid waste.
02. Green Procurement, energy conservation and carbon reduction:
 - Given priority to equipment or products that are low-pollution, low-energy consuming, recyclable, environmental label, and avoided purchasing disposable items. The 2022 green procurement maintains incentives for suppliers to acquire or sale green mark products in Taiwan and abroad, incorporating four transaction statistics of suppliers with ISO certifications (ISO 14001, ISO 50001, ISO 14064, and ISO 14067) related to energy saving and carbon reduction.
 - Continuous participation in the Green Procurement Awards for government and external organizations for many years.
 - Continuous implementation of fixed recycling measures for packaging cartons, empty bottles, and photocopier toner cartridges.
03. Local Procurement:

CDF actively purchase from local suppliers in Taiwan to reduce unnecessary waste and resource consumption during the transportation of products and to promote local economic development. The proportion of local procurement is about 98.7% in 2023.

2. Green Procurement:

Since 2016, CDF has responded to the government and the actual green procurement carried out, the actual procurement amount has reached NT\$360 million by 2023, including the total amount of green procurement awards of approximately NT\$180 million and the total amount of procurement with four ISO certified projects for energy saving and carbon reduction of approximately NT\$180 million; the proportion of green procurement in 2023 was approximately 19.8%, representing a slight increase compared with that of 2022, which was approximately 17.3%. The Company's procurement-related awards in the past years are as follows.：

ESG	Award / Year		2023	2022	2021	2020	2019	2018	2017	2016
Environment	Green Procurement Award from Taipei City Department of Environmental Protection	CDF	✓	✓	✓	✓	✓	✓		
		KGIL	✓	✓	✓	✓	✓	✓	✓	✓
	Green Procurement Award from MOENV	CDF	✓	✓	✓	✓	✓			
		KGIL	✓	✓	✓	✓				
Social	MOEA Buying Power Award	CDF	1st	1st	3rd	2nd	3rd			
		KGIL	1st	1st	Support Award	3rd	2nd	1st	2nd	



CDF won the Buying Power Award

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3. 2023 Implementation Measures (monthly compilation of statistics):

Categories	No.	Items for Green Procurement	Related Environmental Labels	2023 Actual Procurement
Necessary Items for Green Procurement	1	Server, PC, NB, monitor and other equipment that fully adopted Energy Star or Green Mark.	Energy Star	Server, NB, monitor, iPad, and storage device, etc.
			Green Mark	PC
	2	Photocopying paper that are all paper products with FSC, PEFC and other Eco-label.	PEFC	Photocopying paper
	3	Leased photocopiers and their toner cartridges of assorted colors, and drum cartridges with Green Mark.	Green Mark	Photocopiers, toner cartridges, and drum cartridges, etc.
	4	All fixtures are either LED or Energy Label certified.	Energy Label	Various types of LED lights
Priority Items for Green Procurement	1	Priority given to leasing vehicles with Green Mark and Energy Label products.	Energy Label and Green Mark	Leasing of executive cars, leasing of official cars for business units.
	2	Priority given to green building materials and water-saving labels for renovation building materials.	Green building materials or Water Label	Paint, fire-resistant and environmentally friendly panels, and sanitary equipment, etc.
	3	Priority for services is given to Carbon Reduction Label and carbon footprint certified suppliers or National Renewable Energy Certification Center certified renewable energy.	T-REC	Renewable energy
			Carbon Footprint Label	HSR, Insurance service and travel agency, etc.
	4	For office supplies, priority given to Green Mark or paper Eco-label certified products.	Green Mark	Hand sanitizer, and dishwashing detergent, etc.
			FSC	Paper towels, toilet paper, and festive prints, etc.
	5	Priority given to equipment or electronic appliances with Green Mark, Energy Label or Energy Star.	Green Mark	Projector
			Energy Label	Refrigerator, water dispenser, and air conditioning, etc.
			Ministry of Economic Affairs "Energy Efficiency Qualification for Chillers"	Air conditioning, chiller
	6	Priority given to the consideration and incentive for suppliers or products and services acquiring energy conservation and carbon reduction related ISO certification.	ISO 14001、ISO 50001、ISO 14067、ISO 14064-1	Office furniture, office equipment, IT services, operational services, network equipment, etc.
Green procurement achievements	In 2023, the amount of goods with domestic and foreign environmental labels accounted for 51% of the total green purchases, a significant increase from the 37.5% in 2022, showing that the gradually emerging green sustainable Influences of CDF.			

Green Procurement Performance				
Green Procurement Category \ Year	Procurement Amount Range	2021	2022	2023
Information Equipment	NT\$ 30 million and above	54.5%	19.8%	13.3%
Information Supplies	NT\$ 12 million and above	9.7%	4.2%	5.3%
Transportation (electric / hybrid leased cars, etc.)	NT\$ 6 million and above	5.3%	4.0%	5.9%
Electronic Appliance	NT\$ 3 million and above	7.2%	0.9%	2.6%
Building Materials and Lighting / Construction Project	NT\$ 3 million and above	19.7%	2.9%	1.2%
Paper/Printer and photocopier/Others	NT\$ 3 million and above	2.1%	5.4%	4.6%
HSR / Carbon Footprint Label services / renewable energy	NT\$ 3 million and above	1.5%	1.4%	18.3%
The transaction amount with suppliers of the four energy-saving and carbon-reduction related ISO certifications	NT\$ 30 million and above	Not implemented	61.4%	48.8%
Total		100%	100%	100%

Note: In 2023, capital expenditures such as the purchase of information technology equipment and the construction of the building were reduced due to the impact of not reaching the end of the property's useful life, while expenditures on paper and supplies were reduced due to the implementation of paperless and a number of energy-saving and carbon-reducing measures, resulting in a decrease in the total amount of green purchases in 2023 as compared with that in 2022.

Local Procurement Performance			
Year	2021	2022	2023
Procurement Ratio of Local Suppliers	98.4%	97.3%	98.7%

Note:
1. Local suppliers refer to those with company registration in Taiwan.
2. 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.

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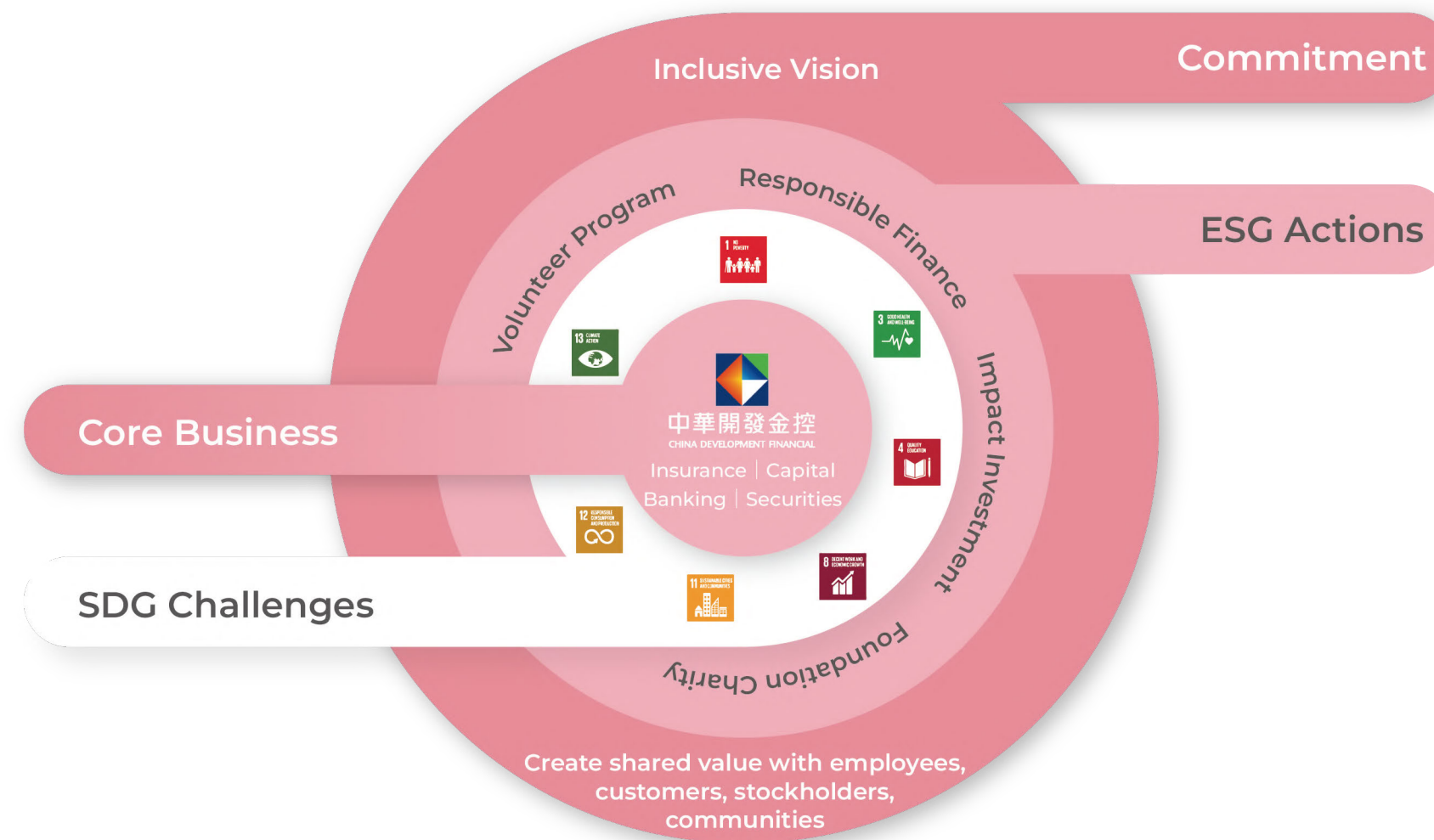
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The CDF "Inclusive Vision" project aims to understand the needs of local communities through the work of the Group's volunteers, and by cooperating with social enterprises, assist establishing local sustainable support system, in order to promote intergenerational 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 2023, CDF expanded its implementation of the "Regional Revitalization Volunteer Tours". This program allowed colleagues to immerse themselves in local towns and provide volunteer services. In addition to collaborating with long-standing regional revitalization partners such as CAN Culture, Art and Nature, Plahan Symbiotic Community Hub, Happy Food, and Shuan Lian Pear Corporation, new partnerships were formed with Nantou Ren'ai Township's Nanfeng Community Development Association and Yilan Toucheng's Goldfish Cottage. In total, six regional revitalization teams were involved in promoting regional revitalization in northern, central, southern, and eastern Taiwan. Over 1,000 colleagues participated in these efforts. They accompanied nearly 150 disadvantaged children and assisted over 100 vulnerable elderly individuals. This not only enhanced the brand awareness and revenue of the collaborating regional revitalization teams, but also established a new model for corporate participation in local revitalization. It marked a new milestone in Taiwan's balanced urban-rural development.

In addition, CDF's subsidiary, CDIB Capital Group, actively supports the development of regional revitalization in Taiwan through Public-Private Partnership (PPP). For the first time, it has launched the "Incentive for Regional Revitalization Action Plan". Building on the National Development Council's "Incentive for Youth Participation in Regional Revitalization Action Plan", CDIB Capital has selected ten outstanding teams with potential. Leveraging their extensive investment experience and industry networks, CDIB Capital assisted the regional revitalization teams in enhancing their corporate cooperation and business transformation capabilities, thereby laying the foundation for sustainable development.



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Four Focus Areas of "Inclusive Vision"				
Focus Area	Implications	Society Stakeholders	Communication Approach	Intermediate to Long-Term Targets
Promote intergenerational collaboration	Leverage our expertise in finance to cultivate and accompany local youth and capable elders to start businesses or develop new business opportunities	Local youth, elders, government agencies, social enterprises, employees, local non-governmental organizations, customers	<ul style="list-style-type: none">Devise intergenerational collaboration models in partnership with social enterprisesInvite customers and partners to jointly support regional revitalization team.Hold financial training workshops for local youth.Invite corporate volunteers to participate in local activitiesParticipate in and support activities held by organizations of regional revitalization.Use the media and social networks to promote the collaboration between CDF and regional revitalization teams to customers.	<p>Intermediate Term (2025-2026):</p> <ul style="list-style-type: none">Establish 3 to 5 successful collaboration casesCreate over 100 job opportunities. <p>Long Term (2027-2028):</p> <ul style="list-style-type: none">Assist in cultivating over 30 regional revitalization managersLeverage financial products to encourage customers to participate in regional revitalization.
Take care of the elderly	Empower the elderly to obtain economic, social, and health resources through volunteer work and corporate core competencies and create a senior-friendly society	Local elders, social enterprises, employees, charitable organizations, customers	<ul style="list-style-type: none">Communicate with local charitable organizations to understand their needsHold financial literacy seminars for the elderlyWork with social enterprises to realize social design for seniorsHold volunteer training in the company on services for the elderlyPromote the accomplishments of CDF to customers through the media and social network	<p>Intermediate Term (2025-2026)::</p> <ul style="list-style-type: none">Work with local teams to establish 1 to 2 successful models of empowering the elderly to live a better lifeCumulative service to over 300 elderlyEnhance the recognition and appeal of CDF among the elderly <p>Long Term (2027-2028):</p> <ul style="list-style-type: none">Replicate successful models of empowering the elderly to more regionsProvide the elderly more financial protection through integrating life insurance, trust, and other products.
Seek common good with the disadvantaged	Build a social security network and improve it through volunteer work and inclusive finance.	Vulnerable children/people, rural children/people, charitable organizations, social enterprises, employees, customers	<ul style="list-style-type: none">Work with charitable organizations and social enterprises to hold charitable activities for vulnerable and rural children.Hold volunteer activities/diverse education courses for disadvantaged childrenHold financial education seminars for the disadvantagedPromote the accomplishments of CDF to customers through the media and social networks	<p>Intermediate Term (2025-2026):</p> <ul style="list-style-type: none">More than 10,000 children in rural areas benefit every year.Work with more than 300 schools every year to help disadvantaged schoolchildren <p>Long Term (2027-2028):</p> <ul style="list-style-type: none">Combine resources of social enterprises and non-profit organizations to help establish regional support systemsInvite customers to support the disadvantaged communities
Coexist with the environment	Promote local environmental sustainability through environmental symbiosis initiatives and practices.	Regional revitalization teams, environmental protection organizations, social enterprises, employees, schools, customers	<ul style="list-style-type: none">From self-practice promotion to joint action with stakeholders, CDF continuously organizes activities related to carbon reduction and achieving net zero emissionsAssist local small farmers in production and sales, and promote sustainable agriculture that is friendly to the environmentConduct initiative and practice of collaborating with social enterprises to promote the circular economy and actively promoting circular economy educationPromote CDF actions through media and social networking to customers	<p>Intermediate Term (2025-2026):</p> <ul style="list-style-type: none">Successfully launch 1 to 3 environmental symbiosis initiativesImprove CDF's corporate citizenship image.Lead customer in joint participation of environmental protection activities <p>Long-Term (2027-2028):</p> <ul style="list-style-type: none">Create a net zero ecosystem and business opportunities with the regional revitalization teams

Total Investments in Charitable Projects in 2023			
Year	2021	2022	2023
Cash Contributions	NT\$99.72 million	NT\$101.08 million	NT\$138.1 million
Time: Employee Volunteering During Paid Working Hours	NT\$36 million 44,471 volunteer hours	NT\$48.46 million 77,660 volunteer hours	NT\$69.73 million 102,238 hours
In-kind Giving: Product or Service Donations, Projects/partnerships or Similar	NT\$5.8 million	NT\$4.08 million	NT\$3.59 million
Management Overheads	NT\$9.25 million	NT\$12.53 million	NT\$22.83 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 – KGI Life's 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 KGI Life 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.

Seek common good with the disadvantaged

CDF responds to SDGs with specific actions, including 1s 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. Continuously hold carbon reduction and net zero related activities, promoting from self-practice to joint action with stakeholders.
- 2. Assist local independent farmers with production and sales in Taiwan, and promote sustainable agriculture featuring environmentally friendly farming methods.
- 3. Cooperate with social enterprises to advocate and implement circular economy, and actively promote circular economy education.
- 4. 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

Subsidiary/ Organization	Action Plan	Issues to be Addressed	Intermediate to Long- Term Targets (Intermediate: 2025-2026 Long Term: 2027-2028)	Stakeholder Groups	Business Benefit	Social Benefit
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 participationConduct strategic partnership with the six regional revitalization teams in north, central and south of Taiwan, and create business opportunities between CDF and regional revitalization teams through in-depth participation by employees.By utilizing the influence of financial media and social networks, we have effectively enhanced the media coverage and brand recognition of CDF and the regional revitalization team. A total of 48 relevant posts were published, reaching an audience of over 3.5 million people and generating more than 12 million impressions. Furthermore, we have achieved nearly 40,000 interactions.	<ul style="list-style-type: none">The collaboration has generated over 3 million dollars in revenue and attracted over 1,000 visitors for the six regional regeneration teams.Accompanied 150 underprivileged children, benefited 100 elders, and created 9,000 hours of volunteer service.Volunteers assisted in the construction/repair of chicken coops in the tribal areas of Taichung's Heping District, creating a production of at least 3,000 eggs per month. This can increase the annual income by nearly one million NTD, aiming to enhance the economic independence of the elders.
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 & NatureExpand 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 lifeEncourage 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	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 2023 was NT\$2,702,569,551, provided to a total of 3,605 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 incubation of Taiwanese startups. In 2023, CDIB Capital launched the CDIB Innovation Accelerator Tokyo Office to assist startups in establishing a foothold in Taiwan and stepping into overseas markets.	Startup companies	<ul style="list-style-type: none">Discover potential startups in Taiwan and Japan, and invest resources in themHeld a total of 114 seminars on innovation and entrepreneurship in Taiwan and Tokyo in 2023, with a total of 1,948 participants; held a total of 12 one-day startup board meetings	Facilitate the establishment of new businesses between Taiwan and Japan and assist in resolving operational challenges encountered during the entrepreneurial process across borders

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 3.1.3 Responsible Investment Performance.

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. 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. As of the end of 2023, CDF has held a total of 40 "Regional Revitalization Volunteer Tours". In addition to the regional revitalization teams that CDF has long supported, such as CAN Culture, Art and Nature, Plahan Symbiotic Community Hub, Happy Food, and Shuan Lian Pear Social Enterprise, it has also added Nanfeng Community Development Association in Nantou Ren'ai Township and Yilan Toucheng's Goldfish Cottage. In total, it has cooperated with six local revitalization teams, attracting more than 1,000 colleagues from all over Taiwan to participate, accompanying nearly 150 disadvantaged children, helping over 100 underprivileged elderly people. Furthermore, they have helped increase the egg production value for tribal elders by approximately NT\$1 million annually and generated over 12 million exposures on social media. The "Regional Revitalization Volunteer Tours" have introduced a new model for corporate involvement in local revitalization. This initiative not only advances the company's ESG efforts but also provides business opportunities and social support for regional revitalization teams, fostering balanced development between urban and rural areas in Taiwan.



CDF volunteers assisted in rebuilding homes in the Nanfeng community of Ren'ai Township, Nantou County, after a typhoon

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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: 2025-2026 Long Term: 2027-2028)	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	Build a successful model and replicate in other regions	Elders and their families	<ul style="list-style-type: none">The collaboration between CDF and Plahan in 2023 was honored with the Special Award for "PwC's Sustainability Impact Award"This helps CDF colleagues better understand the actual needs of the elderly and the challenges faced by long-term care, and concretely implements the principle of fair treatment to customersIt provides significant assistance for the design of future long-term care related products and servicesBy leveraging the influence of media and social networks, the brand image is strengthened. So far, we have published six press releases and 24 related posts, reaching over 2 million people and generating more than 6 million impressions	<ul style="list-style-type: none">Assist disadvantaged elderly and persons with disability in tribes of Heping District, Taichung City to repair six chicken coops, compost facilities, and create monthly productivity of 3,000 eggs per month, eventually accomplishing the target of financial independence.By supporting Plahan to establish the successful "All in One" elderly caring model in the tribe of Taichung's Heping District, we promote the aging lifestyle of happy aging and intergenerational collaboration
KGI Life	Dementia-friendly initiatives	Aging population, super-aged society, dementia prevention and care, dementia financially-friendly	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">KGI Life and Taiwan Alzheimer's Disease Association's (TADA) jointly promoted a society that is supportive of individuals with dementia. Furthermore, CDF incorporated the "Dementia-Friendly Financial Course" into the mandatory training program for all internal employees in the fiscal year 2023 and the completion rate reached 100%. Field staff were also involved in the learning process, fostering employees to become ambassadors for dementia-friendly practices in the aging society.	<ul style="list-style-type: none">In collaboration with TADA, KGI Life has become the first insurance company to launch the "Elderly Customer Friendly Service Guide". In 2023, KGI Life donated 1,000 sets of anti-wandering keychains
KGI 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	Continue to upgrade the care services to aging groups, expanding KGI Life's social influence	Disadvantaged elderly and persons with disabilities in rural areas	KGI Life has collaborated with local organizations that support the elderly to promote anti-fraud campaigns. The objective is to improve the understanding of basic insurance among residents in remote areas, tribal communities, and vulnerable seniors. This initiative aims to bridge the gap between urban and rural areas and safeguard the elderly from falling prey to scams. By furthering its dedication to social responsibility, KGI Life aims to strengthen its brand reputation.	<ul style="list-style-type: none">In 2023, a total of 17 financial fraud prevention education events were organized for elderly residents in remote areas and for vulnerable groups.
KGI Life	KGI Life X Yang-le Duo-Fu Health Empowerment	Population aging, super-aged society, tourism equality, barrier-free accessibility, healthy aging lifestyle	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	KGI Life is proactive in addressing the challenges of an aging society and is dedicated to offering policyholders value-added health services. The company aims to transition its focus from post-claims settlement to health promotion and prevention, thereby enhancing its brand value and attracting potential life insurance customers.	<ul style="list-style-type: none">In 2023, KGI Life expanded its customer health value-added services and took the lead in cross-industry collaboration with the "Yang-le Duo-Fu Club"
KGIB	Dementia-Friendly Initiative	Super-aging society, prevention of dementia, financial services for dementia-friendly individuals	Intermediate-term Targets: Accomplish the goal of all branches of KGI Bank joining in the "Dementia-friendly Organization" and motivate colleagues to become dementia-friendly ambassadors Long-term Targets: Continuously improve the professional competence and mindset of all staff members in providing services to customers with dementia and the elderly, aiming to create a compassionate and heartwarming service experience	Elderly customers, customers with dementia or suspected dementia, and their families	<ul style="list-style-type: none">In order to enhance the promotion of services for elderly and dementia clients among colleagues, KGIB aims to raise awareness and understanding of dementia among supervisors and colleagues through various means. Our target is to establish a culture of empathy within the organization, while also providing financially-friendly services to ensure fair customer treatment and enhance the brand's trustworthiness.Internal Culture Promotion - Responding to the International Dementia Month in September, all 51 branches across the country have set up a single friendly service window and arranged for the Taiwan Alzheimer's Disease Association to conduct a 1.5-hour training course on friendly financial services for people with dementia, including face-to-face or telephone customer service response methods, to enhance colleagues' ability to identify customers with dementia or suspected dementia. All 2,445 employees of KGI Bank have completed the training.	<ul style="list-style-type: none">Eleven branches and the head office of KGI bank have joined the "Taipei Dementia-Friendly Organization." Each branch has established a dedicated service counter to actively assist with friendly services, including providing information, answering questions, handling requests, and reporting dementia cases. KGI Bank is dedicated to being a reliable partner in the community, ensuring the safety of the neighborhoods.

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

The Plahan Symbiotic Community Hub is committed to promoting the practice of mutual-aid care service model in the tribes along Da-an River in Heping District, Taichung City. 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. The Tribes along the Da-an River in the Heping District of Taichung have been supported by CDF since 2021 in promoting innovative care and symbiotic models. Through the joint construction of various spaces with Plahan, such as the Tribal Art Museum, the Chicken Race Track, and the Community Brick Kiln, intergenerational communication and interaction are fostered, increasing opportunities for physical activity and socialization among the elderly and delaying disability. Simultaneously, it also enhances children's sense of belonging to the community, planting the seeds for them to stay or return to their hometown in the future. Starting in 2022, CDF has collaborated with Hen and Traveler, a social enterprise, to support the elderly in the tribe in raising chickens and selling eggs. With the continuous assistance of corporate volunteers, at least 3,000 eggs are added to the tribe's production every month through the repair of chicken coops. This helps the elderly in the tribe gradually achieve economic independence and improve their quality of life. Additionally, CDF also supports the construction of the first elderly day care center in the Da-an River, allowing young people to work with peace of mind during the day and increasing their willingness to return to their hometown. The collaboration between CDF and Plahan received the PwC Sustainability Impact Award from 2023.



CDF volunteers constructed a chicken racing track for the elders of the tribe

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CDF	Volunteer service project	Lack of resources in rural areas, COVID-19 impact on volunteer recruiting	Intermediate-term: Increase volunteer service hours to an average of 7 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 societyImprove the corporate brand popularity	In 2023, the total number of volunteer service hours reached 102,238 hours, up 32% compared with previous year, benefiting over 10,000 people
KGIS	"Toy Bank" volunteers	Rural kindergartens and disadvantaged agencies lack of learning game aids	Continuously 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	Enhance corporate brand image	In 2023, a total of 2 online lectures and 12 physical volunteer activities were conducted, with a participation of 285 people.
KGIS	Food Bank volunteers	Lack of food and essential resources for underprivileged children and the elderly	Call for volunteer to help with second-hand toy sorting, classification and cleaning, extending the value of toys by bringing resources to rural kindergartens and disadvantaged agencies.	Food banks for impoverished children and the elderly	Enhance corporate brand image	In September 2023, a total of 900 boxes of supplies were packaged, with 28 participants.
KGIS KGIB	Blood donation	Mitigating blood shortages to assist in emergency relief	Every year, blood donation events are organized to recruit colleagues as volunteers for blood donation activities. Simultaneously, they are encouraged to actively donate blood to help alleviate the problem of blood shortage.	Medical hospitals and clinics, patients receiving blood donation	Enhance corporate brand image	<ul style="list-style-type: none">KGI Securities: In 2023, a total of two blood drives were held, collecting 173 bags of blood from 160 people.KGI Bank: In 2023, the bank held a blood drive at its Zhonghe Building and successfully received 111 bags.
KGIB	KGI-Inside Charity Donation Platform	Higher transaction fees for donation via regular bank fundraising	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	Strive to make public welfare organizations potential customers for KGI Bank's salary transfer business	<ul style="list-style-type: none">In 2023, KGI Bank supported 80 social welfare organizations in raising over 190,000 donations, amounting to more than NT\$240 million. The transaction fee for online donations was reduced by 80%.
KGIB	Volunteering activities at charity institutes	The institutes face personnel shortage in daily operations	Intermediate to long-term: Encourage employees to devote in volunteering services in order to help charity institutes with daily operation.	Charitable organizations, such as the Andrew Charity Association and the Eden Social Welfare Foundation	Support charity foundations' operation and improve KGIB's corporate image	Assisted Andrew Charity Association and Eden Social Welfare Foundation with promoting food bank packaging and video transcription. In 2023, the total volunteer hours were 127 hours.

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CDF Foundation	Nutrition 100 Program for rural children	Care for difficulty with providing nutritious lunch in rural schools, subsidizing the nutrition expenses for students in remote schools	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: New Taipei City, Miaoli, Chiayi, Pingtung, Hsinchu, Taoyuan, Changhua, Nantou, Yilan, and Kaohsiung	Enhance brand image	In 2023, NTD4.96 million was invested. A total of 155 rural schools were subsidized for nutrition lunch, with a total of 8,085 students benefited
KGI Life	Social-minded Young CEO initiative	Insufficient funds for campus service clubs, low social participation of students	Enhance sustainable practices and expand the social influence of KGI 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	Improve the popularity of the KGI Life brand among young students	In 2023, KGI Life partnered with service-oriented organizations in colleges and universities to offer support to more than 700 children and residents in remote areas and underprivileged communities.
CDF Foundation	Heritage 100 X Tutoring 100	Financial pressure of underprivileged college/ university students, lack of educational resources for disadvantaged school students	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	Enhance brand image	In 2023, a total of NT\$4.675 million was invested to provide scholarships to 90 underprivileged university students, who then served as tutoring volunteers. This initiative allowed each of the 90 students to accumulate 100 hours of tutoring, benefiting a total of 90 students.
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	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.	Incubate social diverse talents and help economically disadvantaged students to receive confidence and affirmation while improving brand image.	In 2023, a total of NTD 1.8 million was invested to help students with potential in sports and dance in extracurricular activities. A total of 21 cases subsidized with 123 benefited.
CDF Foundation	Sponsored New Taipei City Regional Revitalization Microfilm competition	Art and education promotional events	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	Enhance corporate brand image	Invited 180 organizations and schools to participate in competition, resulting in a total of 80 submissions. Out of these, 33 works were completed and 12 winning entries were selected.
CDF Foundation	CDF's Annual Charity Day	Difficulty for expanding business and establishing brand publicity for social welfare institutes and social enterprise.	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 fulfilltheir 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.	At the 2023 Annual Chairty Day, a total of 1,147 beneficiaries participated in this charity activity. The event generated a revenue of NT\$2.05 million and provided assistance to social enterprises and social welfare organizations.

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KGI Charity Foundation	Love, Starting From Elementary School	Due to financial difficulties, underprivileged students are unable to attend school and develop skills	Intermediate to long-term: Constant devotion and expansion of care region, assisting disadvantaged students in attending school and supporting the development of special talents in disadvantaged students, helping them grow up without worries	Disadvantaged students	Enhance corporate brand image	In 2023, a total of 200 schools and 586 underprivileged students were provided assistance in New Taipei City, Taoyuan City, Pingtung County, Yunlin County, Nantou County, and Penghu County.
KGI Charity Foundation	Let Love Flower	Lack of nutrition and lack of English learning resources for children from economically disadvantaged families in rural areas	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	Enhance corporate brand image	In 2023, a total of NT\$10,928,340 was invested, supporting 107 schools.
KGI Charity Foundation	Emergent Aid Program	Financial aid and emergency funds for students and families that experience sudden hardship	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	Enhance corporate brand image	85 cases were assisted in 2023.
KGI Charity Foundation	Christmas gifts recruiting for rural areas	Insufficient resources for rural children	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	Enhance corporate brand image	In 2023, a total of 940 care packages were sent to 20 rural schools, with the participation of approximately 1,000 volunteers.
KGI Charity Foundation	Care Bread	Sheltered workshop residents who are mentally and physically disabled require stable job opportunities and income	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	Enhance corporate brand image	In 2023, the sheltered workshop generated a revenue of NT\$832,800, which helped maintain stable orders and provide a steady income for the residents.
KGIS	Help the blind read	Shortage of learning resources for visually impaired individuals	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	Enhance corporate brand image	In 2023, a total of 1,200 books were produced, comprising over 220,000 pages of e-book typesetting.

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KGIS	"Helping with used books" project	Shortage of learning resources for visually impaired individuals	Intermediate to long-term: Cooperate with Taiwan Foundation for the Bind to encourage employee donate used books and convert them into charity donation to help visually impaired with improving their learning resource.	Visually impaired	Enhance corporate brand image	In 2023, over 1,600 books were donated, which represents a threefold increase compared to the previous year.
KGIS	Huikuang Guide Dog	Lack of knowledge regarding visually impaired individuals and guide dogs	In partnership with the Huikuang Guide Dog Foundation Taiwan, targeting to raise awareness and provide support for the rights of visually impaired individuals and certified guide dogs	Individuals with visual impairments	Enhance corporate brand image	In 2023, a total of 3 online lectures and 10 physical volunteer activities were conducted, with a participation of 102 people.
KGIS	Help people with intellectual disabilities using invoices to gain more income	Persons with intellectual disability lack of learning and care resources	Continuously collect invoices and donate them to the Children Are Us Foundation as a resource for learning and care	Children Are Us Foundation and persons with disability supported by the foundation	Improve corporate brand image	In 2023, more than 150,000 invoices were collected
KGIS	"The Power of One Coin: Listen Carefully and Speak Well" LINE charity stickers	Children in vulnerable situations who have hearing loss miss out on the crucial early intervention period due to economic difficulties in affording the high costs of assistive devices	KGI Securities partnered with deaf artist Sheung (Shang Huang) to introduce the "Power of One Coin, Listen Carefully and Speak Well" LINE charity sticker. For every download, NT\$1 will be donated to the Children Hearing Foundation's early intervention program for children with hearing loss.	Children Hearing Foundation: Aid for Hearing-Impaired Children	Enhance corporate brand image	In 2023, LINE sticker downloads exceeded one million times, resulting in a total donation of over NT\$1.32 million.
CDF Foundation	"Bread Love" group buying program	Limited employment opportunities and income for persons with disabilities	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	Improve corporate brand image	In 2023, 630 employees participated, generating NT\$1.1 million in revenue. Supported "Huakuang Social Welfare Foundation" and "TriBake Foundation" to help students of physical and mental disability to learn independent living and occupational training
KGI Life	Microinsurance promotion	Enhance basic insurance guarantees for economically disadvantaged persons	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">• Provided insurance coverage for individuals who are economically disadvantaged• The premium income from micro insurance in 2023 was approximately NT\$21.37 million.	Provide basic insurance protection for economically disadvantaged people, benefiting nearly 100,000 people.

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KGI Life	Project for homeless support	Care and assist homeless groups with independence and surviving through difficulties.	Intermediate-term trgets: 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">Enhancing the positive impression of stakeholders and maintaining fair treatment of customers can help promote business.Those disadvantaged and homeless people could become KGI Life's potential customers once they change life situation	<ul style="list-style-type: none">By 2023, a total of nearly 240 homeless individuals were provided with dinner on New Year's Eve, ensuring that they have consistent meals throughout the Spring Festival periodIn response to the "Street Tour" project organized by "Homeless Taiwan Association," eight colleagues signed up to join the volunteer team, dedicating a total of 96 hours to assisting the homeless in becoming local guides. This initiative aims to create opportunities for interaction and communication with the public through professional explanations, while also improving the overall perception of the homeless population.
KGI Life	Projects to support the disadvantaged	Lack of resources for social welfare organizations and disadvantaged children in rural areas	Intermediate to long-term targets: Continue to provide care for the disadvantaged through supplies donation and regular donation, support the stable operation of social welfare organizations, and expand the social influence of KGI Life.	Small eco-friendly farmers, social welfare organizations, school children in rural areas, dependent children and seniors, the physically and mentally disabled	<ul style="list-style-type: none">Enhance brand image and exhibit current corporate value and social responsibilityEstablish kind corporate culture and increase internal employees' cohesion and cognitionAcquire consumer trust and loyalty, increase commercial competitiveness	In 2023, colleagues were encouraged to donate for the "One Policy, One Love" campaign, which invited policyholders to participate in public welfare by purchasing insurance policies. The total amount of donations from colleagues and policyholders amounted to approximately NT\$4 million. This initiative aims to provide support for the integration of middle-aged and elderly individuals with disabilities into the community.
CDF Foundation	Scholarship for skilled vocational high school students	High school and college/ university students with outstanding performance in art, sports, or technical/ vocational skills are in need of resources during learning processes	Intermediate-term: Continue to sponsor high school and college/ university students with advanced skills learning Long-term: Continue to cultivate diverse talents in the society	Economically disadvantaged youths with skills and occupational potential.	<ul style="list-style-type: none">Improve corporate brand imageThe students who benefit from the scholarship give back to corporate employees through their skills and optimize work environment	<ul style="list-style-type: none">In 2023, there were 70 applications, totaling NT\$2,966,518, which benefited 445 students.By organizing the promotional program, "Spotting Talent," which invited benefitted students to lecture for dance, swimming, and art classes, 197 people have benefited.
CDF Foundation	Sponsorship of National Taichung Theater's "Open-Door Project" and NTT (National Taichung Theater) Art School	Gap between urban and rural art education resources	Intermediate and long-term targets: Continue to support the promotion of art education for youths in the central region.	Children in rural areas in Central Taiwan	Improve corporate brand image and popularity	<ul style="list-style-type: none">In 2023, a total of 147 students and teachers from four schools in Miaoli, Nantou, and Changhua counties were invited to attend the performance of Barrowland Ballet Tiger Tale.Sponsored 50 high school students to participate in the "NTT Academy Youth Camp"Sponsored the "Art into Schools" project, with professional performance teams teaching art courses in schools, benefiting 205 people

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 2023 reached 102,238 hours, reaching a new high and representing a 32% growth compared to the previous year.

Since 2012, KGI Life has been promoting the "Love to Go Volunteer Team", encouraging employees to participate in voluntary services. In 2023, KGI Life provided employees with four days of paid volunteer leave, encouraging them to participate in different types of volunteer services according to their interests and expertise. In 2023, nearly 90% of the office staff have participated in volunteer services, accumulating nearly 50,000 hours of service. The care targets include the elderly, people with disabilities, the economically disadvantaged, new immigrants, and their second-generation children. By gathering the power of volunteers, KGI Life contributes warmth to society and implements the corporate value proposition of "Committed to Your Happy Life." KGI Securities encourages its employees to organize beach cleaning activities in order to protect Taiwan's coastline and marine ecology. In 2023, a total of 44 beach cleaning events were held, with 902 participants, resulting in the collection of over 2,000 kilograms of marine wastes. The numbers of events and participants have consistently ranked first in the financial industry (source: Environmental Protection Administration Coastal Cleanup Information Platform). KGI Securities has also actively responded to the "Beach Cleaning Enterprise Society" initiative by the New Taipei City Government and has pledged to adopt part of the coastline of New Taipei City. In addition, KGI Bank assisted over 10,000 people across Taiwan in 2023 in acquiring fraud prevention knowledge and helping them safeguard their own and their families' financial assets.

Year	2021	2022	2023
Volunteer Service Hours	44,471	77,660	102,238
Charity Investment Amount	NT\$99,720,000	NT\$101,080,000	NT\$138,100,000

Note:
1. The calculation of the amount of public welfare investment includes the cash investment amount of each project, and does not include the converted amount of in-kind donations.
2. The calculation of volunteer service hours includes the total of weekdays and holidays.

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Microinsurance

KGI Life plays a crucial role in stabilizing society through insurance and providing support to vulnerable groups. The company is committed to becoming a comprehensive and financially accessible institution. In 2023, KGI Life partnered with the governments of Kaohsiung City, Tainan City, Yunlin County, Yilan County, Hualien County, and Taitung County, as well as banking channels and social welfare organizations, to extend micro insurance services to those in need. This initiative aims to offer essential protection through micro insurance and assist vulnerable populations. In 2023, the premium income from micro insurance reached NT\$21.37 million, ranking second in the industry, with a growth of 19% compared to the previous year, benefiting nearly 100,000 people. Micro insurance helps individuals cope with unexpected accidents and minimizes the financial impact on families. Moving forward, KGI Life will continue to prioritize vulnerable groups and expand the micro-safety net, fulfilling its role in stabilizing society and fulfilling its social responsibility.



Smart Aging School

Financing Classes for the Elderly

KGI Life aims to be the "Senior Finance Guardian" and has taken the initiative to create the "Smart Aging School" website specifically tailored for elderly individuals. This website enables them to acquire essential financial knowledge, including concepts of capital preservation and fraud prevention, without any constraints of time and location. The website design prioritizes simplicity, large fonts, and visual explanations, accompanied by a webpage magnifying glass feature to facilitate easy reading for the elderly. Thirteen online four-panel situational comics have already been completed, with a total digital exposure exceeding 230,000.

In addition, we have collaborate with local senior institutions with the promotion of anti-fraud promotion activities. These activities assist residents in remote areas, tribal communities, and vulnerable seniors in improving their understanding of basic insurance. This initiative helps to bridge the gap between urban and rural areas and protects elderly individuals from falling victim to deception. Throughout the year, we have organized a total of 22 "Financial Fraud Prevention" events, benefiting 847 vulnerable seniors with limited financial knowledge in remote areas. KGI Life is dedicated to promoting financial literacy and raising public awareness about fraud prevention.

In response to the growing use of internet communication as a vital channel for the elderly to access information and communicate with each other, KGI Life created an animated version of the Chinese / Taiwanese Senior School anti-fraud video by the end of 2023. This initiative aimed to enhance the distribution and reach of the video among the elderly in the community, reminding them to prioritize their financial security.

Social-minded Young CEO Initiative

In 2023, KGI Life collaborated with service-oriented student organizations in colleges and universities to serve over 700 children and residents in remote and disadvantaged areas. By participating in public service activities, the young students fostered a sense of social responsibility and promote service learning. KGI Life also sponsored student-organized initiatives aimed at promoting "friendly environment," "educational empowerment," "disadvantaged empowerment," and "distribution of accurate finance and insurance knowledge" to unite the strengths of the public to inject more positive and stable force to the society.

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 sponsored 70 applications and 445 students in 2023. The superior performance of students receiving scholarship includes:

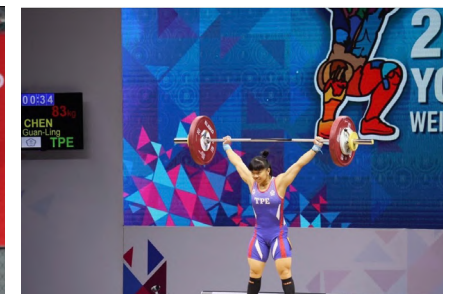
1. International junior tennis player Yu-Yun Li (19 years old), studying at the National Sports University, has achieved an impressive ranking of 296 in women's doubles in just six months since transitioning from youth to professional tournaments. She currently ranks ninth in female professional tennis doubles in Taiwan.
2. Yi-Xuan Zhuo (23 years old) and Yi-Cen Zhuo (22 years old) from National Taiwan Sport University emerged as the champions of the women's doubles event at the ITF Women's Professional Circuit W40 China tournament in 2023. This remarkable achievement marks the pinnacle of Zhuo's career in women's adult doubles, with a world ranking of 288.
3. A freshman weightlifter Guang-Lin Chen (18 years old), from the Department of Sports Science at Tsinghua University, achieved remarkable success at the 2023 World Weightlifting Championships. She secured three gold medals in the 55kg category and also emerged victorious in the same category at the National University Games.
4. Pei-Chen Chou, a freshman in the Department of Electrical Engineering at National Taiwan University of Science and Technology, has been studying calligraphy since childhood. In 2023, he participated in the Hiroshima and Nagoya Calligraphy Exhibition in Japan and received an award of excellence. He utilizes his calligraphy expertise to contribute to the education of rural students by teaching them calligraphy skills.



Yi-Xuan Zhuo and Yi-Cen Zhuo, National Taiwan Sport University



Yu-Yun Li, National Sports University



Guang-Lin Chen, Tsinghua University

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KGIS	Farmer product purchase platform	Climate change leads to imbalance of agricultural sales and difficulty	Intermediate to long-term targets: Support environmentally friendly farming through actual purchase and link the enterprise with communities for a corporate culture of common good	Independent farmers in Taiwan	Enhance corporate brand image	Purchased a total of 159 carbons of products from independent farmers in 2023
KGIS	"Assisting Farmers in Field Work" volunteer activity	Lack of resources and a shortage of labor force among vulnerable small farmers	Continuously urging colleagues to take practical actions to support local small farmers and contribute to environmental sustainability, as part of our social responsibility	Local small farmers	Enhance corporate brand image	In 2023, a total of two agricultural experience activities (marigold and organic vegetable farm) were conducted, with a combined participation of 101 people.
KGI Life	Water Refill campaign	Waste duction, plastics reduction	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	Bring the influence of KGI Life on environmental initiative into full play to create the win-win situation for economy and environmental ecology	The total number of plastic bottles used was reduced by 35,490 from 2022 to 2023, resulting in a total carbon reduction of 3,300 kilograms.
KGIS	"Clean beach together" volunteer activity	Increasing severe marine pollution	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	Boost charity image of enterprise guarding the environment.	Completed 44 sessions of beach cleaning with 902 participants in 2023, ranked first in the financial industry
KGIB	Collaboration with the "Passionate North Coast Beach Cleaning Team" for volunteer activities	Raise awareness about marine pollution and local tourism resources.	Periodically, gather colleagues to form teams and assist in beach cleaning activities in the coastal community. This initiative aims to maintain local tourism resources, protect the coastline and marine ecology, and promote regional revitalization.	Local community	<ul style="list-style-type: none">Enhance corporate imageCreate local tourism benefits	In 2023, a total of 176.7 kilograms of marine wastes were collected during the beach cleanup service at Xialiao Beach in New Taipei City.

Water Refill Campaign

In 2023, KGI 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, KGI Life has set up water refill stations in touristic areas in Taipei, New Taipei City, Hualian and Taitung, where bikes pass by. Users can share the locations of these stations on the "Water Refill" App, build a fun and interesting water drinking experience through information technology, creating a new circular and economic business model of "product as a service", encouraging citizens and tourists to find free drinking water stations and enjoy clean water. By doing so, it reduces plastics and lower carbon emission. The APP brings the influence of KGI Life on environmental initiatives by creating a win-win situation in economic and environmental ecology. Since 2022, KGI Life has supported Water Refill stations, resulting in a total reduction of 35,490 plastic bottles by the end of 2023, with a total carbon reduction of 3,300 kilograms, equivalent to the carbon absorption of 275 trees in one year.

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7.1 GRI content index table

GRI		
Statement of Use	GRI 1 of Use	GRI Sector Standard
CDF has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.	GRI 1: Foundation 2021	GRI G4 Financial Services Sector Disclosures

GRI Standard	Disclosure Items	Corresponding Chapter	Page No.
GRI 2: General Disclosures 2021			
GRI 2: General Disclosures 2021	2-1 Organizational details	About the Report	3
	2-2 Entities included in the organization's sustainability reporting	About the Report	3
	2-3 Reporting period, frequency and contact point	About the Report	3
	2-4 Restatements of information	About the Report	3
	2-5 External assurance	About the Report	3
		7 Appendix	155~159
	2-6 Activities, value chain and other business relationships	About the Report	3
		CDF Overview	6
	2-7 Employees	4.2.1 Diversity and Inclusion	94~95
	2-8 Workers who are not employees	4.2.1 Diversity and Inclusion	94~95
	2-9 Governance structure and composition	2.1.1 Board of Directors Structure	21~22
	2-10 Nomination and selection of the highest governance body	2.1.1 Board of Directors Structure	21~22
	2-11 Chair of the highest governance body	2.1.1 Board of Directors Structure	21~22
	2-12 Role of the highest governance body in overseeing the management of impacts	About the Report	3
		2.1.3 Sustainability Governance Structure	25~26
		2.2. Risk Management	27~33
	2-13 Delegation of responsibility for managing impacts	2.3 Climate Chapter	33~48
		2.2.1 Risk -Management Framework and Policy	27~31
		2.2.2 Emerging Risks Management	32~33

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GRI Standard	Disclosure Items	Corresponding Chapter	Page No.
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	About the Report	3
		1.2.1 Identification of Stakeholders and Material Topics	10~15
		2.1.3 Sustainability Governance Structure	25
	2-15 Conflicts of interest	2.1.2 Board of Directors Operations	23~24
	2-16 Communication of critical concerns	2.1.2 Board of Directors Operations	23~24
		2.2. Risk Management	27~33
	2-17 Collective knowledge of the highest governance body	2.1.2 Board of Directors Operations	23~24
	2-18 Evaluation of the performance of the highest governance body	2.1.2 Board of Directors Operations	23~24
	2-19 Remuneration policies	2.1.4 Remuneration Policy	25~26
	2-20 Process to determine remuneration	2.1.4 Remuneration Policy	25~26
	2-21 Annual total compensation ratio	2.1.4 Remuneration Policy	25~26
		4.4.1 Competitive Compensation	104~105
	2-22 Statement on sustainable development strategy	Chairman's Message	4
		About the Report	3
		1.2.1 Identification of Stakeholders and Material Topics	10~15
		1.1 Sustainable Vision and Strategies	9
	2-23 Policy commitments	2.2.1 Risk -Management Framework and Policy	27~31
		2.5 Ethical Corporate Management	52~56
		3.1 Responsible Investment	62~70
		3.2 Sustainable Insurance	71~73
		3.3 Principles of Responsible Banking	74~76
		3.4 Customer Experience	77~90
		4.5.2 Healthy Workplace	110~112
		5.1.1 Environmental Policy and Strategy	115~116
	2-24 Embedding policy commitments	5.2.2 Responsible Procurement	127~128
		2.5 Ethical Corporate Management	52~56
		3.1 Responsible Investment	62~70
		3.2 Sustainable Insurance	71~73

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GRI Standard	Disclosure Items	Corresponding Chapter	Page No.
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	3.3 Principles of Responsible Banking	74~76
		3.4 Customer Experience	77~90
		4.5.2 Healthy Workplace	110~112
		5.1.1 Environmental Policy and Strategy	115~116
		5.2.2 Responsible Procurement	127~128
	2-25 Processes to remediate negative impacts	3.4.2 Customer Privacy Rights and Protection	79~84
		4.2.3 Human Rights	96~97
		4.4.2 Employee Wellbeing	106
	2-26 Mechanisms for seeking advice and raising concerns	2.1.1 Board of Directors Structure	27~31
		2.5.2 Implementation of Ethical Corporate Management	52~53
		3.4.2 Customer Privacy Rights and Protection	79~84
		4.2.3 Human Rights	96~97
	2-27 Compliance with laws and regulations	2.5.5 Disclosure of Breaches	56
		3.4.2 Customer Privacy Rights and Protection	79~84
		4.2.3 Human Rights	96~97
	2-28 Membership associations	1.2.2 Membership of Associations and External Initiatives	16~17
	2-29 Approach to stakeholder engagement	1.2.1 Identification of Stakeholders and Material Topics	10~15
	2-30 Collective bargaining agreements	4.5.3 Friendly Workplace	112
GRI 3 Material Topics 2021			
GRI 3 Material Topics 2021	3-1 Process to determine material topics	1.2.1 Identification of Stakeholders and Material Topics	10~15
	3-2 List of material topics	1.2.1 Identification of Stakeholders and Material Topics	10~15
	3-3 Management of material topics	1.2.1 Identification of Stakeholders and Material Topics	10~15
Key Topics and Corresponding GRI Standards			
Customer private and personal data protection			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.4.2 Customer Privacy Rights and Protection	79~84

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GRI Standard	Disclosure Items	Corresponding Chapter	Page No.
Corporate governance and ethical management			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	2.5.2 Implementation of Ethical Corporate Management	52~53
	205-2 Communication and training about anti-corruption policies and procedures	2.5.2 Implementation of Ethical Corporate Management	52~53
	205-3 Confirmed incidents of corruption and actions taken	2.5.5 Disclosure of Breaches	56
GRI 415: Public Policy 2016	415-1 Political contributions	1.2.2 Membership of Associations and External Initiatives	16~17
		2.5.2 Implementation of Ethical Corporate Management	52~53
Risk management			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	2.2. Risk Management	27~33
		2.3.3 Climate Opportunities	37~38
		2.3.4 Climate Risk Management	38~43
Business continuity			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.4 Information Security	49~51
		3.4.2 Customer Privacy Rights and Protection	79~84
Upgrade financial inclusion			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	3.1.3 Responsible Investment Performance	68~70
		3.3.2 Implementation and Promotion of Responsible Bank	74~76
	203-2 Significant indirect economic impacts	3.1.3 Responsible Investment Performance	68~70
		3.2.2 Sustainable Insurance Products	71~72
		3.3.2 Implementation and Promotion of Responsible Bank	74~76
Competitive compensation and welfare			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed by the organization	CDF Overview	6~7
	201-3 Defined benefit plan obligations and other retirement plans	4.4.2 Employee Wellbeing	106
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	4.4.1 Competitive Compensation	104~105
	202-2 Proportion of senior management hired from the local community	4.2.1 Diversity and Inclusion	94~95
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	4.3.1 Talent Attraction	98~99
		4.4.4 Employee Attrition	107
	401-2 Benefits provided to full-time employees (excluding temporary or part-time employees)	4.4.2 Employee Wellbeing	106
	401-3 Parental leave	4.4.2 Employee Wellbeing	106

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GRI Standard	Disclosure Items	Corresponding Chapter	Page No.
Secondary Topics and Corresponding GRI Standards			
Labor protection and workplace inclusion and equality			
GRI 405 : Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	2.1.1 Board of Directors Structure	21~22
		4.2.1 Diversity and Inclusion	94~95
	405-2 Ratio of basic salary and remuneration of women to men	4.4.1 Competitive Compensation	104~105
Workplace safety and health			
GRI 403 : Workplace Health and Safety 2018	403-1 Occupational health and safety management system	4.5.1 Safe Workplace	108~109
	403-2 Hazard identification, risk assessment, and incident investigation	4.5.2 Healthy Workplace	110~112
	403-3 Occupational health services	4.5.2 Healthy Workplace	110~112
	403-4 Worker participation, consultation, and communication on occupational health and safety	4.5.1 Safe Workplace	108~109
	403-5 Worker training on occupational health and safety	4.5.1 Safe Workplace	108~109
	403-6 Promotion of worker health	4.5.2 Healthy Workplace	110~112
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.5.2 Healthy Workplace	110~112
	403-8 Workers covered by an occupational health and safety management system	4.5.1 Safe Workplace	108~109
	403-9 Work-related injuries	4.5.2 Healthy Workplace	110~112
	403-10 Work-related ill health	4.5.2 Healthy Workplace	110~112
Maintain shareholders' equity			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed by the organization	CDF Overview	6~7
Social Participation and Supporting Disadvantaged Groups			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed by the organization	6 Co-Creation of Sustainable Society	127~139
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	6 Co-Creation of Sustainable Society	127~139
	203-2 Significant indirect economic impacts	6 Co-Creation of Sustainable Society	127~139
Employment and training for diversity of talents			
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	4.4.1 Competitive Compensation	104~105
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	4.3.1 Talent Attraction	98~99
		4.4.4 Employee Attrition	107
	401-2 Benefits provided to full-time employees (excluding temporary or part-time employees)	4.4.2 Employee Wellbeing	106
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GRI Standard	Disclosure Items	Corresponding Chapter	Page No.
GRI 404 : Training and Education 2016	404-1 Average hours of training per year per employee	4.3.2 Talent Development	100~102
	404-2 Programs for upgrading employee skills and transition assistance programs	4.3.2 Talent Development	100~102
	404-3 Percentage of employees receiving regular performance and career development reviews	4.3.3 Performance and Individual Development	103
Other topics and Corresponding GRI Standards			
Climate Opportunities and Risks			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	2.3.3 Climate Opportunities	37~38
		2.3.4 Climate Risk Management	38~43
Energy and resource consumption			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	5.1.3 Energy Management	119~120
	302-3 Energy intensity	5.1.3 Energy Management	119~120
	302-4 Reduction of energy consumption	5.1.3 Energy Management	119~120
Waste management			
GRI 306: Waste 2020	306-4 Waste diverted from disposal	5.1.5 Waste Management	121~122
	306-5 Waste directed to disposal	5.1.5 Waste Management	121~122
Supply Co-Prosperity Sustainable Development			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	5.2.2 Responsible Procurement	127~128
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	5.2.1 Sustainable Supplier Management	123~126
	308-2 Negative environmental impacts in the supply chain and actions taken	5.2.1 Sustainable Supplier Management	123~126
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	5.2.1 Sustainable Supplier Management	123~126
	414-2 Negative social impacts in the supply chain and actions taken	5.2.1 Sustainable Supplier Management	123~126
Customized Material Topics			
Optimize service quality and customer relation management		3.4.3 Quality Services Tailored to Customer Needs	85~87
		3.4.4 Customer Recognition	88~90
ESG risk and opportunities in investment and financing		3.1 Responsible Investment	62~70
		3.3 Principles of Responsible Banking	74~76
Upgrade service convenience through digital finance		3.4.1 Digital Finance	77~78
		3.4.3 Quality Services Tailored to Customer Needs	85~87
Management of influence caused by social changes		2.2.2 Emerging Risks Management	32~33

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7.2 SASB Standards Index

Insurance				
Topic	Accounting Metrics	Indicator Code	Corresponding Chapter	Page
Transparent Information & Fair Advice for Customers	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 and Right Protection	84
	Complaints-to-claims ratio	FN-IN-270a.2	Official website of KGI Life Insurance/ Information disclosure https://www.kgilife.com.tw/zh-tw/footer/corp/publicinfo Business Overview / Acceptance Rate and Average Processing Time for Applications for Dispute Resolution Cases (Including Claims and Non-Claims Applications) handled by the Financial Ombudsman Institution	NIL
	Customer retention rate	FN-IN-270a.3	Official website of KGI Life Insurance/ Information disclosure https://www.kgilife.com.tw/zh-tw/footer/corp/publicinfo Financial Overview/Financial Performance Index: Persistency Ratio (13 months), Persistency Ratio (25 months)	NIL
	Description of approach to informing customers about products	FN-IN-270a.4	3.4.2 Customer Privacy and Right Protection	79~84
Incorporation of Environmental, Social and Governance Factors in Investment Management	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment management processes and strategies	FN-IN-410a.2	3.1.1 Principles for Responsible Investment and Policies 3.1.2 Management Process for Responsible Investment	62~63 64~67
Policies Designed to Incentivise Responsible Behaviour	Net premiums written related to energy efficiency and low carbon technology	FN-IN-410b.1	KGI Life Insurance, a subsidiary of China Development Financial, does not offer property insurance products. Additionally, the other subsidiaries of China Development Financial do not have any related property insurance products. As a result, this index is not applicable	NIL
	Discussion of products or product features that incentivise health, safety or environmentally responsible actions or behaviours	FN-IN-410b.2	3.2.2 Sustainable Insurance Products	71~72
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	FN-IN-410c.1	2.3.5.1 GHG Emissions Inventory of Financial Assets. The Company has not yet conducted an inventory in accordance with investment and financing target Scope 1, 2, and 3.	44~45
	Gross exposure for each industry by asset class	FN-IN-410c.2	Please refer to Schedule 1 of this chapter	152
	Percentage of gross exposure included in the financed emissions calculation	FN-IN-410c.3	2.3.5.1 GHG Emissions Inventory of Financial Assets	44~45
	Description of the methodology used to calculate financed emissions	FN-IN-410c.4	China Development Financial became a member of the Partnership for Carbon Accounting Financials (PCAF) in June 2023. All subsidiaries have also adopted PCAF's methodology to complete carbon inventory for their equity and bond investments, corporate credit, commercial real estate loans, and financing for power generation projects.	NIL
Physical Risk Exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1	KGI Life Insurance, a subsidiary of China Development Financial, does not offer property insurance products. Additionally, the other subsidiaries of China Development Financial do not have any related property insurance products. As a result, this index is not applicable	NIL
	Total amount of monetary losses attributable to insurance pay-outs from (1) modelled natural catastrophes and (2) non-modelled natural catastrophes, by type of event and geographical segment (net and gross of reinsurance)	FN-IN-450a.2	KGI Life Insurance, a subsidiary of China Development Financial, does not offer property insurance products. Additionally, the other subsidiaries of China Development Financial do not have any related property insurance products. As a result, this index is not applicable	NIL
	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of entity-level risks and capital adequacy	FN-IN-450a.3	(1) KGI Life Insurance under CDF is a member of the life insurance industry, and individual contracts of policyholders have a low correlation with environmental risks, so this indicator is not applicable. (2) 3.2.1 Sustainable Insurance Risk Management	71~72
Systemic Risk Management	Exposure to derivative instruments by category: (1) total exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with a central clearinghouse, and (3) total exposure to centrally cleared derivatives	FN-IN-550a.1	KGI 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 2023 and 2022 "KGI Life Insurance Co., Ltd. Financial Statements With Independent Auditors' Review Report" p.49, p.63.	NIL
	Total fair value of securities lending collateral assets	FN-IN-550a.2	Total fair value 0	NIL
	Description of approach to managing capital- and liquidity-related risks associated with systemic non-insurance activities	FN-IN-550a.3	2.2.1 Risk -Management Framework and Policy	27~31
Number of policies in force	By segment: (1) property and casualty, (2) life, (3) assumed reinsurance ⁴	FN-IN-000.A	As of 2023, KGI Life Insurance held a total of 25,487,369 valid life insurance policies	71

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Investment Banking and Brokerage				
Topic	Accounting Metrics	Indicator Code	Corresponding Chapter	Page
Employee Diversity & Inclusion	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) professionals, and (d) all other employees	FN-IB-330a.1	4.2.1 Diversity and Inclusion	94~95
Incorporation of Environmental, Social, and Governance Factors in Investment Banking & Brokerage Activities	Revenue from (1) underwriting, (2) advisory and (3) securitization transactions incorporating integration of environmental, social and governance (ESG) factors, by industry	FN-IB-410a.1	2023 revenue from securitisation transactions incorporating integration of ESG factors was 0. For the revenue from underwriting, financial advisory and counseling services in 2023, please refer to Schedule 2 of this chapter	NIL
	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social and governance (ESG) factors, by industry	FN-IB-410a.2	Please refer to Schedule 3 of this chapter	NIL
	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment banking andbrokerage activities	FN-IB-410a.3	Approaches to incorporation of ESG factors in investment banking and brokerage activities: When KGI Securities undertakes underwriting activities involving investment banking and brokerage, in addition to complying with relevant reporting requirements to competent authorities, it adopts a proactive approach to communicate with the companies it advises. This includes reviewing whether these companies disclose their ESG practices as required, and evaluating issues such as significant environmental incidents and related fines, assessing their improvement efforts. This approach integrates sustainability principles into the advisory process. Specific measures include: 1. Supervising the mentee company to promote and emphasize sustainable development, and encouraging the mentee company to fairly present the implementation of the company's promotion of sustainable development in the public disclosures. 2. Verify the ESG progress of the mentee companies from all aspects: ◆ Environmental Issues: Establishing and implementing appropriate environmental management systems, enhancing energy efficiency, assessing climate change risks and opportunities, conducting greenhouse gas inventories and management, monitoring and managing water resource use, and monitoring and managing waste generation. ◆ Social Issues: Human rights protection, employee welfare measures, employee safety and workplace environment, employee training, Consumer protection and customer rights, and suppliers management. ◆ Corporate Governance: Board composition and responsibilities, director election procedures, internal functional division, stakeholder communication channels, and information disclosure. KGI Securities' equity underwriting activities require completion of inspection forms from both the Taiwan Stock Exchange (referred to as "TWSE") and the Taipei Exchange (referred to as "TPEx"). These forms confirm that the operational, financial, and corporate governance aspects of the underwriting cases pose no risks. Starting from 2023, they further assess the sustainable development practices of underwriting cases, including environmental issues such as energy use, climate change, greenhouse gas emissions, water resource and waste management; human rights issues such as human rights protection, employee welfare, occupational health and safety measures, customer rights, and supplier management policies; and an evaluation is conducted regarding significant environmental events or related issues. Equity underwriting activities can only proceed if the evaluation determines no associated risks.	NIL
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	FN-IB-510a.1	2.5.5 Disclosure of Breaches	56
	Description of whistleblower policies and procedures	FN-IB-510a.2	2.5.4 Compliance	54~56
Professional Integrity	(1) Number and (2) percentage of licensed employees and identified decision-makers with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	FN-IB-510b.1	2.5.4 Compliance	54~56
	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 Breaches	56
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	FN-IB-510b.3	2.5.5 Disclosure of Breaches	56
	Description of approach to ensuring professional integrity, including duty of care	FN-IB-510b.4	2.5.1 Framework and Principles of Ethical Corporate Management	52

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Investment Banking and Brokerage				
Topic	Accounting Metrics	Indicator Code	Corresponding Chapter	Page
Systemic Risk Management	Global Systemically Important Bank (GSIB) score, by category	FN-IB-550a.1	The Company is not one of G-SIB, so this index is not applicable	NIL
	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, longterm corporate strategy, and other business activities	FN-IB-550a.2	1. Capital Adequacy Planning: According to the Company's "Risk Management Policy," in order to effectively manage the risks associated with the Company's operations and to strengthen the Company's competitive advantages and to complement the Company's business development strategies, the Company prudently manages the capital adequacy ratio and maintains a ratio above the statutory minimum ratio required by the competent authorities to maintain sufficient capital to support the risks arising from its operations. Through capital allocation, we balance risk management and business development, allocate resources effectively, and achieve the goal of optimizing capital allocation. With respect to the capital planning and adequacy management process, the Company's annual budget is prepared based on the Company's strategic planning, risk policy, and total resources, which serve as the basis for the business units to set budgetary performance targets, strategic focuses, and risk capital allocations in order to achieve the Company's strategic objectives and to effectively manage company-wide risks. The finance department conducts regular stress tests to monitor the capital adequacy ratio, ensuring compliance with regulatory and internal requirements, with monthly reporting to competent authorities. Based on stress test results, we analyze the impact of business RAROC or business on capital adequacy to optimize capital allocation. The Company has established internal warning indicators for capital adequacy ratios to reallocate risk capital among business units in case of overheated market conditions or inadequate overall risk capital and resources, requiring discussions and adjustments as necessary. Additionally, the risk management department regularly performs stress tests to assess market risk tolerance levels for trading positions, measuring potential profit and loss impacts from extreme market risk factor variations in investment portfolios. Our stress tests include historical scenario analysis and customized scenario analysis, reported regularly to the Risk Management Committee and the Board of Directors. As of December 29, 2023, under unchanged inventory conditions, our customized scenario analysis indicates an estimated loss of approximately NT\$2.109 billion for trading positions, assuming a 15% decline in global stock indices, a parallel increase of 150 basis points in yield curves, a 10% depreciation of foreign exchange rates against the New Taiwan Dollar, and a 25% decline in commodity indices (worst-case scenario expected P&L).	NIL
Employee Incentives & Risk-taking	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	FN-IB-550b.1	2.1.4 Remuneration Policy 4.4.1 Competitive Compensation	25~26 104~105
	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 4.4.1 Competitive Compensation	25~26 104~105
	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	FN-IB-550b.3	The Company's evaluation process for assets and liabilities at fair value falls under the Level 3 assessment category. This process is conducted in accordance with the Company's established "Asset Valuation Operating Guidelines." In the event that fair market value is not readily available or there is no active market for a commodity transaction, the related department evaluates the reasonableness of the fair value, and the accounting department records the fair value based on the evaluation results. Apart from using the Long-Term Evaluation Management System for some financial instruments, where appropriate valuation methods or models are adopted based on the system's evaluation methods, other financial instruments, especially those for which the company has obtained the qualification to use the Delta-Plus method under the Advanced Approach for calculating own funds requirement as per securities broker regulations, require sensitivity analysis. These financial instruments, if used for calculating capital adequacy ratios and other statutory ratios, must use financial instrument valuation models as required. In addition, they must follow the Company's established "Model Management Operating Guidelines." For any changes or additions to financial instrument valuation models requested by business units, the Risk Management Department verifies and approves the models and parameters according to defined procedures. The results are communicated to information units, model development and usage units, audit units, accounting departments, financial management departments, and management departments. Models that pass verification are integrated into actual business operations or implemented in information systems to ensure consistency across departments and products in calculation methods, models, and data. The Risk Management Department conducts quarterly model reviews. If no changes occur within the quarter, reviews focus on the accuracy and applicability of parameters. Additionally, the investment properties held by our company are not measured at fair value. According to International Financial Reporting Standards and securities broker financial reporting standards, disclosure of their fair value information is required in financial reports. The fair value of these properties falls under Level 3 and is based on external appraisal reports.	NIL
Number of policies in force	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitisation transactions	FN-IB-000.A	KGI Securities underwrote a total of 108 bonds, with a total underwriting amount of NT\$121,500,000 thousand (handling fees of NT\$132,043 thousand). They also underwrote a total of 33 equity cases, with a total underwriting amount of NT\$36,054,857 thousand (handling fees of NT\$639,642 thousand). Financial consultant & IPO lead counseling cases totaled 349 cases, with income of NT\$26,402 thousand.	NIL
	(1) Number and (2) value of proprietary investments and loans by sector	FN-IB-000.B	KGI Securities has a total of 959 proprietary investment cases, with an amount totaledNT\$79,026.24 million	NIL
	(1) Number and (2) value of market making transactions in (a) fixed income, (b) equity, (c) currency, (d) derivatives, and (e) commodity products	FN-IB-000.C	KGI Securities's fixed income: 0 case, transaction amount NT\$0 Stock: ETF market maker: 172 cases / NT\$174,883,897 thousand, Stock Market Maker: 97 cases / NT\$805,510 thousand Currency: Non-market maker Derivatives: Stock Future: 59 cases / NT\$8,864,369 thousand, Call Warrants: 17,629 cases / NT\$103,398,333 thousand Commodity Product: None	NIL

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Schedule 1: FN-IN-410c.2 - Total exposure by industry classified by asset type				
Industry Code (GICS)	Industry	Asset type		
		Bond investments	Equity Investment	Loan
		Investment balance (NT\$ Million)	Investment balance (NT\$ Million)	Loan balance (NT\$ Million)
302020	Food	2,730	725	2,660
151050	Paper and forestry products	-	-	587
101020	Petroleum, natural gas, and fuel for consumption	83,913	-	1,235
151040	Metals and mining	36,694	254	3,324
302010	Beverage	24,379	315	30
302030	Tobacco	126	-	-
252030	Textiles, clothing and luxury goods	-	1,523	4,330
151030	Containers and packaging	-	38	2,019
303010	Household goods	-	-	500
202010	Business services and supplies	-	917	6,442
151010	Chemical products	7,338	7,540	8,468
303020	Personal care products	-	1,250	1
352020	Pharmaceuticals	27,635	337	1,631
251010	Automobile components	-	848	2,225
151020	Building materials	7,000	5,621	1,478
252010	Household durables	-	1,087	10,084
201020	Architectural product	-	-	195
201010	Aerospace and national defense	841	459	1,209
453010	Semiconductor products and equipment	39,453	65,863	4,972
452030	Electronic equipment, instruments, and parts	6,685	7,960	30,946
452020	Computer hardware, storage, and peripheral equipment	9,256	25,380	4,020
452010	Telecommunications equipment	-	8	1,000
201040	Electrical equipment	-	1	1,256
201060	Mechanical manufacturing	-	1,794	208
251020	Automobile	3,458	456	727
252020	Recreational products	-	1,114	387
351010	Healthcare equipment and supplies	603	615	353
101010	Energy equipment and services	-	165	375
551050	Renewable energy	363	1,647	15,635
551010	Non-renewable energy	61,875	816	1,040
551040	Water utility	-	-	87
201030	Architecture and engineering	-	-	1,446

Industry Code (GICS)	Industry	Asset type		
		Bond investments	Equity Investment	Loan
		Investment balance (NT\$ Million)	Investment balance (NT\$ Million)	Loan balance (NT\$ Million)
201070	Trading companies and distributors	-	-	119
255010	Distributor	-	243	2,587
301010	Distribution and retail of everyday goods	28,012	7,611	983
351020	Healthcare suppliers and services	11,819	549	661
255040	Specialized retail	598	1,141	966
203040	Land transport	7,208	993	1,726
203030	Shipping	-	130	960
203020	Passenger transportation	-	-	1,170
203010	Freight	-	-	3
203050	Transportation infrastructure	7,613	8	10,786
253010	Hotel, restaurant, and leisure	631	261	895
502010	Media	5,185	1,680	40
451030	Software	-	2,077	-
502020	Entertainment	57,039	1,157	29
501010	Integrated telecommunication services	92,896	14,461	2,359
501020	Wireless telecommunication services	646	-	2,615
451020	Information technology services	16,709	2,182	2,286
502030	Interactive media and service	2,397	-	58
401010	Bank	729,554	16,994	8,504
402010	Financial services	27,368	34,767	12,491
201050	Industrial group enterprises	-	81	9,339
402030	Capital market	137,531	3,506	7,776
402020	Consumer finance	4,132	1,856	8,004
403010	Insurance	32,460	9,569	4,454
602010	Real estate management and development	1,539	-	69,536
202020	Professional services	-	83	4,986
253020	Diversified consumer services	-	728	158
551030	Integrated utility	33,383	-	-
	Subtotal	1,509,068	226,811.58	262,359
	Total investment and financing amount by the end of 2023	1,998,238		
	The percentage of investment and financing emissions calculation	76%	11%	13%

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Schedule 2: FN-IB-410a.1 - (1) Number of cases and (2) total amount of investment and loans incorporating integration of ESG factors by industry

Total number of cases, underwriting amount, handling fee income, and industry distribution of the sustainable development equity underwriting cases conducted by KGI Securities in 2023 (the case amounts of the top ten industries based on the industry classification and division codes disclosed according to the announcement by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan)

Industry category	Number of underwriting cases	Underwriting amount (NT\$ Thousand)	Handling fee income (NT\$ Thousand)
24 Manufacture of Basic Metals	1	4,392,855	24,103
26 Manufacture of Electronic Parts and Components	8	4,083,380	41,391
30 Manufacture of Motor Vehicles and Parts	3	4,460,911	43,486
31 Manufacture of Other Transport Equipment and Parts	1	910,917	8,728
63 Information Service Activities	1	308,460	6,504
64 Financial Service Activities	1	4,949,000	24,725
Renewable Energy and Environmental Protection (Note)	1	817,065	8,553
Total Number of Sustainable Development Equity Underwriting Cases	16	19,922,587	157,490
Total Number of Full-Equity Underwriting Cases	33	36,054,857	639,642
Ratio of Sustainable Development Cases	48%	55%	25%

Note: Since July 2023, renewable energy and environmental protection is one of the four new industry classifications added by the Taiwan Stock Exchange. According to the exchange's definition, the renewable energy and environmental protection industry generally includes solar energy, biomass energy, ocean energy, geothermal energy, non-pumped hydroelectric power, wind power, domestic general waste direct utilization, or waste that can generate energy/economic value after processing, or those recognized by central authorities as capable of producing sustainable energy for innovative energy/storage plant development/design/engineering services, environmental pollution prevention/control, resource recycling, net-zero transformation, or technologies beneficial for sustainable environmental development to generate economic value.

The sustainable development financial advisory and counseling services conducted by KGI Securities in 2023 (the case amounts of the top ten industries based on the industry classification and group codes disclosed according to the announcement by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan)

Code of Sub-category	Name of Sub-category	Amount (NT\$ Thousand)
332	Manufacture of Medical Instruments and Supplies	3,450
200	Manufacture of Pharmaceuticals and Medicinal Chemical Products	2,300
464	Wholesale of Machinery and Equipment	2,040
487	Retail Trade Not in Stores or Stalls	2,000
264	Manufacture of Optoelectronic Materials and Components	1,960
272	Manufacture of Communication Equipment	1,730
261	Manufacture of Semi-conductors	1,712
271	Manufacture of Computers and Peripheral Equipment	1,700
381	Waste Collection	1,500
433	Electrical, Plumbing and Other Construction Installation Activities	1,100
Income from Financial Advisory and Counseling Services related to Sustainable Development		24,892
Total Income from Financial Advisory and Counseling Services		26,402
Ratio of Sustainable Development Cases		94%

Schedule 3: FN-IB-410a.2 - Status of integrated investment and loan status of ESG factors

Specific achievements of KGI Securities in responsible investment (total cases and total amount of the top ten industries based on the industry classification and group codes disclosed according to the announcement by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan)

Code of Sub-category	Name of Sub-category	No. of Projects	Amount (NT\$ Million)	Percentage of investment amount (%)
640	Financial Service Activities	67	32,867.11	41.59%
260	Manufacture of Electronic Parts and Components	275	8,146.54	10.31%
650	Insurance	2	4,876.31	6.17%
350	Electricity and Gas Supply	22	4,511.86	5.71%
270	Manufacture of Computers, Electronic and Optical Products	123	4,282.21	5.42%
660	Security, Commodity Contracts, and Activities Auxiliary to Financial Service Activities	6	3,706.23	4.69%
184	Manufacture of Plastic and Synthetic Rubber Materials	6	2,113.15	2.67%
170	Manufacture of Petroleum and Coal Products	6	2,074.03	2.62%
241	Manufacture of Basic Iron and Steel	20	1,742.92	2.21%
300	Manufacture of Motor Vehicles and Parts	37	1,669.52	2.11%
Total Cases and Amount of Investments in the Top Ten Industries		564	65,989.88	83.50%
Total Cases and Amount of Investments		959	79,026.13	100%

Note: The data in this table is based on the cutoff date of December 31, 2023, as provided by KGI Securities. It includes the inventory details and analysis of industry-specific data.

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No.	Indicator	Corresponding Chapter/Page
One	The number of information leakage incidents, the percentage of information leakage incidents related to personal information, and the number of customers affected by information leakage incidents.	2.4 Information Security
Two	The number of loans and loan balances for promoting small enterprises and community development.	3.3.2 Implementation and Promotion of Responsible Bank
Three	The number of participants in financial education for vulnerable groups lacking banking services.	3.4.3 Quality Services Tailored to Customer Needs
Four	Products and services designed by individual operating units to create benefits for the environment or society.	3.3.2 Implementation and Promotion of Responsible Bank

7.4 Sustainable Impact Assessment

Significant Topic	Quantitative Output Indicators		Quantitative Impact Indicators		Description of influence
	Item	2023 performance	Item	2023 performance	
Climate Opportunities and Risks	Green investment and financing carbon reduction amount ^(Note 1)	363,617.94 tCO ₂ e	Green investment and financing Carbon reductions	NT\$2,778.77 million	When the Company utilizes the Environmental Profit and Loss (EP&L) methodology to calculate the positive environmental impact generated by reducing carbon emissions through financing and investment in green energy and renewable energy
Upgrade service convenience through digital finance	Digital insurance services carbon reduction amount	159.13 tCO ₂ e	Digital insurance services carbon reductions	NT\$1,216,077	When the Company utilizes the Environmental Profit and Loss (EP&L) methodology to calculate the positive environmental impact generated by reducing paper consumption through digital insurance services

Note 1: The carbon reduction resulting from green investment and financing is based on available data, excluding data that cannot be obtained for the calculation of the environmental impact assessment methodology. The quantification indicator is calculated using the most recent annual data, which includes assessable green energy and renewable energy investment and financing, but does not encompass all data on green investment and financing.
Nore 2: Digital insurance services include mobile insurance applications, electronic policies, E-Notices, E-Services, mobile claims, and customer APPs (i Life).



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INDEPENDENT ASSURANCE OPINION STATEMENT

China Development Financial Holding Corporation 2023 ESG Report

The British Standards Institution is independent to China Development Financial Holding Corporation (hereafter referred to as CDF in this statement) and has no financial interest in the operation of CDF 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 CDF 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 CDF. 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 CDF only.

Scope

The scope of engagement agreed upon with CDF includes the followings:

1. The assurance scope is consistent with the description of China Development Financial Holding Corporation 2023 ESG Report.
2. The evaluation of the nature and extent of the CDF'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 Holding Corporation 2023 ESG Report provides a fair view of the CDF sustainability programmes and performances during 2023. 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 CDF 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 CDF's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurors 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 CDF'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 review of issues raised by external parties that could be relevant to CDF's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on CDF's approach to stakeholder engagement. Moreover, we had sampled 1 external stakeholder to conduct interview.
- interview with 20 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 CDF has 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 CDF's inclusivity issues and has demonstrated sustainable conduct supported by top management and implemented in all levels among organization..

Materiality

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

Responsiveness

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

Impact

CDF has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. CDF 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 CDF'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, CDF and BSI have agreed upon to include in the scope. In our view, the data and information contained within China Development Financial Holding Corporation 2023 ESG Report are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmation.

GRI Sustainability Reporting Standards (GRI Standards)

CDF 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 CDF'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 sustainability report is the responsibility of the CDF'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 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.



Statement No: SRA-TW-806840
2024-06-11

For and on behalf of BSI:

Peter Pu

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 ("CDFH") to perform a limited assurance engagement, to report on CDFH's selected sustainability performance information ("the Subject Matter") for the 2023 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 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. Those 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.



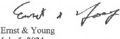
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We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.
Our Independence and Quality Control
We are in conformity with related independence and other ethics requirements in The Norm 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 personnel to understand the business and reporting process;
• Through interviews and inspection of relevant documents, to understand the key stakeholders of CDF, the expectations and needs of the key stakeholders, and the communication channels between the two parties, and how CDF responds to such expectations and needs;
• Conducted interviews with CDF's key personnel to understand the process for collecting, collating and reporting the subject matter during the reporting period;



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• Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria;
• 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;
• Reading CDF's Sustainability Report to confirm with the consistency of the indicators in Sustainability Report which contribute to the selected information;
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
July 5, 2024
Taipei, Taiwan, Republic of China
Ernst & Young
The matter is stated 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 assurance report shall prevail.

Appendix A:		Selected Information		Applicable Criteria	Other Description
No. Chapter	Content Title				
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 ensure 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), require that all of the external 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.
	2.4.5 Early Warning, Response and Handling of Information Security Event	(1) 0 case of cybersecurity incident. (2) 1 case of cybersecurity incident involving loss of customer's data. (3) 0 customer was affected by cybersecurity incident. (4) 0 NPS 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 cybersecurity incident reports from the subsidiaries. (7) No incident where there was a computer virus or hacker intrusion that caused significant damage to customer interests or affected normal business operations.			Information security incident notification and response operation instructions, as well as information security incident statistics in 2023
2	3.3.2 Implementation and Promotion of Responsible Bank - Loans to startups in key industries and micro-business	For micro-businesses with smaller revenue, KGI Bank screens target customers systematically and grants micro-loans quickly by basing on their credit ratings and standard operating procedures. Small and micro-business financing in 2023: Balance: NT\$ 1,640 Million No. of Cases: 373 cases Note: "Small and micro enterprise" are defined as enterprises whose annual revenue has not exceeded NT\$300 million in the most recent two years.		Loan related policy, disclosure of loan balances and number of cases.	Appendix 1-3 of article 4 of the Rules Number and amount of loans outstanding qualified to participate in programs
	3.3.2 Implementation and Promotion of Responsible Bank - 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 connections. 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.		Loan related policy, disclosure of loan balances and number of cases.	designed to promote development of small business and communities.

No. Chapter	Content Title	Selected Information	Applicable Criteria	Other Description								
		Cultural and Creative Industry Loans in 2023: Loan Balance: NT\$ 3,646 million No. of Cases: 118 cases										
3	3.4.3 Quality Services Tailored to Customer Needs More popularized financial education services	2023 Financial Services	Details on number of participants and activities in financial literacy initiatives provided to the disadvantaged	Appendix 1-3 of article 4 of the Rules Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.								
		<table><tr><th>Target</th><th>Customer</th><th>Session</th><th>No. of participants</th></tr><tr><td>Elderly seniors, elderly indigenous people, individuals in rural areas who are disadvantaged, individuals with financial difficulties, youth, financially disadvantaged individuals, new immigrants, individuals with dementia, and their families.</td><td>Financial Fraud Prevention/Scams Prevention</td><td>22</td><td>490 people</td></tr></table>	Target	Customer	Session	No. of participants	Elderly seniors, elderly indigenous people, individuals in rural areas who are disadvantaged, individuals with financial difficulties, youth, financially disadvantaged individuals, new immigrants, individuals with dementia, and their families.	Financial Fraud Prevention/Scams Prevention	22	490 people		
Target	Customer	Session	No. of participants									
Elderly seniors, elderly indigenous people, individuals in rural areas who are disadvantaged, individuals with financial difficulties, youth, financially disadvantaged individuals, new immigrants, individuals with dementia, and their families.	Financial Fraud Prevention/Scams Prevention	22	490 people									
3.3.2	Sustainable Insurance Products - Promote the effective implementation in Financial Inclusion - Microinsurance	In 2023, KGI Life Insurance continued its collaboration with the local government of Kaohsiung City, Tainan City, Yulin County, Yilan County, Hualien County, and Tainan County, as well as other third-party social welfare organizations. The premium income from micro insurance amounted to NT\$ 21.37 million.	Insurance policy, insurance products and details on insurance product	Appendix 1-3 of article 4 of the Rules Products and services designed by individual operating units to create benefits for the environment or society.								
		Individuals with mild to moderate disabilities, and elderly individuals or their family members who are eligible for the low-income elderly living allowance under the Elderly Welfare Act. This program aims to provide basic protection through micro insurance to help vulnerable populations.										
4		<table><tr><th>Microinsurance</th><th>2023</th></tr><tr><td>Number of Beneficiaries</td><td>47,402</td></tr><tr><td>Premium Income</td><td>NT\$21 million</td></tr><tr><td>Cases</td><td>642 cases</td></tr></table>	Microinsurance	2023	Number of Beneficiaries	47,402	Premium Income	NT\$21 million	Cases	642 cases		
Microinsurance	2023											
Number of Beneficiaries	47,402											
Premium Income	NT\$21 million											
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3.3.2	Implementation and Promotion of Responsible Bank - Green Credit	Usd: NT\$ Million 2023 Green Credit Balance (GCB) 17,075	Statistics of green credit and renewable energy financing 2023									
		By the end of 2023, KGI Bank's renewable energy financing assets reached NT\$13,618 billion.										

No.	Chapter	Content Title	Selected Information	Applicable Criteria	Other Description																								
			The financing for inclusive projects is as follows: <table><tr><th>Case Name</th><th>Estimated Expected annual carbon reduction</th><th>Credit Balance in 2023</th></tr><tr><td>Whole Sun No.1 Co., Ltd.</td><td>780MWh</td><td>56 thousand tons</td></tr><tr><td>Cherry Energy / HighSpeed Energy</td><td>181MWh</td><td>125 thousand tons</td></tr><tr><td>New Moon Energy</td><td>120MWh</td><td>92 thousand tons</td></tr><tr><td>Bat. He Power Company, Ltd.</td><td>45MWh</td><td>31 thousand tons</td></tr><tr><td>Farwell New Energy Co., Ltd.</td><td>63MWh</td><td>51 thousand tons</td></tr><tr><td>Wanhsien Green Energy Co., Ltd./United Renewable Energy Co., Ltd.</td><td>192MWh</td><td>121 thousand tons</td></tr><tr><td>Total</td><td>4995MWh</td><td>476 thousand tons</td></tr></table> <p>Note: The current balance of Xin Yue Energy and Behe Energy are cases approved in 2023, and the balance of credits does not include these two projects.</p>	Case Name	Estimated Expected annual carbon reduction	Credit Balance in 2023	Whole Sun No.1 Co., Ltd.	780MWh	56 thousand tons	Cherry Energy / HighSpeed Energy	181MWh	125 thousand tons	New Moon Energy	120MWh	92 thousand tons	Bat. He Power Company, Ltd.	45MWh	31 thousand tons	Farwell New Energy Co., Ltd.	63MWh	51 thousand tons	Wanhsien Green Energy Co., Ltd./United Renewable Energy Co., Ltd.	192MWh	121 thousand tons	Total	4995MWh	476 thousand tons		Appendix 1-3 of article 4 of the Rules Products and services designed by individual operating units to create benefits for the environment or society.
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	3.3.2	Implementation and Promotion of Responsible Bank - Financial Inclusion - "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 low-preferential projects to assist in 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 2023, we launched the COVID-19 Epidemic Prevention Disaster Relief to help those holding vocational and vocational certificates affected by the pandemic to obtain funds through fast application processes and preferential rates. In 2023, there were 1,054 applicants, and among which, 631 applications were successful, representing a success rate of 38%.		Details on each insurance products or services of year 2023																								
	3.3.2	Implementation and Promotion of Responsible Bank - Financial Inclusion - 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 use only money to underpin their financing channels. Based on the concept of protecting financial inclusions, KGI Bank has joined hands with the leading Taiwanese taxi fleet in the domestic																										

				
No. Chapter	Content Title	Selected Information	Applicable Criteria	Other Description
		<p>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 obtain the bank. "Small and micro enterprise" are defined as enterprises whose annual revenue has not exceeded NT\$300 million in the most recent two years.</p>	Details on each insurance products or services of year 2023	Appendix 1-3 of article 4 of the Rules Products and services designed by individual operating units to create benefits for the environment or society.
3.3.2	Implementation and Promotion of Responsible Bank - Financial Inclusion - E-commerce Loan	<p>KGI Bank, in cooperation with Open Air Auction and P-Chance Pts, 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 2023, there were 1,054 applicants, and among which, 128 applications were successful, representing a success rate of 12%.</p>		
3.3.2	Implementation and Promotion of Responsible Bank - Financial Inclusion - Delivery Person Loan	<p>During the period of epidemic, after 10 2023, the demand for delivery services has greatly increased, affecting 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 Response for Delivery Personnel" project, which allows screeners of delivery representation to replace traditional financial documents and helps delivery partners obtain preferential loans by applying for small loans online. In 2023, there were 2,088 applicants, and among which, 480 applications were successful, representing a success rate of 24%.</p>		

 Building a better working world										
No. Chapter	Content Title	Selected Information	Applicable Criteria	Other Description						
	3.3.2 Implementation and Promotion of Responsible Bank - Financial Inclusion - Charitable trust product	KGI Bank actively uses professional financial tools as the support for social welfare organizations. As of 2023, KGI Bank has committed to manage 6 public welfare trust funds with a total management amount of more than NT\$30.68 million. We aim to help individuals or legal persons implement their social welfare goals, and assist in social welfare affairs and account management.	Details on each insurance products or services of year 2023	Appendix 1-3 of article 4 of the Rules Products and services designed by individual operating units to create benefits for the environment or society.						
	3.3.2 Implementation and Promotion of Responsible Bank - Financial Inclusion - Payroll transfer service for non-profit organizations	<p>In order to fulfill the responsibilities of financial institutions in meeting 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.</p> <table border="1"><thead><tr><th>Product Name</th><th>Service Route in 2023</th></tr></thead><tbody><tr><td>Carpen Payroll Transfer Service Project</td><td>Serving 5 school and 123 kindergarten</td></tr><tr><td>Foundation Payroll Transfer Service Project</td><td>Serving 19 Foundations</td></tr></tbody></table>	Product Name	Service Route in 2023	Carpen Payroll Transfer Service Project	Serving 5 school and 123 kindergarten	Foundation Payroll Transfer Service Project	Serving 19 Foundations		
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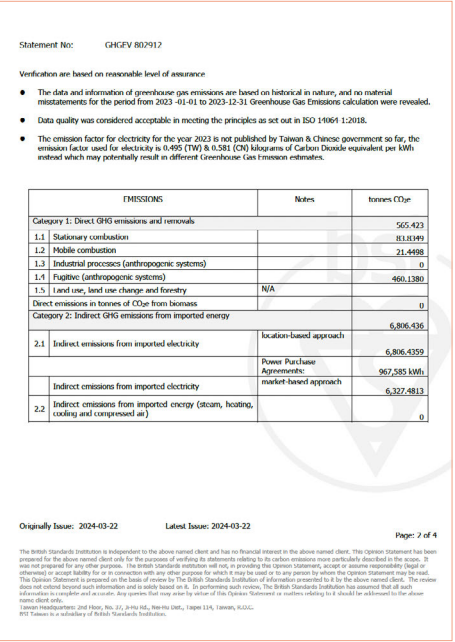
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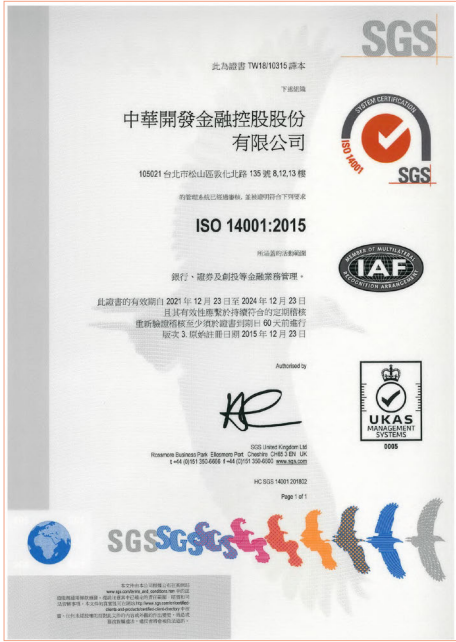
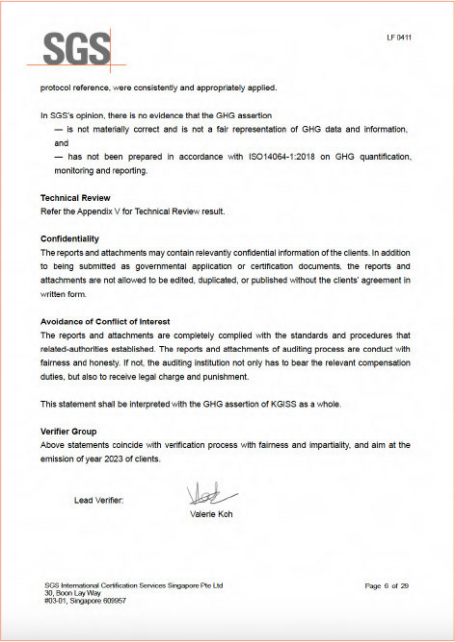
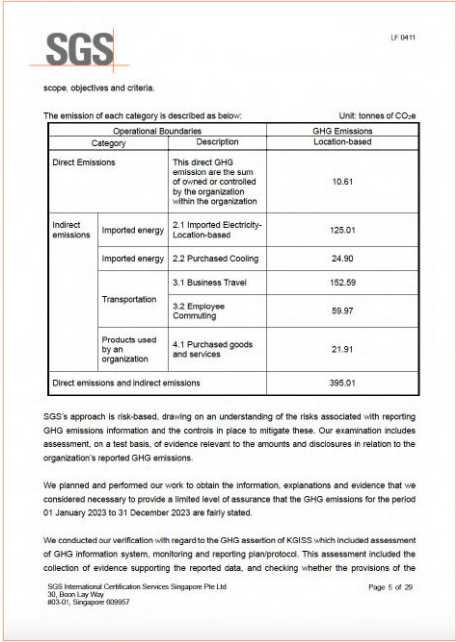
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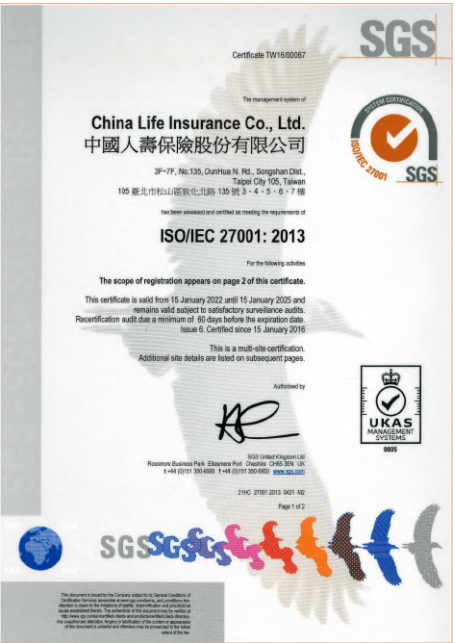
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